



OHIO AUDITOR OF STATE
KEITH FABER



**BASCOM JOINT FIRE DISTRICT
SENECA COUNTY
DECEMBER 31, 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.....	5
Notes to the Financial Statement.....	6
Schedule of Expenditures of Federal Awards	13
Notes to the Schedule of Expenditures of Federal Awards.....	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	17
Schedule of Findings	19
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	21
Corrective Action Plan	22

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Bascom Joint Fire District
Seneca County
5450 West Tiffin Street
Bascom, Ohio 44809

To the Board of Trustees:

Report on the Financial Statement

We have audited the accompanying financial statement of the cash balances, receipts and disbursements by fund type, and related notes of Bascom Joint Fire District, Seneca County, Ohio (the District) as of and for the year ended December 31, 2019.

Management's Responsibility for the Financial Statement

Management is responsible for preparing and fairly presenting this financial statement 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 this financial statement 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 statement is 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 statement 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 statement, the District prepared this financial statement 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 statement 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 this statement 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 statement referred to above does 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 the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Bascom Joint Fire District, Seneca County, Ohio as of December 31, 2019, for the year 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 12 to the financial statement, 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.

Other Matters

Our audit was conducted to opine on the financial statement taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statement.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statement. We subjected this schedule to the auditing procedures we applied to the financial statement. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statement taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 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

May 14, 2020

This page intentionally left blank.

Bascom Joint Fire District
Seneca 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

	All Fund Types			Totals (Memorandum Only)
	General	Debt Service	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$360,628			\$360,628
Charges for Services	9,930			9,930
Intergovernmental	33,508			33,508
Earnings on Investments	85			85
Miscellaneous	19,007			19,007
<i>Total Cash Receipts</i>	<u>423,158</u>			<u>423,158</u>
Cash Disbursements				
Current Disbursements:				
General Government	140,579			140,579
Public Safety	78,297			78,297
Capital Outlay	48,569		\$2,155,041	2,203,610
Debt Service:				
Principal Retirement		\$281,634		281,634
Interest and Fiscal Charges		27,772		27,772
<i>Total Cash Disbursements</i>	<u>267,445</u>	<u>309,406</u>	<u>2,155,041</u>	<u>2,731,892</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>155,713</u>	<u>(309,406)</u>	<u>(2,155,041)</u>	<u>(2,308,734)</u>
Other Financing Receipts (Disbursements)				
Transfers In	18,672	399,251	47,669	465,592
Transfers Out	(123,065)		(342,527)	(465,592)
Proceeds of Debt			2,389,051	2,389,051
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(104,393)</u>	<u>399,251</u>	<u>2,094,193</u>	<u>2,389,051</u>
<i>Net Change in Fund Cash Balance</i>	51,320	89,845	(60,848)	80,317
<i>Fund Cash Balances, January 1</i>	<u>146,009</u>		<u>108,517</u>	<u>254,526</u>
Fund Cash Balances, December 31				
Restricted		89,845	47,669	137,514
Assigned	522			522
Unassigned	196,807			196,807
<i>Fund Cash Balances, December 31</i>	<u>\$197,329</u>	<u>\$89,845</u>	<u>\$47,669</u>	<u>\$334,843</u>

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

Bascom Joint Fire District
Seneca County
Notes to the Financial Statement
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 Bascom Joint Fire District, Seneca County, Ohio (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member and the third member is selected by the Board of Trustees in a joint session of the townships. Those subdivisions are Hopewell and Loudon Townships. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

Public Entity Risk Pool

The District's participates in a public entity risk pool. Note 6 to the financial statement provides additional information for this entity. The District's management believes this financials statement presents all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

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.

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:

USDA Bank New Station This fund receives transfers from the General Fund and Capital Project funds for debt payments related to USDA Loans.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant Capital Project Funds:

Permanent Improvement Fund The District established a permanent improvement fund for the purpose of accumulating resources for the acquisition, construction, or improvement of property of the District.

