



Dave Yost • Auditor of State

**LYNCHBURG AREA JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Lynchburg Area Joint Fire and Ambulance District
Highland County
PO Box 585
8123 State Route 135
Lynchburg, OH 45309

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 Lynchburg Area Joint Fire and Ambulance District, Highland County, (the District) as of and for the years ended December 31, 2015 and 2014.

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.

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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, 2015 and 2014, 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 Lynchburg Area Joint Fire and Ambulance District, Highland County as of December 31, 2015 and 2014, 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 March 16, 2016, 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

March 16, 2016

**LYNCHBURG AREA JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$281,944	\$0	\$94,524	\$376,468
Charges for Services	0	109,228	0	109,228
Intergovernmental	47,216	0	14,718	61,934
Earnings on Investments	1,289	0	0	1,289
Miscellaneous	4,482	0	0	4,482
<i>Total Cash Receipts</i>	<u>334,931</u>	<u>109,228</u>	<u>109,242</u>	<u>553,401</u>
Cash Disbursements:				
Current Disbursements:				
General Public	77,292	0	3,121	80,413
Public Safety	158,087	104,994	0	263,081
Capital Outlay	49,711	0	0	49,711
Debt Service:				
Principal Retirement	19,423	4,750	78,709	102,882
Interest and Fiscal Charges	4,447	0	21,594	26,041
<i>Total Cash Disbursements</i>	<u>308,960</u>	<u>109,744</u>	<u>103,424</u>	<u>522,128</u>
<i>Net Change in Fund Cash Balance</i>	25,971	(516)	5,818	31,273
<i>Fund Cash Balances, January 1</i>	<u>352,179</u>	<u>60,542</u>	<u>78,056</u>	<u>490,777</u>
Fund Cash Balances, December 31				
Restricted	0	60,026	83,874	143,900
Assigned	6,599	0	0	6,599
Unassigned (Deficit)	371,551	0	0	371,551
<i>Fund Cash Balances, December 31</i>	<u>\$378,150</u>	<u>\$60,026</u>	<u>\$83,874</u>	<u>\$522,050</u>

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

**LYNCHBURG AREA JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Property and Other Local Taxes	\$277,837	\$0	\$93,188	\$371,025
Charges for Services	0	93,841	0	93,841
Intergovernmental	47,466	0	14,943	62,409
Earnings on Investments	1,240	0	0	1,240
Miscellaneous	7,508	0	0	7,508
<i>Total Cash Receipts</i>	334,051	93,841	108,131	536,023
Cash Disbursements:				
Current Disbursements:				
General Public	90,913	0	3,126	94,039
Public Safety	154,411	134,627	0	289,038
Capital Outlay	1,380	0	0	1,380
Debt Service:				
Principal Retirement	18,678	4,750	76,108	99,536
Interest and Fiscal Charges	4,942	0	24,272	29,214
<i>Total Cash Disbursements</i>	270,324	139,377	103,506	513,207
<i>Net Change in Fund Cash Balance</i>	63,727	(45,536)	4,625	22,816
<i>Fund Cash Balances, January 1</i>	288,452	106,078	73,431	467,961
Fund Cash Balances, December 31				
Restricted	0	60,542	78,056	138,598
Assigned	1,352	0	0	1,352
Unassigned (Deficit)	350,827	0	0	350,827
<i>Fund Cash Balances, December 31</i>	\$352,179	\$60,542	\$78,056	\$490,777

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

**LYNCHBURG AREA JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

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 Lynchburg Area Joint Fire and Ambulance District, Highland County, (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. The six member board is composed of representative from each subdivision with one member appointed at large by a majority of the other members. Each political subdivision within the District appoints one member. Those subdivisions are Union Township, Salem Township, Dodson Township, Hamer Township, and the Village of Lynchburg. 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.

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 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 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 is maintained in checking accounts.

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.

2. 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 EMS- this fund receives fire and ambulance money for providing emergency medical services.

