

Little Miami Joint Fire and Rescue District
Hamilton County
Regular Audit
For the Years Ended December 31, 2019 and 2018



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OHIO AUDITOR OF STATE
KEITH FABER



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(800) 282-0370

Board of Trustees
Little Miami Joint Fire and Rescue District
5800 Wooster Pike
Cincinnati, Ohio 45227

We have reviewed the *Independent Auditor's Report* of the Little Miami Joint Fire and Rescue District, Hamilton County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2018 through December 31, 2019. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery

On December 18, 2013, the Little Miami Joint Fire and Rescue District Board authorized part time firefighters to be paid \$15.68 an hour. The rate has not changed since that authorization. During February 2018, part time firefighter, Bryan Young's pay rate was changed to \$15.86 without approval of the Board, which resulted in an overpayment of Mr. Young's salary in the amount of \$260 in 2019 and \$311 in 2018. The Treasurer, Jennifer Kaminer, received or collected the public money used to make the erroneous payments.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010).

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Bryan Young, and Jennifer Kaminer and her bonding company, American State Insurance Company, jointly and severally, in the amount of \$571 and in favor of the Little Miami Joint Fire and Rescue District's General Fund.

Board of Trustees
Little Miami Joint Fire and Rescue District
5800 Wooster Pike
Cincinnati, Ohio 45227
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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 Little Miami Joint Fire and Rescue District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

June 24, 2021

Little Miami Joint Fire and Rescue District
Hamilton County
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For the Years Ended December 31, 2019 and 2018

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Independent Auditor's Report

Little Miami Joint Fire and Rescue District
Hamilton County
5800 Wooster Pike
Cincinnati, Ohio 45227

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Little Miami Joint Fire and Rescue District, Hamilton County, (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 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, 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 balances, receipts and disbursements by fund type, and related notes of the Little Miami Joint Fire and Rescue District, Hamilton County, 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 Matters

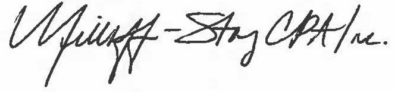
As discussed in note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

As discussed in note 11 to the financial statements, the District has suffered recurring losses and has reported a negative cash fund balance for the General Fund at December 31, 2019 and 2018. Note 11 describes management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. This matter does not affect our opinion on the financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 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.

Little Miami Joint Fire and Rescue District
Hamilton County
Independent Auditor's Report
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A handwritten signature in black ink that reads "Millhuff-Stang CPA/Inc." The signature is written in a cursive, flowing style.

Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

August 21, 2020

Little Miami Joint Fire and Rescue District
Hamilton County
Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balance
Governmental Fund Type
For the Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Total
Cash Receipts:				
Property and Other Local Taxes	\$1,418,884	\$347,472	\$168,390	\$1,934,746
Charges for Services	461,500	243,304	0	704,804
Intergovernmental	141,337	35,023	121,687	298,047
Miscellaneous	22,062	0	0	22,062
Total Cash Receipts	2,043,783	625,799	290,077	2,959,659
Cash Disbursements:				
Current Disbursements:				
Security of Persons and Property:				
Salaries	1,539,701	143,338	0	1,683,039
Benefits	602,271	30,347	0	632,618
Purchased Services	250,409	16,136	0	266,545
Materials and Supplies	38,519	16,847	0	55,366
Other	5,357	0	0	5,357
Debt Service:				
Principal	0	255,000	0	255,000
Interest and Fiscal Charges	0	79,924	290,077	370,001
Total Cash Disbursements	2,436,257	541,592	290,077	3,267,926
Excess Receipts Over (Under) Disbursements	(392,474)	84,207	0	(308,267)
Other Financing Receipts:				
Proceeds from Loan	400,000	0	0	400,000
Proceeds from Sale of Assets	3,060	0	0	3,060
Total Other Financing Receipts	403,060	0	0	403,060
Net Change in Fund Cash Balance	10,586	84,207	0	94,793
Fund Cash Balance, January 1	(75,779)	156,364	1	80,586
Fund Cash Balance, December 31:				
Restricted	0	240,571	1	240,572
Unassigned (Deficit)	(65,193)	0	0	(65,193)
Fund Cash Balance, December 31	(\$65,193)	\$240,571	\$1	\$175,379

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

**Little Miami Joint Fire and Rescue District
Hamilton County**

*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Little Miami Joint Fire and Rescue District, Hamilton County, (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. Those subdivisions are Columbia Township, Village of Fairfax, and Village of Golf Manor. The District provides fire protection and rescue services within the District and by mutual aid to areas outside the District.