New Fire Station Project Fund The District established this fund to capture the costs of construction for the new Fire Station.

Bascom Joint Fire District
Seneca County
Notes to the Financial Statement
For the Year Ended December 31, 2019

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 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

This statement includes 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, 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 canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

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.

Bascom Joint Fire District
Seneca County
Notes to the Financial Statement
For the Year Ended December 31, 2019

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 December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$441,830	\$441,830	
Debt Service	399,251	399,251	
Capital Projects	2,436,719	2,436,720	\$1
Total	\$3,277,800	\$3,277,801	\$1

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$411,476	\$390,510	\$20,966
Debt Service	344,793	309,406	35,387
Capital Projects	2,497,568	2,497,568	
Total	\$3,253,837	\$3,197,484	\$56,353

Bascom Joint Fire District
Seneca County
Notes to the Financial Statement
For the Year Ended 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:

	<u>2019</u>
Demand deposits	<u>\$334,843</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction 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.

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

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

The District insures against injuries to employee through the Ohio Bureau of Worker’s Compensation.

Risk Pool Membership

The District is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity’s) policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Bascom Joint Fire District
Seneca County
Notes to the Financial Statement
For the Year Ended December 31, 2019

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2018 (the most recent information available):

	<u>2018</u>
Cash and investments	\$ 35,381,789
Actuarial liabilities	\$12,965,015

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some District employees belong 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 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants’ gross salaries. The District has paid all contributions required through December 31, 2019.

Social Security

Several 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 – Postemployment Benefits

OPERS offers 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. 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.

Bascom Joint Fire District
Seneca County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Fire District Improvement Bond, Series 2018A	\$2,007,546	3.50%
Fire District Improvement Bond, Series 2018B	210,820	3.88%
Total	\$2,218,366	

In 2018 The District entered into debt financing arrangements through the Rural Housing Service, United States Department of Agriculture (USDA) to fund the construction of a New Fire station. The semi-annual amount due to USDA will be repaid from property taxes beginning in April 1, 2019 and with a maturity date of October 1, 2048.

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

Year Ending December 31:	Principal	Interest	Total
2020	\$49,341	\$77,978	\$127,319
2021	51,114	76,223	127,337
2022	52,922	74,385	127,307
2023	54,857	72,481	127,338
2024	56,833	70,508	127,341
2025-2029	316,359	320,360	636,719
2030-2034	377,533	259,196	636,729
2035-2039	410,631	187,586	598,217
2040-2044	438,696	115,087	553,783
2045-2048	410,080	32,947	443,027
Total	\$2,218,366	\$1,286,751	\$3,505,117

Note 10- Construction and Contractual Commitments

Construction of a Fire Station started on October 16, 2018 and was completed by August 1, 2019.

Note 11 – Transfers

During 2019, the District had the following Transfers:

Fund	Transfers In	Transfers Out
General Fund	\$18,672	\$123,065
Capital Project funds:		
New Fire Station Project		234,010
Miscellaneous Capital Equipment	47,669	18,672
Permanent Improvement		89,845
Debt Service fund	399,251	
Totals	\$465,592	\$465,592

Bascom Joint Fire District
Seneca County
Notes to the Financial Statement
For the Year Ended December 31, 2019

Transfers were made from the New Fire Station Project and Permanent Improvement funds to the Debt Service fund to return unused funds to the U.S. Department of Agriculture through repayment of the District's bonds. Transfers from the Miscellaneous Capital Equipment fund to the General fund were for the return of funds that were restricted during the construction of the now completed Fire Station. Transfers were made from the General fund to support capital projects accounted for in other funds.

Note 12 – Subsequent Events

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

**BASCOM JOINT FIRE DISTRICT
SENECA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

FEDERAL GRANTOR Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Community Facilities Loans and Grants	10.766	\$ 2,155,041
Total U.S. Department of Agriculture		<u>2,155,041</u>
Total Expenditures of Federal Awards		<u>\$ 2,155,041</u>

The accompanying notes are an integral part of this schedule.

