

EAST WAYNE FIRE DISTRICT

WAYNE COUNTY, OHIO

Regular Audit

For the Years Ended December 31, 2023 and 2022





65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
East Wayne Fire District
225 N. Market St.
Wooster, OH 44691

We have reviewed the *Independent Auditor's Report* of the East Wayne Fire District, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Payroll Overpayment – Finding For Recovery

The District Board minutes dated March 16, 2017 and October 19, 2017 approved Kyle Nussbaum as the Fire Chief with an annual \$5,000 stipend (paid biweekly).

The Staffing for Adequate Fire and Emergency Response Grant approved salary payments for the Recruitment and Retention Coordinator at \$15,500 annually, for four years. The District considered this position the responsibility of the designated Fire Chief. In addition, this grant also provided for a \$5,000 annual stipend for the Fire Chief position.

The Fire Chief submitted various timesheets for his roles at the District. He also held a firefighter position at neighboring Plain Township and completed timesheets for his work there. There were no specific policies in place addressing secondary employment.

As a result of deficient monitoring controls over the District's payroll process, we noted the following payroll overpayments paid to Fire Chief Nussbaum during the period January 1, 2017 through June 7, 2022:

- \$5,642.96 related to an improper calculation of the biweekly pay, based on the annual salary.
- \$464.00 related to overlapping pay between Fire Chief Nussbaum's work at the District and a neighboring Township and other timesheet calculation errors.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public monies illegally expended is hereby issued against Kyle Nussbaum, in the amount of \$6,106.96 and in favor of the District's General Fund (\$1,348.04) and SAFER Grant Fund (\$4,758.92).

Board of Trustees
East Wayne Fire District
225 N. Market St.
Wooster, OH 44691
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Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The East Wayne Fire District is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

April 22, 2025

**EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
Regular Audit
For the Years Ended December 31, 2023 and 2022**

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Charles E. Harris & Associates, Inc.

Certified Public Accountants

5510 Pearl Road Ste 102

Parma OH 44129-2550

Phone - (216) 575-1630

Fax - (216) 436-2411

INDEPENDENT AUDITOR'S REPORT

East Wayne Fire District
Critchfield, Critchfield & Johnston, Ltd
225 N Market St,
Wooster, OH 44691

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the East Wayne Fire District, Wayne County, Ohio (the District), which comprise the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2023 and 2022, or the changes in financial position for the years then ended.

Emphasis of Matter

As discussed in Note 12 to the 2023 financial statements, the District ceased operations effective December 31, 2023 as approved by the Board on January 1, 2024. We did not modify our opinion regarding this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
September 29, 2024

EAST WAYNE FIRE DISTRICT
Wayne County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 157,787	\$ -	\$ 157,787
Charges for Services	140,685	155,621	296,306
Intergovernmental	2,150	-	2,150
Earnings on Investments	119	-	119
Miscellaneous	2,571	-	2,571
<i>Total Cash Receipts</i>	<u>303,312</u>	<u>155,621</u>	<u>458,933</u>
Cash Disbursements			
Current:			
General Government	431,673	-	431,673
Public Safety	103,091	105,830	208,921
Capital Outlay	9,249	15,190	24,439
Debt Service:			
Principal Retirement	7,722	-	7,722
Interest and Fiscal Charges	403	-	403
<i>Total Cash Disbursements</i>	<u>552,138</u>	<u>121,020</u>	<u>673,158</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(248,826)	34,601	(214,225)
Other Financing Receipts (Disbursements)			
Other Financing Uses	-	(6,191)	(6,191)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>(6,191)</u>	<u>(6,191)</u>
<i>Net Change in Fund Cash Balances</i>	(248,826)	28,410	(220,416)
<i>Fund Cash Balances, January 1</i>	<u>479,958</u>	<u>192,298</u>	<u>672,256</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 231,132</u>	<u>\$ 220,708</u>	<u>\$ 451,840</u>

See accompanying notes to the financial statements

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the East Wayne Fire District, Wayne County, (the District) as a body corporate and politic. The District is a political subdivision of Ohio. A five-member Board of Trustees governs the District. Each political subdivision within the District annually appoints two members (Village representative & Council representative), and on a rotating basis, an at-large member is appointed for a two-year term by the four initial board members. The subdivisions are the Villages of Marshallville and Dalton. The District provides fire protection, emergency medical services, and rescue services within the District and by contract to areas outside the District.