The District’s management believes this financial statement presents all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 1172-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Fund:

Ambulance and Emergency Medical Services (EMS) Fund – This fund receives billings for medical assistance/ambulance transport services and real estate taxes (2.3 mil levy) for the payment of principal and interest on bonds.

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 Fund:

Bond Retirement Fund – This fund receives property taxes and annual federal interest subsidy payments to be used to repay a portion of interest obligations of the fire bonds.

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, function or object level of control and appropriations may not exceed estimated resources. The Board of

Little Miami Joint Fire and Rescue District
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

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

A summary of 2019 budgetary activity appears in note 3.

Deposits and Investments

The District's cash and investments include deposits and a money market account. The District has all cash deposits in a checking account with a local financial institution.

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.

**Little Miami Joint Fire and Rescue District
Hamilton County**

*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Property, Plant and Equipment

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

Accumulated Leave

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,422,212	\$2,446,843	\$24,631
Special Revenue	595,951	625,799	29,848
Debt Service	290,141	290,077	(64)
Total	\$3,308,304	\$3,362,719	\$54,415

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,449,750	\$2,436,257	\$13,493
Special Revenue	620,041	541,592	78,449
Debt Service	290,141	290,077	64
Total	\$3,359,932	\$3,267,926	\$92,006

Note 4 – 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, 2019 was as follows:

Demand deposits	\$175,305
Money market	74
Total deposits	\$175,379

Deposits

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

Investments

PNC Bank holds the District's money market account in book-entry form by, and in the name of, the District's financial institution. The financial institution maintains records identifying the District as owner of the investment.

**Little Miami Joint Fire and Rescue District
Hamilton County**

*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 5 – Taxes

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 statement includes 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.

Note 6 – Risk Management

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.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

Several District certified fire fighters belong to the Police and Fire Pension Fund (OP&F). 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. OP&F participants contributed 12.25% of their wages. The District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2019.

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. 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, 2019.

**Little Miami Joint Fire and Rescue District
Hamilton County**

*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Social Security

Some District 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 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Fire Bonds	\$6,040,000	Variable
Village of Fairfax Loan	400,000	1.10%
Total	\$6,440,000	

In 2010, the District issued an \$8,135,000 series long term general obligation bond (LTGO) in taxable Build America Bonds (BAB) that carry an interest subsidy payment. The bonds were issued for the construction of two new fire houses. The bond has a final maturity of December 1, 2036. These bonds are being repaid from the Ambulance and EMS Fund and the Bond Retirement Fund.

In 2019, the District obtained a \$400,000 loan from the Village of Fairfax to provide funds to meet operating expenses. The loan carries a 1.10 percent interest rate and will be repaid in quarterly installments of \$20,564 to the Village of Fairfax beginning on March 31, 2020. This loan will be repaid from the General Fund.

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

Year ending December 31:	Fire Bonds	Fairfax Loan
2020	\$496,675	\$0
2021	492,459	82,257
2022	493,070	82,257
2023	493,333	82,257
2024	493,248	82,257
2025-2029	2,468,738	82,256
2030-2034	2,468,782	0
2035-2036	986,621	0
Total	\$8,392,926	\$411,284

Note 9 – Contingent Liabilities

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

The District is not currently party to litigation.

**Little Miami Joint Fire and Rescue District
Hamilton County**

*Notes to the Financial Statements
For the Year Ended December 31, 2019*

Note 10 – Subsequent Events

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 of the District. In addition, the impact on the District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

In May 2020, the District executed an amendment to the 2019 loan agreement with the Village of Fairfax which allowed for a one-year deferral on loan payments due to concerns with the COVID-19 pandemic.

With the addition of the Village of Golf Manor as a member effective January 1, 2018, the District was also assigned two contracts previously held by the Village of Golf Manor Fire Department: Amberley Village in the amount of \$76,500 per year and Columbia Township’s Ridge Fire District/neighborhood in the amount of \$385,000 per year for 2019. Amberley Village’s contract ran through December 31, 2019, however, a new contract was not able to be negotiated with them. A new 3-year contract with Columbia Township for the Ridge Fire District/neighborhood was negotiated with remaining annual payments as follows:

2020	\$395,000 per year
2021	\$405,000 per year

In November 2019, the District passed a new operating levy in the amount of 2.0 mills. The estimated amount that will be generated from this new levy will be \$345,600 annually. Collections will begin in 2020.

In June 2020, the District moved to proceed with a withdrawal plan for the Village of Golf Manor. The Village will remain a member of the District through 2021 while the District develops a methodology for separation.

Note 11 – Going Concern

At December 31, 2019, the District had a negative cash fund balance in its General Fund in the amount of \$65,193. The District passed a 2.0 mill property tax levy and obtained a loan for operating expenses to provide funds for immediate costs until the District receives collections on the new levy. Management and the Board of the District are monitoring the District’s budget closely and making strategic decisions to cut costs and/or increase revenues.

Note 12 – Compliance

The District’s budgetary information within its accounting system was not in agreement with approved budgetary documents, which is contrary to Ohio Administrative Code Section 117-2-02(C)(1). The District had appropriations in excess of estimated resources at year-end, which is contrary to Ohio Revised Code Section 5705.39. The District had a negative fund balance in the General Fund at year-end, which is contrary to Ohio Revised Code Section 5705.10.

Little Miami Joint Fire and Rescue District
Hamilton County
Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balance
Governmental Fund Type
For the Year Ended December 31, 2018

	General	Special Revenue	Debt Service	Total
Cash Receipts:				
Property and Other Local Taxes	\$1,101,514	\$266,551	\$212,541	\$1,580,606
Charges for Services	889,895	214,136	0	1,104,031
Intergovernmental	104,298	25,845	124,305	254,448
Earnings on Investments	46	0	0	46
Safety Grant	0	12,447	0	12,447
Miscellaneous	13,189	0	0	13,189
Total Cash Receipts	2,108,942	518,979	336,846	2,964,767
Cash Disbursements:				
Current Disbursements:				
Security of Persons and Property:				
Salaries	1,654,300	109,023	0	1,763,323
Benefits	491,019	15,102	0	506,121
Purchased Services	259,403	14,123	0	273,526
Materials and Supplies	58,711	18,674	0	77,385
Other	4,404	12,447	0	16,851
Debt Service:				
Principal	0	250,000	0	250,000
Interest and Fiscal Charges	0	42,595	336,845	379,440
Total Cash Disbursements	2,467,837	461,964	336,845	3,266,646
Excess Receipts Over (Under) Disbursements	(358,895)	57,015	1	(301,879)
Other Financing Receipts:				
Proceeds from Sale of Assets	29,055	0	0	29,055
Total Other Financing Receipts	29,055	0	0	29,055
Net Change in Fund Cash Balance	(329,840)	57,015	1	(272,824)
Fund Cash Balance, January 1	254,061	99,349	0	353,410
Fund Cash Balance, December 31:				
Restricted	0	156,364	1	156,365
Unassigned (Deficit)	(75,779)	0	0	(75,779)
Fund Cash Balance, December 31	(\$75,779)	\$156,364	\$1	\$80,586

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

**Little Miami Joint Fire and Rescue District
Hamilton County**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Little Miami Joint Fire and Rescue District, Hamilton County, (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. Those subdivisions are Columbia Township, Village of Fairfax, and Village of Golf Manor. The District provides fire protection and rescue services within the District and by mutual aid to areas outside the District.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 1172-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(D) permit.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Fund:

Ambulance and Emergency Medical Services (EMS) Fund – This fund receives billings for medical assistance/ambulance transport services and real estate taxes (2.3 mil levy) for the payment of principal and interest on bonds.

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 Fund:

Bond Retirement Fund – This fund receives property taxes and annual federal interest subsidy payments to be used to repay a portion of interest obligations of the fire bonds.

Budgetary Process

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

**Little Miami Joint Fire and Rescue District
Hamilton County**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

A summary of 2018 budgetary activity appears in note 3.

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.

Property, Plant and Equipment

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

**Little Miami Joint Fire and Rescue District
Hamilton County**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

Accumulated Leave

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,137,996	\$2,137,997	\$1
Special Revenue	508,545	518,979	10,434
Debt Service	336,846	336,846	0
Total	\$2,983,387	\$2,993,822	\$10,435

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,474,054	\$2,467,837	\$6,217
Special Revenue	463,306	461,964	1,342
Debt Service	336,846	336,845	1
Total	\$3,274,206	\$3,266,646	\$7,560

Note 4 – 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, 2018 was as follows:

Demand deposits	\$80,512
Money Market	74
Total deposits	\$80,586

Deposits

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

Investments

PNC Bank holds the District's money market account in book-entry form by, and in the name of, the District's financial institution. The financial institution maintains records identifying the District as owner of the investment.

