



**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2019 - 2018**



**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Jeromesville Community Fire District  
Ashland County  
PO Box 414  
Jeromesville, OH 44840

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of the Jeromesville Community Fire District, Ashland County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 2 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, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

Charges for services revenues, include amounts collected by a third party administrator for emergency medical service (EMS) billing and collections agency, of \$61,366 and \$60,354, which is 18% and 19% respectively of total revenues for the years ended December 31, 2019 and 2018 respectively. The third party administrator did not provide the District with information regarding the design or proper operation of its internal controls for 2019 and 2018. We are therefore unable to satisfy ourselves as to the proper EMS billing and collection and could not satisfy ourselves as to the completeness of the billing and collection through additional substantive procedures. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements, and related notes of the District as of December 31, 2019 and 2018, and 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 2.

***Emphasis of Matter***

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 3, 2020

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**Jeromesville Community Fire District  
Ashland County  
Combined Statement of Receipts, Disbursements, and  
Changes In Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2019**

	General
<b>Cash Receipts</b>	
Property and Other Local Taxes	\$ 235,930
Charges for Services	74,866
Intergovernmental	27,522
Miscellaneous	6,932
<i>Total Cash Receipts</i>	345,250
<b>Cash Disbursements</b>	
General Government	78,341
Public Safety	184,276
Principal Retirement	78,781
Interest and Fiscal Charges	20,813
<i>Total Cash Disbursements</i>	362,211
<i>Excess of Receipts (Under) Disbursements</i>	(16,961)
<i>Fund Cash Balances, January 1</i>	111,956
<b>Fund Cash Balances, December 31</b>	
Unassigned	94,995
<i>Fund Cash Balances, December 31</i>	\$ 94,995

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 1 – REPORTING ENTITY**

The Jeromesville Community Fire District, Ashland County, Ohio, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District serves three political subdivisions consisting of Mohican Township, Perry Township, and Jeromesville Village. The Board of Trustees consists of three members appointed from each of the one following political subdivisions: Mohican, Perry and Jeromesville. The principal purpose of the District is to pool the mutual resources and abilities of the member subdivisions and thereby provide adequate and responsible fire protection and emergency medical services (EMS) for the subdivisions and by contract to areas outside the District. The District has one full time employee, eight part-time employees and uses volunteers to provide most of the fire protection and EMS services. In 2019, the full time employee salary was \$48,500; part time employees earned \$14.00 per hour, and volunteers earned \$12.50 per call responded to.

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criterion of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. The District has no component units.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**Fund Accounting**

The District maintains its accounting records in accordance with the principles of “Fund” accounting. Fund accounting is a concept developed to meet the need of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements.

The transactions of each fund are reflected in a self-balancing group of accounts, and accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**General Fund** - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received 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.

**Budgetary Process**

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

**Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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

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

A summary of 2019 budgetary activity appears in Note 3.

**Deposits**

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.

**Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance**

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

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

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

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

**Assigned** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

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

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

**NOTE 3 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	442,794	345,250	97,544

2019 Budgeted vs. Actual Expenditures			
Fund Type	Appropriations	Actual Expenditures	Variance
General	396,150	362,211	33,939

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 4 – DEPOSITS**

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

Demand Deposits - \$94,995

Deposits are insured by the Federal Depository Insurance Corporation.

**NOTE 5 - PROPERTY TAXES**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by District Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31.

If the property owner elects to make semiannual payments, 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. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**NOTE 6 - RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

The District also provides accidental death and dismemberment to all volunteers through a private carrier.

**Workers' Compensation**

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

**NOTE 7 – DEFINED BENEFIT PENSION PLANS**

**Ohio Police and Fire Retirement System**

The Jeromesville Community Fire District's full time firefighter belongs to the Ohio Police and Fire OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. Members of OP&F contributed 12.25 percent of their gross salaries from January 1 to December 31 of 2019.

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)**

**Ohio Police and Fire Retirement System (Continued)**

The Jeromesville Community Fire District contributed an amount equaling 24 percent of participants' gross salaries from January 1 to December 31 of 2019. The Jeromesville Community Fire District has paid all contributions required through December 31, 2019.

**Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. Members of OPERS contributed 10 percent of their gross salaries from January 1 to December 31 of 2019. The Jeromesville Community Fire District contributed an amount equaling 14 percent of participants' gross salaries from January 1 to December 31 of 2019. The Jeromesville Community Fire District has paid all contributions required through December 31, 2019.