The District’s management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund:

Fire and Rescue, Ambulance and EMS Services Fund This fund receives EMS and rescue charges for services money to pay for operations of the District's EMS and rescue services.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Leases

The District is the lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under cancelable leases. Lease disbursements are recognized when they are paid.

SBITAs

The District has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Nonspendable The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

Restricted Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Trustees can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 320,480	\$ 303,312	\$ (17,168)
Special Revenue	117,000	155,621	38,621

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 711,480	\$ 552,138	\$ 159,342
Special Revenue	180,128	127,211	52,917

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Deposits

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the District’s deposit accounts are as follows:

	<u>2023</u>
Demand deposits	\$ 451,840

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the District does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the District, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the District.

Note 6 - Risk Management

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The District pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Fiscal officer and EMTs belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2023.

Social Security

Part-time firefighters of the District contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The District's employees contributed 6.2% of their gross salaries. The District contributed an amount equal to 6.2% of participants' gross salaries. The District has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plan. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4%; however, a portion of the health care rate was funded with reserves.

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Master Equipment Lease-Purchase	\$ 1,341	7.25%

The Ford Motor Credit Company Truck Loan was issued in March 2019 in the amount of \$34,199 to finance the purchase of a new truck. The loan will be paid in monthly installments of \$677 at an interest rate of 7.25% and will mature in February 2024.

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt (continued)

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year Ending</u> <u>December 31:</u>	<u>Master Equipment</u> <u>Lease-Purchase</u>
2024	\$ 1,354

Note 10 – Contingent Liabilities

The District is a defendant in Wayne County Common Pleas Court case # 2022 CVC-H 000431. The case was filed on 10/18/2022 and is unresolved as of 12/31/23. Management cannot presently determine the outcome of this suit, but believes that the resolution of this matter will not materially adversely affect the District's financial condition.

The District is the petitioner in Wayne County Common Pleas Court case # 2023 CVCX-X 003162. The case was filed on 11/16/2023 and was approved by the court's establishing Attorney Andrea Uhler as receiver of East Wayne Fire District.

The District is a defendant in Wayne County Common Pleas Court case # 2023 CVC-H 000427. The case was filed on 12/4/2023 and is unresolved as of 12/31/23. Management cannot presently determine the outcome of this suit, but believes that the resolution of this matter will not materially adversely affect the District's financial condition.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, there were no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

Note 12 - Subsequent Events

On December 31, 2023 the District ceased operations. Activity after this date is as follows:

Balance - December 31, 2023	\$ 451,840
Receipts	28,559
Disbursements	(33,998)
Balance – August 12, 2024	<u>\$ 446,401</u>

EAST WAYNE FIRE DISTRICT
Wayne County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Total (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 155,362	\$ -	\$ 155,362
Charges for Services	237,870	115,842	353,712
Intergovernmental	82,342	291,308	373,650
Earnings on Investments	129	-	129
Miscellaneous	1,797	-	1,797
<i>Total Cash Receipts</i>	<u>477,500</u>	<u>407,150</u>	<u>884,650</u>
Cash Disbursements			
Current:			
General Government	306,745	-	306,745
Public Safety	50,446	364,464	414,910
Capital Outlay	54,934	13,524	68,458
Debt Service:			
Principal Retirement	7,183	-	7,183
Interest and Fiscal Charges	942	-	942
<i>Total Cash Disbursements</i>	<u>420,250</u>	<u>377,988</u>	<u>798,238</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	57,250	29,162	86,412
Other Financing Receipts (Disbursements)			
Transfers In	-	18,321	18,321
Transfers Out	(18,321)	-	(18,321)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(18,321)</u>	<u>18,321</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	38,929	47,483	86,412
<i>Fund Cash Balances, January 1</i>	<u>441,029</u>	<u>144,815</u>	<u>585,844</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 479,958</u>	<u>\$ 192,298</u>	<u>\$ 672,256</u>

