



Dave Yost • Auditor of State

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

East Wayne Fire District
Wayne County
146 North Church Street
Dalton, Ohio 44618

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of East Wayne Fire District, Wayne County, Ohio (the District) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above 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, 2017 and 2016, and the changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the East Wayne Fire District, Wayne County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 1, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Dave Yost
Auditor of State
Columbus, Ohio

August 1, 2018

EAST WAYNE FIRE DISTRICT
Wayne County
Combined Statement of Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Charges for Services	\$233,856	\$117,133		\$350,989
Intergovernmental	4,750	267,321	\$210,244	482,315
Earnings on Investments	23	18		41
Miscellaneous	29,707			29,707
<i>Total Cash Receipts</i>	<u>268,336</u>	<u>384,472</u>	<u>210,244</u>	<u>863,052</u>
Cash Disbursements				
Current Disbursements:				
General Government	465,324			465,324
Public Safety	39,668	115,089	205,173	359,930
Capital Outlay	18,701	12,986		31,687
<i>Total Cash Disbursements</i>	<u>523,693</u>	<u>128,075</u>	<u>205,173</u>	<u>856,941</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>(255,357)</u>	<u>256,397</u>	<u>5,071</u>	<u>6,111</u>
Other Financing Receipts (Disbursements)				
Transfers In	260,392			260,392
Transfers Out		(255,321)	(5,071)	(260,392)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>260,392</u>	<u>(255,321)</u>	<u>(5,071)</u>	<u>0</u>
<i>Net Change in Fund Cash Balance</i>	5,035	1,076	0	6,111
<i>Fund Cash Balances, January 1</i>	<u>108,046</u>	<u>94,342</u>	<u>0</u>	<u>202,388</u>
Fund Cash Balances, December 31				
Restricted		95,418		95,418
Unassigned (Deficit)	113,081			113,081
<i>Fund Cash Balances, December 31</i>	<u>\$113,081</u>	<u>\$95,418</u>	<u>\$0</u>	<u>\$208,499</u>

The notes to the financial statements are an integral part of this statement.

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EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the District

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. A four member Board of Trustees governs the District. Each political subdivision within the District appoints one member, and in addition, on a rotating basis, an at-large member is appointed. Those subdivisions are Baughman Township, Marshallville Village, and Dalton Village. The District provides fire protection 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.

B. Accounting Basis

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(D). This basis is similar to the cash receipts and disbursements account basis. The Board 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 expenditure when a commitment is made (i.e. when an encumbrance is approved).

C. Deposits and Investments

The District had no investments.

D. Fund Accounting

The District uses fund accounting to segregate cash restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2017
(Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

FEMA SAFER Hiring Grant Fund - This fund receives revenue from FEMA for the purpose of staffing and some associated employee costs during the duration of the Grant.

FEMA Retention and Recruitment Grant Fund - This fund receives revenue from FEMA for the purpose of staffing and some associated employee costs during the duration of the Grant.

3. Capital Project Fund

These funds account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition of capital assets. The District had the following significant capital project funds:

2016 & 2017 OHIO DC MARCS Grant Funds - These funds receive revenue from the State of Ohio for the payment of radio fees.

FEMA SCBA Grant Fund - This fund receives revenue from FEMA for the purpose of providing equipment for firefighting purposes.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures 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. Appropriations lapse at the end of the year.

2. Estimated Resources

Estimated resources include estimates of cash to be received plus unencumbered cash as of January 1.

3. 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 in the subsequent year.

A summary of 2017 budgetary activity appears in Note 3.

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2017
(Continued)

F. Fund Balances

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 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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

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.

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2017
(Continued)

G. Property, Plant, and Equipment

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

2. EQUITY IN POOLED DEPOSITS

The District maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

Demand deposits 2017: \$208,499

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$673,761	\$528,728	(\$145,033)
Special Revenue	578,280	384,472	(193,808)
Capital Projects	227,575	210,244	(17,331)
	\$1,479,616	\$1,123,444	(\$356,172)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$702,001	\$523,693	\$178,308
Special Revenue	628,850	383,396	245,454
Capital Projects	227,575	210,244	17,331
Total	\$1,558,426	\$1,117,333	\$441,093

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2017
(Continued)

4. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The District's Fiscal Officer belongs 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. For 2017, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salary. The District has paid all contributions required through December 31, 2017.