Note 5 – Taxes

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 statement includes homestead and rollback amounts the State pays as intergovernmental receipts. Payments are due to the County by December 31. If the property

**Little Miami Joint Fire and Rescue District
Hamilton County**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

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.

Note 6 – Risk Management

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.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

Several District certified fire fighters belong to the Police and Fire Pension Fund (OP&F). 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. OP&F participants contributed 12.25% of their wages. The District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2018.

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. 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, 2018.

Social Security

Some District 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.

**Little Miami Joint Fire and Rescue District
Hamilton County**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

Note 8 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Bonds	<u>\$6,295,000</u>	Variable
Total	<u><u>\$6,295,000</u></u>	

In 2010, the District issued an \$8,135,000 series long term general obligation bond (LTGO) in taxable Build America Bonds (BAB) that carry an interest subsidy payment. The bonds were issued for the construction of two new fire houses. The bond has a final maturity of December 1, 2036. These bonds are being repaid from the Ambulance and EMS Fund and the Bond Retirement Fund.

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

<u>Year ending December 31:</u>	<u>Fire Bonds</u>
2019	\$495,542
2020	496,675
2021	492,459
2022	493,070
2023	493,333
2024-2028	2,469,146
2029-2033	2,466,411
2034-2036	<u>1,481,832</u>
Total	<u><u>\$8,888,468</u></u>

Note 9 – Contingent Liabilities

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

The District is not currently party to litigation.

Note 10 – Subsequent Events

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 of the District. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

In 2019, the District obtained a \$400,000 loan from the Village of Fairfax to provide funds to meet operating expenses. The loan carries a 1.10 percent interest rate and will be repaid in quarterly installments of \$20,564 to the Village of Fairfax beginning on March 31, 2020. In May 2020, the District executed an amendment to the 2019 loan agreement with the Village of Fairfax which allowed for a one-year deferral on loan payments due to concerns with the COVID-19 pandemic.

The Village of Golf Manor Fire Department merged with the Little Miami Joint Fire District effective January 1, 2018. In 2018, Golf Manor's share of the 12.05 Little Miami Fire District total millage was collected via a contract

**Little Miami Joint Fire and Rescue District
Hamilton County**

*Notes to the Financial Statements
For the Year Ended December 31, 2018*

with the Village of Golf Manor in the amount of \$445,300. As of January 1, 2019, the Hamilton County Auditor will collect the 12.05 mils from real estate taxes in the Village of Golf Manor and will distribute the real estate settlement payments directly to the Little Miami Joint Fire District. With the addition of Golf Manor as a member effective January 1, 2018, the District was also assigned two contracts previously held by the Village of Golf Manor Fire Department: Amberley Village in the amount of \$74,265 paid in 2018 and \$76,500 due in 2019, and Columbia Township's Ridge Fire District/neighborhood in the amount of \$370,330 per year for 2018. Amberley Village's contract runs through December 31, 2019. A new 3-year contract with Columbia Township for the Ridge Fire District/neighborhood was negotiated with annual payments as follows:

2019	\$385,000 per year
2020	\$395,000 per year
2021	\$405,000 per year

In November 2019, the District passed a new operating levy in the amount of 2.0 mills. The estimated amount that will be generated from this new levy will be \$345,600 annually. Collections will begin in 2020.

In June 2020, the District moved to proceed with a withdrawal plan for the Village of Golf Manor. The Village will remain a member of the District through 2021 while the District develops a methodology for separation.

Note 11 – Going Concern

At December 31, 2018, the District had a negative cash fund balance in its General Fund in the amount of \$75,779. The District passed a 2.0 mill property tax levy in November of 2019 and also obtained a loan in late 2019 for operating expenses to provide funds for immediate costs until the District receives collections on the new levy. Management and the Board of the District are monitoring the District's budget closely and making strategic decisions to cut costs and/or increase revenues.

Note 12 – Compliance

The District's budgetary information within its accounting system was not in agreement with approved budgetary documents, which is contrary to Ohio Administrative Code Section 117-2-02(C)(1). The District had appropriations in excess of estimated resources at year-end, which is contrary to Ohio Revised Code Section 5705.39. The District had a negative fund balance in the General Fund at year-end, which is contrary to Ohio Revised Code Section 5705.10.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Little Miami Joint Fire and Rescue District
Hamilton County
5800 Wooster Pike
Cincinnati, Ohio 45227

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Little Miami Joint Fire and Rescue District, Hamilton 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 August 21, 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 also noted there is uncertainty about the District's ability to continue as a going concern and that the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-004, that we consider to be a material weakness.