**BASCOM JOINT FIRE DISTRICT
SENECA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Bascom Joint Fire District, Seneca County, Ohio (the District's) under programs of the federal government for the year ended December 31, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the fund balances or changes in fund balance of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan program listed below is administered directly by the District and transactions relating to this program are included in the District's financial statement. The balances of loans outstanding at December 31, 2019 consist of:

CFDA Number	Program/Cluster Name	Outstanding Balance at December 31, 2019
10.766	Community Facilities Loans and Grants	\$2,218,366

OHIO AUDITOR OF STATE KEITH FABER



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Bascom Joint Fire District
Seneca County
5450 West Tiffin Street
Bascom, Ohio 44809

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 statement of the cash balances, receipts, and disbursements by fund type of Bascom Joint Fire District, Seneca County, Ohio (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statement, and have issued our report thereon dated May 14, 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 the financial impact of COVID-19 and the ensuing emergency measures will 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

May 14, 2020



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Bascom Joint Fire District
Seneca County
5450 West Tiffin Street
Bascom, Ohio 44809

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited Bascom Joint Fire District, Seneca County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Bascom Joint Fire District's major federal program for the year ended December 31, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Bascom Joint Fire District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2019.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

May 14, 2020

**BASCOM JOINT FIRE DISTRICT
SENECA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2019**

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, Unmodified under the Regulatory basis.
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Community Facilities Loans and Grants
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2019-001

Material Weakness

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.

The financial statements presented by the District included the following errors:

- Intergovernmental receipts of \$24,427 within the General fund were incorrectly classified as miscellaneous receipts;
- Other Debt Proceeds of \$2,389,051 within the Capital Projects fund were incorrectly classified as miscellaneous receipts.

These errors were the result of inadequate policies and procedures in reviewing the financial statements.

Failure to complete accurate financial statements could lead the Board to make misinformed decisions. Additional audit adjustments were made in smaller relative amounts for additional reasons. The accompanying financial statements, notes to the financial statements, and accounting records have been adjusted to correct these errors.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes to the financial statements by the Fiscal Officer and Board, to identify and correct errors and omissions.

Officials' Response:

The Fiscal Officer acknowledged the errors and intends to work towards preventing them from reoccurring.

3. FINDINGS FOR FEDERAL AWARDS

None

BASCOM JOINT FIRE DISTRICT

P.O. Box 132
Bascom, OH 44809

Chris Daniel, Fire Chief

Brad Posey, Asst. Chief

Richard Gosche, Trustee

Roger Holman, Trustee

Troy Huth, Trustee

Victoria Coppus, Fiscal Officer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) DECEMBER 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material weakness due to errors in financial reporting.	Not corrected and repeated as Finding 2019-001 in this report.	This error reoccurred due to deficiencies in the District's internal controls over financial statement monitoring. The fiscal officer will attempt to correctly classify line items in the future.
2018-002	Ohio Rev. Code § 133 and § 505 due to the District obtaining a bank loan.	Fully corrected.	
2018-003	Ohio Rev. Code § 5705.41(B) due to expenditures exceeding appropriations.	Fully corrected.	

BASCOM JOINT FIRE DISTRICT

P.O. Box 132
Bascom, OH 44809

Chris Daniel, Fire Chief

Brad Posey, Asst. Chief

Richard Gosche, Trustee

Roger Holman, Trustee

Troy Huth, Trustee

Victoria Coppus, Fiscal Officer

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

DECEMBER 31, 2019

Finding Number: 2019-001
Planned Corrective Action: Receipts will be properly recorded in the future to the proper account.
Anticipated Completion Date: 04/20/2020
Responsible Contact Person: Victoria Coppus

OHIO AUDITOR OF STATE KEITH FABER



BASCOM JOINT FIRE DISTRICT

SENECA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 2, 2020**