Social Security

The District's volunteer firefighters contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

5. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

7. CONTINGENT LIABILITIES

As of January 1, 2017, Sugar Creek Township formally withdrew from the District consistent with ORC 505.371(D). Subsequently, the Township has requested the Wayne County Auditor to conduct an evaluation to ascertain, apportion, and order a division of District funds on hand. Management cannot presently determine the outcome of this action, but management believes that the resolution of this matter could potentially materially adversely affect the District's financial condition. As of December 31, 2017, the County Auditor has not determined the amount of this liability.

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2017
(Continued)

7. CONTINGENT LIABILITIES (Continued)

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

8. SUBSEQUENT EVENTS

The District is the Plaintiff in a declaratory judgment case with Defendant Sugar Creek Township Board of Trustees, concerning their cancellation of a five-year service contract that began January 1, 2017 upon their withdrawal from the District. In November, the Judge ruled in favor of the District finding that the contract is valid and enforceable and the Defendant's decision to rescind/void the contract was improper. Subsequently, the Defendants have requested a stay of the summary judgment as the township has appealed the judge's ruling. This contract and the subsequent stay and appeal by the defendants are pending as of December 31, 2017. Management cannot presently determine the outcome of this case. However, a favorable decision remains a strong possibility. If the Court of Appeal rules against the District and voids the original agreement which is the subject of this case, the District's financial position will be materially and adversely affected. To the contrary, a favorable result will substantially benefit the District's financial position and will negate the apportionment action referenced above.

Baughman Township has passed a resolution to withdraw from the East Wayne Fire District effective January 1, 2019.

EAST WAYNE FIRE DISTRICT
Wayne County
Combined Statement of Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Charges for Services	\$268,638	\$147,226		\$415,864
Intergovernmental	6,000	371,927	\$131,278	509,205
Earnings on Investments	33	6		39
Miscellaneous	15,800			15,800
<i>Total Cash Receipts</i>	<u>290,471</u>	<u>519,159</u>	<u>131,278</u>	<u>940,908</u>
Cash Disbursements				
Current Disbursements:				
General Government	535,752			535,752
Public Safety	71,510	115,532		187,042
Capital Outlay	21,390	54,787	131,278	207,455
<i>Total Cash Disbursements</i>	<u>628,652</u>	<u>170,319</u>	<u>131,278</u>	<u>930,249</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>(338,181)</u>	<u>348,840</u>	<u>0</u>	<u>10,659</u>
Other Financing Receipts (Disbursements)				
Transfers In	324,794			324,794
Transfers Out		(324,794)		(324,794)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>324,794</u>	<u>(324,794)</u>		<u>0</u>
<i>Net Change in Fund Cash Balance</i>	(13,387)	24,046	0	10,659
<i>Fund Cash Balances, January 1</i>	<u>121,433</u>	<u>70,296</u>	<u>0</u>	<u>191,729</u>
Fund Cash Balances, December 31				
Restricted		94,342		94,342
Unassigned (Deficit)	108,046			108,046
<i>Fund Cash Balances, December 31</i>	<u>\$108,046</u>	<u>\$94,342</u>	<u>\$0</u>	<u>\$202,388</u>

The notes to the financial statements are an integral part of this statement.

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EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the District

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. A five member Board of Trustees governs the District. Each political subdivision within the District appoints one member, and in addition, on a rotating basis, an at-large member is appointed. Those subdivisions are Baughman Township, Sugar Creek Township, Marshallville Village, and Dalton Village. The District provides fire protection 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.

B. Accounting Basis

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(D). This basis is similar to the cash receipts and disbursements account basis. The Board 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 expenditure 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(D) permit.

C. Deposits and Investments

The District had no investments.

D. Fund Accounting

The District uses fund accounting to segregate cash restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2016
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

FEMA Fire Prevention Grant Fund - This fund receives revenue from FEMA for the purpose of providing fire-prevention resources to the community.

FEMA SAFER Hiring Grant Fund - This fund receives revenue from FEMA for the purpose of staffing and some associated employee costs during the duration of the Grant.

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

3. Capital Project Funds

These funds account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition of capital assets. The District had the following significant capital project funds:

2016 OHIO DC MARCS Grant Funds - This fund receives revenue from the State of Ohio for the dual purpose of capital outlay for MARCS radios and payment of radio fees.

FEMA Fire Vehicle Grant 2014 - This fund receives revenue from FEMA for the purpose of the purchase of a new grass truck fire vehicle.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures 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. Appropriations lapse at the end of the year.

