



**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**



**Dave Yost • Auditor of State**



ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY

DECEMBER 31, 2016 and 2015

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/2016.....	3
Notes to the Financial Statements FYE 12/31/2016.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/2015.....	11
Notes to the Financial Statements FYE 12/31/2015.....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Findings.....	21
Summary Schedule of Prior Audit Findings (Prepared by Management).....	23
Corrective Action Plan (Prepared by Management) .....	24

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Elm Valley Joint Fire District  
Delaware County  
9821 US Route 42 North  
Ashley, Ohio 43003

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 the Elm Valley Joint Fire District, Delaware County, (the District) as of and for the years ended December 31, 2016 and 2015.

### ***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 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, 2016 and 2015, or 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 combined cash balances of the Elm Valley Joint Fire District, Delaware County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements 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, 2017, 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, 2017

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Project</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 259,945	\$ 89,557	\$ 349,502
Charges for Services	1,500	-	1,500
Intergovernmental	59,227	20,457	79,684
Earnings on Investments	1,321	416	1,737
Miscellaneous	2,728	-	2,728
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	324,721	110,430	435,151
<b>Cash Disbursements:</b>			
Current Disbursements:			
General Government	231,079	-	231,079
Public Safety	-	2,359	2,359
Capital Outlay	26,414	88,616	115,030
Debt Service:			
Principal Retirement	-	55,900	55,900
Interest and Fiscal Charges	-	58,248	58,248
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	257,493	205,123	462,616
Excess Receipts Over (Under) Disbursements	<hr/>	<hr/>	<hr/>
	67,228	(94,693)	(27,465)
<b>Other Financing Receipts (Disbursements):</b>			
Proceeds of Debt	-	88,616	88,616
Transfers In	-	21,500	21,500
Transfers Out	(21,500)	-	(21,500)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts (Disbursements)	(21,500)	110,116	88,616
Net Change in Fund Cash Balance	45,728	15,423	61,151
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	561,658	119,202	680,860
<b>Fund Cash Balances, December 31</b>			
Nonspendable	63	-	63
Restricted	-	134,625	134,625
Assigned	330,500	-	330,500
Unassigned	276,823	-	276,823
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<b>\$ 607,386</b>	<b>\$ 134,625</b>	<b>\$ 742,011</b>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**



**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Elm Valley Joint Fire District, Delaware County, Ohio (the District), as a body corporate and politic. The District is governed by a Board of Trustees. The Board of Trustees consists of all Trustees of the three townships which comprise the District and the Council members and Mayor of the Village in which the District sits. Those subdivisions are Oxford Township, Peru Township, Westfield Township, and the Village of Ashley. 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 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 expenditures 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'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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are 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.

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Capital Project Fund**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project fund:

Permanent Improvement Fund - The District received a direct loan from the United States Department of Agriculture (USDA) to fund the construction of a new firehouse. This fund also receives real estate taxes from a permanent improvement levy used to pay down the USDA direct loan.

Misc. Capital Projects Fund – The District received a loan/grant from the United States Department of Agriculture (USDA) to fund a Fire Truck. This fund receives loan payments as well as real estate taxes from general fund to pay off loan until purchase of Fire Truck is complete.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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.

**2. Estimated Resources**

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

**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 reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. 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:

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. 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.

**5. 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.

**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.

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**2. Equity in Pooled Deposits and Investments**

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

	<u>2016</u>
Demand Deposits	\$503,817
Star Ohio	238,194
Total Deposits & Investments	\$742,011

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**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	\$ 279,500	\$ 324,721	\$ 45,221
Capital Projects	371,100	220,546	(150,554)
Total	\$ 650,600	\$ 545,267	\$ (105,333)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 550,997	\$ 284,493	\$ 266,504
Capital Projects	374,339	371,807	2,532
Total	\$ 925,336	\$ 656,300	\$ 269,036

**4. Property Tax**

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.

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**4. Property Tax (Continued)**

Public utilities are also taxed on personal and real property located within the District.

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

**5. Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Fire Station Bonds, Series 2014	\$1,618,800	3.50%
Vehicle Acquisition Bonds, Series 2016	69,316	2.75%
Total	\$1,688,116	

In 2014 the District issued general obligation bonds in the amount of \$1,708,000 to finance the construction of a new firehouse facility. The Fire Station Bonds, Series 2014, are issued as direct federal assistance from the United States Department of Agriculture (USDA). The District will repay this bond with the proceeds of a permanent improvement levy.

In 2016 the District issued general obligation bonds in the amount of \$205,300 to finance the purchase of a new Tanker Truck. The Truck Bonds are issued as direct federal assistance from the United States Department of Agriculture (USDA). As of December 31, 2016, the USDA has disbursed \$88,616 of the total bond amount to the District. The District will repay this bond with the proceeds of operating levy.

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

Year ending December 31:	Bonds
2017	\$137,137
2018	138,338
2019	138,533
2020	138,445
2021	116,049
2022-2026	471,159
2027-2031	571,130
2032-2036	471,126
2037-2041	471,194
2042-2041	141,306
Total	\$2,794,417

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2016  
(Continued)**

**6. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2016, 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, 2016.

The part-time employees of the District are not members of OPERS. Instead, they contribute to Social Security. The contribution rate for these employees is 6.2% of their gross wages. The District contributed an amount equal to 6.2% of the employees' gross wages. The District has paid all contributions required through December 31, 2016.

**7. Risk Management**

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District has obtained commercial insurance for the following risks:

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

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Capital Project</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 260,109	\$ 89,652	\$ 349,761
Charges for Services	1,500	-	1,500
Intergovernmental	7,396	2,554	9,950
Earnings on Investments	202	-	202
Miscellaneous	11,484	-	11,484
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	280,691	92,206	372,897
<b>Cash Disbursements:</b>			
Current Disbursements:			
General Government	213,085	-	213,085
Capital Outlay	-	164,948	164,948
Debt Service:			
Principal Retirement	-	35,400	35,400
Interest and Fiscal Charges	-	56,285	56,285
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	213,085	256,633	469,718
Excess Receipts Over (Under) Disbursements	<hr/>	<hr/>	<hr/>
	67,606	(164,427)	(96,821)
<b>Other Financing Receipts:</b>			
Proceeds of Debt	-	123,795	123,795
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	-	123,795	123,795
Net Change in Fund Cash Balance	67,606	(40,632)	26,974
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	494,052	159,834	653,886
<b>Fund Cash Balances, December 31</b>			
Nonspendable	43	-	43
Restricted	-	119,202	119,202
Assigned	271,497	-	271,497
Unassigned	290,118	-	290,118
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<b><u>\$ 561,658</u></b>	<b><u>\$ 119,202</u></b>	<b><u>\$ 680,860</u></b>

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

**THIS PAGE INTENTIONALLY LEFT BLANK**



**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Elm Valley Joint Fire District, Delaware County, Ohio (the District), as a body corporate and politic. The District is governed by a Board of Trustees. The Board of Trustees consists of all Trustees of the three townships which comprise the District and the Council members and Mayor of the Village in which the District sits. Those subdivisions are Oxford Township, Peru Township, Westfield Township, and the Village of Ashley. 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 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 expenditures 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'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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are 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.

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Capital Project Fund**

This fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant capital project fund:

Permanent Improvement Fund - The District received a direct loan from the United States Department of Agriculture (USDA) to fund the construction of a new firehouse. This fund also receives real estate taxes from a permanent improvement levy used to pay down the USDA direct loan.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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 year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2015 budgetary activity appears in Note 3.

**F. 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:

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**1. Nonspendable**

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

**2. 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.

**3. 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.

**4. 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.

**5. 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.

**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.

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**2. Equity in Pooled Deposits and Investments**

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

	<u>2015</u>
Demand Deposits	\$443,986
Star Ohio	236,874
Total Deposits & Investments	\$680,860

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 246,678	\$ 280,691	\$ 34,013
Capital Projects	210,741	216,001	5,260
Total	\$ 457,419	\$ 496,692	\$ 39,273

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 632,863	\$ 213,085	\$ 419,778
Capital Projects	478,442	256,633	221,809
Total	\$ 1,111,305	\$ 469,718	\$ 641,587

**4. Property Tax**

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.

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**4. Property Tax (Continued)**

Public utilities are also taxed on personal and real property located within the District.

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

**5. Debt**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Fire Station Bonds, Series 2014	\$1,655,400	3.5%
Total	\$1,655,400	

In 2014 the District issued general obligation bonds in the amount of \$1,708,000 to finance the construction of a new firehouse facility. The Fire Station Bonds, Series 2015, are issued as direct federal assistance from the United States Department of Agriculture (USDA). The District will repay this bond with the proceeds of a permanent improvement levy.

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

Year ending December 31:	Fire Station Bonds
2016	\$94,222
2017	94,229
2018	94,192
2019	94,306
2020	94,171
2021-2025	471,208
2026-2030	471,142
2031-2035	471,095
2036-2040	471,177
2041-2043	235,579
Total	\$2,591,321

**6. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2015, 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, 2015.

The part-time employees of the District are not members of OPERS. Instead, they contribute to Social Security. The contribution rate for these employees is 6.2% of their gross wages. The District contributed an amount equal to 6.2% of the employees' gross wages. The District has paid all contributions required through December 31, 2015.

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015  
(Continued)**

**7. Risk Management**

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District has obtained commercial insurance for the following risks:

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



# 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

Elm Valley Joint Fire District  
Delaware County  
9821 US Route 42 North  
Ashley, OH 43003

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 cash balances, receipts, and disbursements by fund type of the Elm Valley Joint Fire District, Delaware County, (the District) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated August 1, 2017, 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 opinions 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2016-001 to be a significant deficiency.

***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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-002.

***District's Response to Findings***

The District's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the District's response 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 communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 1, 2017



**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 and 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2016-001**

**Financial Reporting – Significant Deficiency**

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to help ensure information provided to the users of the financial statements is complete and accurate.

2016 Adjustments

The following audit adjustments were material to the overall financial statements of the District and were posted to the December 31, 2016 financial statement and applicable records:

- The District created a Permanent Fund (nonspendable fund type) for the purpose of accounting for the Permanent Improvement Levy, construction of the new firehouse, and related debt. However, this fund should have been created as a Capital Project Fund (permanent improvement fund). The Statements have been adjusted to reflect the permanent improvement activity in a Capital Project fund.
- Reclassification of fund balances in the General fund increasing Assigned Fund Balance and decreasing Unassigned Fund Balance in the amount of \$330,500. This reclassification is to account for year-end outstanding encumbrances as assigned and to account for planned fund balance expenditures at year end as Assigned, per subsequent year appropriations and estimated receipts.
- Reclassification in the Capital Project fund increasing Other Debt Proceeds by \$88,616 and decreasing Intergovernmental revenues by \$88,616. This reclassification is to report money received for the Vehicle Acquisition Bond, Series 2016, as Debt Proceeds.

2015 Adjustments

The following audit adjustments were material to the overall financial statements of the District and were posted to the December 31, 2015 financial statement and applicable records:

- The District created a Special Revenue Fund (special levy) for the purpose of accounting for the Permanent Improvement Levy, construction of the new firehouse, and related debt. However, this fund should have been created as a Capital Project Fund (permanent improvement fund). The Statements have been adjusted to reflect the permanent improvement activity in a Capital Project fund.
- Reclassification of fund balances in the General fund increasing Assigned Fund Balance by \$271,497, increasing Nonspendable Fund Balance by \$43, and decreasing Unassigned Fund Balance by \$271,540. This reclassification is to account for planned fund balance expenditures at year end as Assigned, per subsequent year appropriations and estimated receipts, and to account for the unclaimed fund balance as nonspendable.
- Reclassification in the Permanent Improvement fund increasing Principal Retirement by \$17,600, increasing Interest and Fiscal Charges by \$27,033 and decreasing Capital Outlay by \$44,633. This reclassification is to classify debt service payments, recorded as capital outlay in error.

ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 and 2015  
(Continued)

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

FINDING NUMBER 2016-001 (Continued)

Financial Reporting – Significant Deficiency (Continued)

2015 Unadjusted Differences

The following audit adjustments were immaterial to the overall financial statements of the District and were not posted to the December 31, 2015 financial statement:

- Unadjusted reclassification increasing Intergovernmental Receipts and decreasing Property and Other Local Taxes in the General Fund in the amount of \$6,996 and in the Permanent Improvement fund in the amount of \$2,416. This reclassification is to account for rollback receipts that were recorded as taxes in error.
- Unadjusted to gross-up Property and Other Local taxes and related expenditures in the General Fund in the amount of \$3,422 and in the Permanent Improvement fund in the amount of \$1,180. This is to properly account for Taxes at gross, recorded at net in error.

Lack or failure of controls over the posting of financial transactions and reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the District develop policies and procedures to enhance controls over recording of financial and reporting transactions to help ensure the information accurately reflects the activity of the District; and thereby, increasing the reliability of the financial data throughout the year. We also recommend the District implement additional procedures over the completeness and accuracy of financial information reported within the District's financial report. Such procedures may include review of the financial statements and related components by a member of management with analytical comparisons of the current and prior year annual reports for obvious errors or omissions.

FINDING NUMBER 2016-002

Appropriations Exceeding Estimated Resources – Material Noncompliance

**Ohio Rev. Code Section 5705.39** states that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund does not exceed the total official estimate or amended official estimate.

Year end 2015 appropriations exceeded the total estimated resources as follows:

Year	Fund	Estimated Resources	Appropriations	Variance
2015	Permanent Improvement	\$370,575	\$478,442	(\$107,867)

This could result in the District expending more money than it receives and could cause possible negative fund balances. A lack of funds may result in the District being unable to meet its current obligations.

We recommend the District review procedures over the budgetary process to help ensure estimated resources are sufficient to cover appropriations at the time of certification.

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2014-001	Financial Reporting – Material Weakness and Noncompliance	Partially Corrected	See Finding 2016-001 and the Corrective Action Plan.

**ELM VALLEY JOINT FIRE DISTRICT  
DELAWARE COUNTY**

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 2016 and 2015**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-001	The issues identified in this report have been corrected. The District has created the required Permanent Improvement Fund to account for the Permanent Improvement Levy. The Fiscal Officer will follow guidance provided by the Auditor of States office to ensure classification errors are corrected.	August 1, 2017	Dedra Hall, Fiscal Officer



# Dave Yost • Auditor of State

**ELM VALLEY JOINT FIRE DISTRICT**

**DELAWARE 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 5, 2017**