See accompanying notes to the financial statements

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the East Wayne Fire District, Wayne County, (the District) as a body corporate and politic. The District is a political subdivision of Ohio. A five-member Board of Trustees governs the District. Each political subdivision within the District annually appoints two members (Village representative & Council representative), and on a rotating basis, an at-large member is appointed for a two-year term by the four initial board members. The subdivisions are the Villages of Marshallville and Dalton. The District provides fire protection, emergency medical services, and rescue services within the District and by contract to areas outside the District.

The District’s management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The fund of the District is presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

Fire and Rescue, Ambulance and EMS Services Fund This fund receives EMS and rescue charges for services money to pay for operations of the District's EMS and rescue services.

Federal Grant Fund This fund receives federal grants to pay for public safety operations.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Leases

The District is the lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under cancelable leases. Lease disbursements are recognized when they are paid.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental fund resources. The classifications are as follows:

Nonspendable The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The Trustees can commit amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 383,960	\$ 477,500	\$ 93,540
Special Revenue	441,000	425,471	(15,529)

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 700,612	\$ 438,571	\$ 262,041
Special Revenue	422,780	377,988	44,792

Note 4 – Deposits

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the District’s deposit accounts are as follows:

Demand deposits	2022 \$ 672,256
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The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the District does not have any unremitted employee payroll withholdings.

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits (continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the District, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the District.

Note 6 - Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Fiscal officer and EMTs belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2022.

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 - Defined Benefit Pension Plan (continued)

Social Security

Part-time firefighters of the District contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The District's employees contributed 6.2% of their gross salaries. The District contributed an amount equal to 6.2% of participants' gross salaries. The District has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the traditional plan and combined plan was 0% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Master Equipment Lease-Purchase	\$ 9,063	7.25%

The Ford Motor Credit Company Truck Loan was issued in March 2019 in the amount of \$34,199 to finance the purchase of a new truck. The loan will be paid in monthly installments of \$677 at an interest rate of 7.25% and will mature in February 2024.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year Ending December 31:</u>	<u>Master Equipment Lease-Purchase</u>
2023	\$ 9,480
2024	1,354
Total	<u>\$ 10,834</u>

East Wayne Fire District
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Contingent Liabilities

The District is a defendant in Wayne County Common Pleas Court case # 2022 CVC-H 000431. The case was filed on October 18, 2022 and is unresolved as of December 31, 2022. Management cannot presently determine the outcome of this suit, but believes that the resolution of this matter will not materially adversely affect the District's financial condition.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, there was no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted or committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 13 - Subsequent Events

On December 27, 2022, the Village of Dalton passed Resolution 22-31 that withdraws the Village from the East Wayne Fire District under provisions of ORC 505.371 effective June 30, 2023. As of December 31, 2022, management has not determined if this action is legally binding. If this action is determined legally binding, it will materially adversely affect the District's financial condition and also the District's ability to maintain continuing operations.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

East Wayne Fire District
Critchfield, Critchfield & Johnston, Ltd
225 N Market St,
Wooster, OH 44691

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the East Wayne Fire District, Wayne County, (the District) and have issued our report thereon dated August 12, 2024, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We noted that the District closed operations effective December 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted a certain other matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 29, 2024.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
September 29, 2024

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OHIO AUDITOR OF STATE KEITH FABER



EAST WAYNE FIRE DISTRICT

WAYNE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 5/8/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov