

***SCIOTO VALLEY JOINT FIRE DISTRICT  
MARION COUNTY***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014***





# Dave Yost • Auditor of State

Board of Trustees  
Scioto Valley Joint Fire District  
P. O. Box 367  
Larue, Ohio 43332

We have reviewed the *Independent Auditor's Report* of the Scioto Valley Joint Fire District, Marion County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Scioto Valley Joint Fire District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 14, 2016

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**SCIOTO VALLEY JOINT FIRE DISTRICT  
MARION COUNTY  
AUDIT REPORT  
For Years Ending December 31, 2015 and 2014**

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**INDEPENDENT AUDITOR'S REPORT**

Scioto Valley Joint Fire District  
Marion County  
P.O. Box 367  
Larue, Ohio 43332

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balance, receipts and disbursements by fund type, and related notes of the Scioto Valley Joint Fire District, Marion 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.

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***

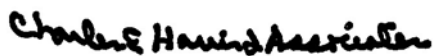
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United 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 cash balance of Scioto Valley Joint Fire District, Marion County as of December 31, 2015 and 2014, and its 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 May 25, 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.



***Charles E. Harris & Associates, Inc.***

May 25, 2016

**SCIOTO VALLEY JOINT FIRE DISTRICT  
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>General</b>
<b>Cash Receipts:</b>	
Property and Other Local Taxes	\$97,565
Charges for Services	4,000
Intergovernmental	24,517
Earnings on Investments	224
Miscellaneous	1,520
<i>Total Cash Receipts</i>	127,826
<b>Cash Disbursements:</b>	
Current Disbursements:	
Security of Persons and Property:	
Salaries	25,670
Fringe Benefits	7,891
Supplies	6,684
Professional and Technical	4,467
Property Services	16,853
Insurance	13,005
Utilities	9,510
Other	3,438
Capital Outlay	21,606
<i>Total Cash Disbursements</i>	109,124
<i>Excess Receipts Over (Under) Disbursements</i>	18,702
<i>Fund Cash Balances, January 1</i>	115,144
<b>Fund Cash Balances, December 31</b>	
Unassigned	133,846
<i>Fund Cash Balances, December 31</i>	<b>\$133,846</b>

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



**SCIOTO VALLEY JOINT FIRE DISTRICT  
MARION COUNTY**

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

	<u>General</u>
<b>Cash Receipts:</b>	
Property and Other Local Taxes	\$99,258
Charges for Services	2,000
Intergovernmental	44,385
Earnings on Investments	201
Miscellaneous	<u>2,058</u>
<i>Total Cash Receipts</i>	147,902
<b>Cash Disbursements:</b>	
Current Disbursements:	
Security of Persons and Property	84,655
Capital Outlay	40,140
Debt Service:	
Principal Retirement	39,289
Interest and Fiscal Charges	<u>885</u>
<i>Total Cash Disbursements</i>	<u>164,969</u>
<i>Excess Receipts Over (Under) Disbursements</i>	(17,067)
<i>Fund Cash Balances, January 1</i>	<u>132,211</u>
<b>Fund Cash Balances, December 31</b>	
Unassigned	<u>115,144</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$115,144</u></u>

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

**SCIOTO VALLEY JOINT FIRE DISTRICT  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED 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 Scioto Valley Joint Fire District, Marion County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Larue and the Townships of Bowling Green and Montgomery. The District provides fire protection and rescue services within 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 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.

**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 type:

**General Fund**

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

**E. Budgetary Process**

**1. Appropriations**

Budgetary disbursements (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.

**SCIOTO VALLEY JOINT FIRE DISTRICT  
MARION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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.

**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.

**SCIOTO VALLEY JOINT FIRE DISTRICT  
MARION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**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.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**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:

	2015	2014
Demand deposits	\$133,846	\$115,144
Total deposits	\$133,846	\$115,144

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,727	\$127,826	\$19,099

**SCIOTO VALLEY JOINT FIRE DISTRICT  
MARION COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2015 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$223,140	\$109,124	\$114,016

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,727	\$147,902	\$39,175

2014 Budgeted vs Actual Budgetary Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$224,978	\$164,969	\$60,009

**4. PROPERTY TAXES**

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

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. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. From January 1, 2014 through June 30, 2014 OP&F participants contributed 10.75% of their wages. From July 1, 2014 through June 30, 2015 OP&F participants contributed 11.50% of their wages. From July 1, 2015 through December 31, 2015 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% 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.

**SCIOTO VALLEY JOINT FIRE DISTRICT  
MARION COUNTY**

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

**6. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There were no significant reductions in coverage from prior years.

**7. CONTINGENT LIABILITIES**

Management believes there are no pending claims or lawsuits.

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

Scioto Valley Joint Fire District  
Marion County  
P.O. Box 367  
Larue, Ohio 43332

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 Scioto Valley Joint Fire District, Marion County, (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 May 25, 2016, wherein we noted the District followed the 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. 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 2015-001 to be a material weakness.

**Compliance and Other Matters**

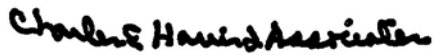
As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

**Entity's Response to Finding**

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. 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.



**Charles E. Harris & Associates, Inc.**  
May 25, 2016



**SCIOTO VALLEY JOINT FIRE DISTRICT  
MARION COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

**FINDING NUMBER 2015-001  
Material Weakness**

**Incorrect Accounting Transactions**

We noted several transactions incorrectly recorded. Below is a listing of the more significant erroneous accounting transactions:

- During 2015 and 2014, proceeds from the State of Ohio for Homestead and Rollback were originally classified as Property Tax receipts rather than intergovernmental receipts.
- During 2014 a FEMA grant was originally classified as Other Financing Sources rather than intergovernmental receipts.

The accompanying financial statements and District's records have been reclassified to present the accounting information correctly.

We recommend that the District closely follow the UAN Handbook, the Ohio Revised Code and other AOS guidance when recording transactions. This will enable management and the Board to accurately report transactions and make sound financial decisions.

**Management's Response:**

The Fiscal Officer will follow the UAN Handbook to correctly record all transactions.

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# Dave Yost • Auditor of State

**SCIOTO VALLEY JOINT FIRE DISTRICT**

**MARION 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  
JULY 26, 2016**