**Social Security**

The eight part time employees participate in Social Security. District's part time employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. OP&F contributes 0.5 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**NOTE 9 – DEBT**

Debt outstanding at December 31, 2019, included a loan to Farmers State Bank and a new lease agreement with a total principal amount of \$577,340.

**Farmers State Bank Loan**

On October 20, 2016, the District entered into a loan agreement with Farmers State Bank for the purpose of payment for Ohio Police and Fire arrearages from misclassifying retirement type for the full time fire fighter. The loan expense totaled \$21,451.50 for the 2019 calendar year.

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE 9 – DEBT (Continued)**

**2019 Lease**

In 2019 the District entered into a lease-purchase agreement with Leasing 2, Inc., for a Sutphen Custom Guardian Pumper, with an annual payment of \$59,382 due on January 15 commencing in 2020. The first payment was made December of 2019. The payoff for the Sutphen Pumper for the 2019 calendar year is \$534,437.

**2010 Lease**

On November 30, 2010, the District entered into a lease-purchase agreement with Leasing 2, Inc., for a Sutphen Custom Guardian Pumper, with an annual payment of \$30,442 due on June 15, commencing in 2011. The remaining amount was fully paid during 2019.

<b>Fiscal Year Ending</b>	<b>2019 Lease</b>	<b>Farmer's Bank</b>	<b>Total</b>
2020	59,382	21,452	80,834
2021	59,382	21,452	80,833
2022	59,382	-	59,382
2023	59,382	-	59,382
2024	59,382	-	59,382
2025-2029	237,528	-	237,528
	<u>534,437</u>	<u>42,903</u>	<u>577,340</u>

**NOTE 10 – SUBSEQUENT EVENT**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods for the District. The impact of the District's future operating costs, revenues, and the amount of any recovery from emergency funding, either federal or state, cannot be estimated.

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**Jeromesville Community Fire District  
Ashland County  
Combined Statement of Receipts, Disbursements, and  
Changes In Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2018**

	General
<b>Cash Receipts</b>	
Property and Other Local Taxes	\$ 160,674
Charges for Services	69,354
Intergovernmental	81,059
Miscellaneous	12,310
	323,397
<i>Total Cash Receipts</i>	<i>323,397</i>
<b>Cash Disbursements</b>	
General Government	74,975
Public Safety	199,480
Principal Retirement	45,779
Interest and Fiscal Charges	6,115
	326,349
<i>Total Cash Disbursements</i>	<i>326,349</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(2,952)</i>
<i>Fund Cash Balances, January 1</i>	<i>114,908</i>
<b>Fund Cash Balances, December 31</b>	
Assigned	35,536
Unassigned	76,420
	111,956
<i>Fund Cash Balances, December 31</i>	<i>\$ 111,956</i>

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 1 – REPORTING ENTITY**

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The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the “primary government”. A fundamental characteristic of a primary government is that it is fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criterion of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. The District has no component units.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**Fund Accounting**

The District maintains its accounting records in accordance with the principles of “Fund” accounting. Fund accounting is a concept developed to meet the need of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements.

The transactions of each fund are reflected in a self-balancing group of accounts, and accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**General Fund** - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received 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.

**Budgetary Process**

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

**Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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

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

A summary of 2018 budgetary activity appears in Note 3.

**Deposits**

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.

**Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance**

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

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

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

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

**Assigned** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

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

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

**NOTE 3 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending 2018 follows:

Fund Type	2018 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	375,460	323,397	52,063

  

Fund Type	2018 Budgeted vs. Actual Expenditures		Variance
	Appropriations	Expenditures	
General	333,066	326,349	6,717

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 4 – DEPOSITS**

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

Demand Deposits - \$111,956

Deposits are insured by the Federal Depository Insurance Corporation.

**NOTE 5 - PROPERTY TAXES**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by District Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31.

If the property owner elects to make semiannual payments, 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. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**NOTE 6 - RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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

The District also provides accidental death and dismemberment to all volunteers through a private carrier.

**Workers' Compensation**

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

**NOTE 7 – DEFINED BENEFIT PENSION PLANS**

**Ohio Police and Fire Retirement System**

The Jeromesville Community Fire District's full time firefighter belongs to the Ohio Police and Fire OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. Members of OP&F contributed 12.25 percent of their gross salaries from January 1 to December 31 of 2018.

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)**

**Ohio Police and Fire Retirement System (Continued)**

The Jeromesville Community Fire District contributed an amount equaling 24 percent of participants' gross salaries from January 1 to December 31 of 2018. The Jeromesville Community Fire District has paid all contributions required through December 31, 2018.

**Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. Members of OPERS contributed 10 percent of their gross salaries from January 1 to December 31 of 2018. The Jeromesville Community Fire District contributed an amount equaling 14 percent of participants' gross salaries from January 1 to December 31 of 2018. The Jeromesville Community Fire District has paid all contributions required through December 31, 2018.

**Social Security**

The eight part time employees participate in Social Security. District's part time employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2018.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. OP&F contributes 0.5 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**NOTE 9 – DEBT**

Debt outstanding at December 31, 2018, included a loan to Farmers State Bank and a lease agreement with a total principal amount of \$83,732.

**2010 Lease**

On November 30, 2010, the District entered into a lease-purchase agreement with Leasing 2, Inc., for a Sutphen Custom Guardian Pumper, with an annual payment of \$30,442 due on June 15, commencing in 2011. The payoff for the Sutphen Pumper for the 2019 calendar year is \$19,377.

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2018**

**NOTE 9 – DEBT (Continued)**

**Farmers State Bank Loan**

On October 20, 2016, the District entered into a loan agreement with Farmers State Bank for the purpose of payment for Ohio Police and Fire arrearages from misclassifying retirement type for the full time fire fighter. The loan expense totaled \$21,452 for the 2018 calendar year.

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

<b>Year Ending December 31:</b>	<b>2010 Lease</b>	<b>Farmer's Bank</b>	<b>Total</b>
2019	19,377	21,452	40,829
2020	-	21,452	21,452
2021	-	21,452	21,452
	<u>19,377</u>	<u>64,355</u>	<u>83,732</u>

**NOTE 10 – SUBSEQUENT EVENT**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods for the District. The impact of the District's future operating costs, revenues, and the amount of any recovery from emergency funding, either federal or state, cannot be estimated.

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# OHIO AUDITOR OF STATE KEITH FABER



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

Jeromesville Community Fire District  
Ashland County  
PO Box 414  
Jeromesville, OH 44840

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 of the Jeromesville Community Fire District, Ashland County, (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated November 3, 2020, 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. We qualified our opinion on charges for services revenue because we were unable to satisfy ourselves as to proper billing and collection of emergency medical services collected by a third party administrator. We also noted the continuing financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the District.

### ***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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a 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. We consider finding 2019-002 described in the accompanying schedule of findings to be a material weakness.

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***Internal Control Over Financial Reporting (Continued)***

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-001 described in the accompanying schedule of findings 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 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 3, 2020

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2019-001**

**Significant Deficiency – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

During 2019, the District incorrectly recorded \$21,096 of intergovernmental receipts as property taxes, and \$78,781 and \$20,813 of principal and interest expenditures, respectively, as Public Safety and Other Financing Uses.

During 2018, the District incorrectly recorded \$21,038 of intergovernmental receipts as property taxes, and \$45,779 and \$6,115 of principal and interest expenditures, respectively, as Public Safety and Other Financing Uses. Additionally, the District incorrectly recorded \$35,536 of the appropriated subsequent year's fund balance as Unassigned, rather than Assigned.

These amounts were adjusted to the District's financial statements.

The errors were the result of the lack of review by management of the financial statements. Without adequate monitoring the District is at risk of reporting inaccurate information in their financial statements.

The District should exercise due care when posting transactions to help ensure receipts and expenditures are posted to the correct account.

**Officials' Response:** We concur with the findings of the auditor. The fiscal officer will use UAN accounts to correctly classify interest payments and other government revenues.

**FINDING NUMBER 2019-002**

**Material Weakness – EMS Billing**

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The District has outsourced emergency medical services (EMS) processing, which is a significant accounting function, to a third-party administrator. The District has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reasonably assure that EMS billing and collection has been authorized and completely and accurately processed in accordance with the contract. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the District with reasonable assurance that the EMS billing and collection processing conforms to the contract. Billing reports, collection reports, and all other support to substantiate the amounts collected from the third-party administrator should also be maintained.

**JEROMESVILLE COMMUNITY FIRE DISTRICT  
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-002 (Continued)**

**Material Weakness – EMS Billing (Continued)**

Failing to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

The District should require a Type 2 SOC 1 report in its contract with the third-party administrator and should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the District with a Type 2 SOC 1 report, the District should contract with a third-party administrator that will provide this report.

**Officials' Response:** We concur with the findings of the auditor.

# OHIO AUDITOR OF STATE KEITH FABER



**JEROMESVILLE COMMUNITY FIRE DISTRICT**

**ASHLAND COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/22/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)