2. Estimated Resources

Estimated resources include estimates of cash to be received plus unencumbered cash as of January 1.

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2016
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. 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 in the subsequent year.

A summary of 2016 budgetary activity appears in Note 3.

F. Fund Balances

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 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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

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.

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2016
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Property, Plant, and Equipment

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

2. EQUITY IN POOLED DEPOSITS

The District maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

Demand deposits 2016: \$202,388

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$606,315	\$615,265	\$8,950
Special Revenue	153,148	519,159	366,011
Capital Projects	148,850	131,278	(17,572)
	\$908,313	\$1,265,702	\$357,389

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$657,760	\$628,652	\$29,108
Special Revenue	503,565	495,113	8,452
Capital Projects	148,850	131,278	17,572
Total	\$1,310,175	\$1,255,043	\$55,132

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2016
(Continued)

4. DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The District's Fiscal Officer belongs 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. For 2017, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salary. The District has paid all contributions required through December 31, 2017.

Social Security

The District's volunteer firefighters contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

5. POSTEMPLOYMENT BENEFITS

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

7. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY
NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2016
(Continued)

8. SUBSEQUENT EVENTS

As of January 1, 2017, Sugar Creek Township formally withdrew from the District consistent with ORC 505.371(D). Subsequently, the Township has requested the Wayne County Auditor to conduct an evaluation to ascertain, apportion, and order a division of District funds on hand. Management cannot presently determine the outcome of this action, but management believes that the resolution of this matter could potentially materially adversely affect the District's financial condition. As of December 31, 2017, the County Auditor has not determined the amount of this liability.

The District is the Plaintiff in a declaratory judgment case with Defendant Sugar Creek Township Board of Trustees, concerning their cancellation of a five-year service contract that began January 1, 2017 upon their withdrawal from the District. In November, the Judge ruled in favor of the District finding that the contract is valid and enforceable and the Defendant's decision to rescind/void the contract was improper. Subsequently, the Defendants have requested a stay of the summary judgment as the township has appealed the judge's ruling. This contract and the subsequent stay and appeal by the defendants are pending as of December 31, 2017. Management cannot presently determine the outcome of this case. However, a favorable decision remains a strong possibility. If the Court of Appeal rules against the District and voids the original agreement which is the subject of this case, the District's financial position will be materially and adversely affected. To the contrary, a favorable result will substantially benefit the District's financial position.



Dave Yost • Auditor of State

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
Wayne County
146 North Church Street
Dalton, Ohio 44618

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the East Wayne Fire District, Wayne County, (the District) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated August 1, 2018 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the District's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 1, 2018

EAST WAYNE FIRE DISTRICT
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2017-001

Noncompliance and Material Weakness

FEMA Grants

Ohio Rev. Code § 5705.10(D) states, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such a purpose.

Furthermore, Auditor of State Bulletin 98-13 states, in part, that if expenditures of FEMA grant receipts are primarily for salaries the FEMA receipts should be classified within a Special Revenue fund. For work completed and paid for, the District should reimburse the fund(s) used to pay for the goods and/or services (before the FEMA money was received). One way to repay the fund is to reduce the expenditure in the fund making the original payment and to record the expenditure in the FEMA fund. A second method is to have advanced money to the FEMA fund in anticipation of the receipt of the grant. Repay the advance once the FEMA money is received. A third approach is to transfer the FEMA money from the FEMA fund to the fund that made the original payments.

During 2016, the District accounted for FEMA grant receipts and disbursements of \$288,819 in the General Fund. While the District was made aware of similar errors in the prior audit, the District incorrectly posted the activity during 2016. As a result, the General Fund receipts and disbursements were overstated.

Adjustments were posted to the financial statements for the misstatements identified above.

The District should use the Special Revenue fund for any revenue restricted for a particular purpose.

Officials' Response: Management was made aware of these requirements after the 2014-2015 audit and corrected their process going forward. However, the error was during 2016 prior to the completion of the audit.

**EAST WAYNE FIRE DISTRICT
WAYNE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017 AND 2016**

Finding Number	Finding Summary	Status	Additional Information
2015-001	Ohio Billing User Control Considerations	Fully Corrected	
2015-002	FEMA Grants	Partially Corrected	After the prior audit was released the Fiscal Officer began recording the FEMA receipts correctly according to the issued finding. However, for 2016 the amount was still material. Repeated as Finding Number 2017-001.



Dave Yost • Auditor of State

EAST WAYNE FIRE DISTRICT

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER, 6 2018**