Little Miami Joint Fire and Rescue District
Hamilton County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Compliance and Other Matters

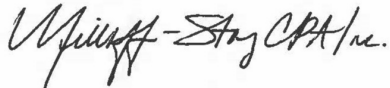
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2019-001 through 2019-003.

District's Responses to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

August 21, 2020

Little Miami Joint Fire and Rescue District
Hamilton County
Schedule of Findings and Responses
For the Years Ended December 31, 2019 and 2018

Finding Number 2019-001

Noncompliance – Budgetary Information Within Accounting System

Monitoring controls are regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action.

When designing the system of internal control and the specific control activities, management should consider ensuring:

- a) Reliability of financial reporting;
- b) Effectiveness and efficiency of operations;
- c) Compliance with applicable laws and regulations.

Ohio Administrative Code Section 117-2-02(C)(1) requires all local public offices to integrate the budgetary accounts, at the level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely budgetary information at the fund level. Failure to update the system with the official budget increases the risk of relying on inaccurate information for monitoring compliance with applicable laws, operations, and proper reporting.

The District did not accurately record budgetary amounts in their accounting system for appropriations and did not record any estimated resources within the system. Further, we noted variances between the District's formally approved appropriations and those filed with the County Auditor. The District should monitor budgetary information entered into its accounting system to ensure accurate accounting records are maintained. The District should also ensure that budgetary modifications are properly reported to the County Auditor.

District's Response:

Budgets shall be incorporated into the accounting system – not just appropriations.

Finding Number 2019-002

Noncompliance – Appropriations in Excess of Estimated Resources

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The District had appropriations in excess of estimated resources in the general fund at December 31, 2019 and 2018. Failure to limit appropriations to estimated resources may result in unauthorized spending or overspending. The District should implement additional procedures to ensure that appropriations are limited to estimated resources.

District's Response:

Estimated resources will be incorporated into the accounting system.

Little Miami Joint Fire and Rescue District
Hamilton County
Schedule of Findings and Responses
For the Years Ended December 31, 2019 and 2018

Finding Number 2019-003

Noncompliance – Negative Fund Balances

Ohio Revised Code Section 5705.10(I) states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. The District's first January payroll of each subsequent year was withdrawn from the District's bank account just before each year-end. Adjustments were required to record those withdraws, which resulted in negative fund balances in the general fund for each year. The District should implement monitoring procedures to ensure that funds are not spent into the negative and that activity that posts directly to the bank account are timely recorded.

District's Response:

We will monitor the accounts to avoid this situation from occurring again.

Finding Number 2019-004

Material Weakness – Financial Reporting

A sound internal control environment is pertinent to ensure that management properly presents the financial activity of the District. During the course of testing, we noted various misstatements and misclassifications within the District's accounting records and financial statements. These misstatements and misclassifications included unrecorded payroll expenses, state reimbursements and debt subsidies posted to incorrect funds, misclassification of principal and interest payments, reporting of EMS charges for services net of service organization fees, misclassified fund balances and various expenses, and a payroll credit from a service organization for an overpayment which was posted as a revenue instead of a reduction of expenditure. In addition, we noted that the District had an unrecorded outside bank account and does not include its investment balances and related activity within its accounting system, which requires additional computations and adjustments to present its financial activity in its annual financial report. Lastly, various corrections were also made to the notes to the financial statements. The District should implement additional operating and monitoring procedures to ensure that financial activity is presented accurately and completely within the accounting records, financial statements, and note disclosures.

District's Response:

District officials chose not to respond.

Little Miami Joint Fire and Rescue District
Hamilton County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2019 and 2018

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2017-001	Noncompliance – Ohio Administrative Code Section 117-2-02(C)(1) – Budget Information within the Accounting System	No	Reissued as finding 2019-001
Finding 2017-002	Noncompliance – Ohio Revised Code Section 5705.39 – Appropriations in Excess of Estimated Resources	No	Reissued as finding 2019-002
Finding 2017-003	Noncompliance – Ohio Revised Code Section 5705.41(B) – Disbursements in Excess of Appropriations	Yes	
Finding 2017-004	Material Weakness – Financial Reporting	No	Reissued as finding 2019-004

OHIO AUDITOR OF STATE KEITH FABER



LITTLE MIAMI JOINT FIRE AND RESCUE DISTRICT

HAMILTON 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 7/6/2021

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