**LYNCHBURG AREA JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Funds:

Miscellaneous Debt Service- this fund receives property tax money for building bonds.

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 unencumbered 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 2015 and 2014 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:

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.

**LYNCHBURG AREA JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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>	<u>2014</u>
Demand deposits	\$522,050	\$490,777

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the District, or collateralized by the financial institution's public entity deposit pool.

**LYNCHBURG AREA JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$294,275	\$334,931	\$40,656
Special Revenue	105,000	109,228	4,228
Debt Service	98,015	109,242	11,227
Total	\$497,290	\$553,401	\$56,111

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$433,800	\$315,559	\$118,241
Special Revenue	133,261	109,744	23,517
Debt Service	110,000	103,424	6,576
Total	\$677,061	\$528,727	\$148,334

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$294,570	\$334,051	\$39,481
Special Revenue	90,870	93,841	2,971
Debt Service	98,220	108,131	9,911
Total	\$483,660	\$536,023	\$52,363

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$329,202	\$271,676	\$57,526
Special Revenue	151,000	139,452	11,548
Debt Service	111,000	103,505	7,495
Total	\$591,202	\$514,633	\$76,569

**LYNCHBURG AREA JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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.

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:

General Obligation Bonds	\$454,569	4.05%
General Obligation Notes	35,625	0.00%
Ambulance Loan	<u>85,756</u>	3.99%
Total	<u><u>\$575,950</u></u>	

The District issued general obligation bonds to finance part of the cost of new construction of a fire and ambulance station in 2005 for \$900,000. Payments of principal and interest are made semi-annually. In 2015, the District made an additional principal payment of \$34,000. The general bonds are collateralized by the taxing authority of the District.

The Ohio Department of Commerce issued a loan to the District to finance the purchase of chassis to replace the Rescue Chassis and a Tanker Chassis in 2013 for \$47,500. Payments are made quarterly. The general obligation note are collateralized by the ambulance.

Republic First National bank issued a loan to the District to finance an ambulance in 2012 for \$142,000. Payments are made annually. The loan is collateralized by the ambulance.

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

Year ending December 31:	General Obligation Bonds	General Obligation Notes	Ambulance Loan
2016	\$67,622	\$4,750	\$23,620
2017	67,622	4,750	23,620
2018	67,622	4,750	23,620
2019	67,622	4,750	23,620
2020	67,622	4,750	
2021-2025	<u>342,478</u>	<u>11,875</u>	
Total	<u><u>\$680,588</u></u>	<u><u>\$35,625</u></u>	<u><u>\$94,480</u></u>

**LYNCHBURG AREA JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

6. RETIREMENT SYSTEMS

The District's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). The Fiscal Officer belongs to the Ohio Public Employee Retirement System (OPERS). OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. From January 1, 2014 to June 30, 2014, OP&F participants contributed 10.75% of their wages. From July 1, 2014 to June 30, 2015, OP&F participants contributed 11.50% of their wages. From July 1, 2015 to June 30, 2016, OP&F participants contributed 12.25% of their wages. For 2015 and 2014, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2015 and 2014, OPERS members contributed 10%, respectively, of their gross salaries and the District contributed an amount equaling 14% respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2015.

7. RISK MANAGEMENT

Commercial Insurance

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*

Lynchburg Area Joint Fire and Ambulance District
Highland County
PO Box 585
8123 State Route 135
Lynchburg, Ohio 45309

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 Lynchburg Area Joint Fire and Ambulance District, Highland County, (the District), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated March 16, 2016, 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

March 16, 2016

**LYNCHBURG AREA JOINT FIRE AND AMBULANCE DISTRICT
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Posting of Receipts, Disbursements, and Fund Balances	No	2014 Partially corrected and 2015 fully corrected; see management letter comment
2013-002	Properly appropriate expenditures	Yes	Fully corrected

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Dave Yost • Auditor of State

LYNCHBURG AREA JOINT FIRE AND AMBULANCE DISTRICT

HIGHLAND 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
MARCH 29, 2016**