



**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

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Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Mantua-Shalersville Fire District
10303 State Route 44
Mantua, Ohio 44255

We have reviewed the *Independent Auditor's Report* of the Mantua-Shalersville Fire District, Portage County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 17, 2021

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**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

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Certified Public Accountants, A.C.

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INDEPENDENT AUDITOR’S REPORT

October 27, 2021

Mantua-Shalersville Fire District
Portage County
10303 State Route 44
Mantua, OH 44255

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type, as of and for the years ended December 31, 2020 and 2019, and related notes of **Mantua-Shalersville Fire District**, Portage County, Ohio (the District).

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.

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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, 2020 and 2019, and the respective 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 for each governmental fund type, as of and for the years ended December 31, 2020 and 2019, and related notes of Mantua-Shalersville Fire District, Portage County in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. As discussed in Note 11 for 2020 the District made changes to the regulatory cash basis reporting model. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2021, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 27, 2021

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$ -	\$ 1,666,481	\$ 243,164	\$ 1,909,645
Charges for Services	39,444	225,048	-	264,492
Intergovernmental	-	148,849	34,810	183,659
Earnings on Investments	7,818	-	-	7,818
Miscellaneous	59,409	85,876	-	145,285
Total Cash Receipts	106,671	2,126,254	277,974	2,510,899
Cash Disbursements:				
Current Disbursements:				
General Government	-	2,720	-	2,720
Public Safety	15,760	1,671,478	-	1,687,238
Other	-	-	4,437	4,437
Capital Outlay	-	90,077	-	90,077
Debt Service				
Principal Retirement	-	113,190	259,999	373,189
Interest and Fiscal Charges	-	7,749	15,540	23,289
Total Cash Disbursements	15,760	1,885,214	279,976	2,180,950
<i>Net Change in Fund Cash Balances</i>	90,911	241,040	(2,002)	329,949
Fund Cash Balance, January 1	\$ 153,092	\$ 1,169,520	\$ 80,369	\$ 1,402,981
<i>Fund Cash Balance, December 31</i>	<u>\$ 244,003</u>	<u>\$ 1,410,560</u>	<u>\$ 78,367</u>	<u>\$ 1,732,930</u>

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

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Mantua-Shalersville Fire District, Portage County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Mantua Township, Mantua Village and Shalersville Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

Public Entity Risk Pool

The District participates in a public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to the Ohio Local Governments. Note 6 to the financial statements provide additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

Fire Fund This fund receives its monies from tax levies. This money is specifically used to provide manpower for the District and maintenance of the fire apparatus.

Ambulance and Medical Services Fund This fund receives money from tax levies and ambulance run fees. This money is specifically used to provide manpower for the District and maintenance of apparatus, appliances and equipment.

Capital Equipment Fund This fund receives taxes from a levy to be used for the purchase of equipment and apparatus and maintenance of equipment and buildings.

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

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Building Bond Retirement Fund This fund receives money through a tax levy. This money is used to repay the principal and interest on the bond used to build the fire station.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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

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

A summary of 2020 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 statements do 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 statements do not include a liability for unpaid leave.

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 30,150	\$ 106,671	\$ 76,521
Special Revenue	2,114,341	2,126,254	11,913
Debt Service	278,041	277,974	(67)
Total	\$ 2,422,532	\$ 2,510,899	\$ 88,367

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity (Continued)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 100,000	\$ 15,760	\$ 84,240
Special Revenue	2,199,306	1,982,704	216,602
Debt Service	279,976	279,976	-
Total	\$ 2,579,282	\$ 2,278,440	\$ 300,842

Note 4 – Deposits

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

	2020
Demand deposits	\$ 1,732,930

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 statements include 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.

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.

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

All of the District's certified Fire Fighters belong to the Ohio 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, 2020.

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans (Continued)

Ohio Public Employees Retirement System

Other 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% 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, 2020.

Note 8 – Postemployment Benefits

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. OP&F contributes 0.5 percent of the employer contribution to fund these benefits.

The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

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

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$ 265,000	2.96%
Motorola Solutions, INC.	<u>98,645</u>	3.96%
Total	<u><u>\$ 363,645</u></u>	

The District issued general obligation bonds to finance the construction of a new fire station. The bonds were issued on July 3, 2002 in the amount of \$3,699,993 and have semiannual maturities through December 1, 2021. The District's taxing authority collateralized the bonds. The District refunded the bonds September 12, 2012 in the amount of \$2,130,000.

The District entered into a lease agreement with Motorola Solutions, INC on October 1, 2019 in the amount of \$144,641.

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

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (Continued)

Year Ending December 31:	General Obligation Bonds	Motorola Solutions, INC.
2021	\$ 272,844	\$ 56,118
2022	-	54,175
Total	\$ 272,844	\$ 110,293

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 11 – Change in Accounting Principle

For 2020, the District has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

Note 12 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Debt Service	Capital Projects	Permanent	Total
Nonspendable:						
Unclaimed Monies						\$ -
Corpus						-
Outstanding Encumbrances						-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGE IN FUND BALANCE (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$ -	\$ 1,652,426	\$ 241,192	\$ 1,893,618
Charges for Services	17,099	268,043	-	285,142
Intergovernmental	-	161,972	34,833	196,805
Earnings on Investments	17,852	-	-	17,852
Miscellaneous	108	7,403	-	7,511
Total Cash Receipts	35,059	2,089,844	276,025	2,400,928
Cash Disbursements:				
Current Disbursements:				
Other	-	-	4,472	4,472
General Government	4,500	2,742	-	7,242
Public Safety	39,918	1,600,136	-	1,640,054
Capital Outlay	-	394,244	-	394,244
Debt Service				
Principal Retirement	-	65,216	250,000	315,216
Interest and Fiscal Charges	-	4,027	22,940	26,967
Total Cash Disbursements	44,418	2,066,365	277,412	2,388,195
Excess of Receipts Over (Under) Disbursements	(9,359)	23,479	(1,387)	12,733
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	144,641	-	144,641
<i>Total Other Financing Receipts (Disbursements)</i>	<i>-</i>	<i>144,641</i>	<i>-</i>	<i>144,641</i>
<i>Net Change in Fund Cash Balances</i>	<i>(9,359)</i>	<i>168,120</i>	<i>(1,387)</i>	<i>157,374</i>
Fund Cash Balance, January 1	162,451	1,001,400	81,756	1,245,607
Fund Cash Balance, December 31				
Restricted	-	1,158,193	80,369	1,238,562
Committed	-	11,327	-	11,327
Assigned	69,850	-	-	69,850
Unassigned	83,242	-	-	83,242
<i>Fund Cash Balance, December 31</i>	<i>\$ 153,092</i>	<i>\$ 1,169,520</i>	<i>\$ 80,369</i>	<i>\$ 1,402,981</i>

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

Mantua-Shalersville Fire District
Portage 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 Mantua-Shalersville Fire District, Portage County, (the District) as a body corporate and politic. A Three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Mantua Township, Mantua Village and Shalersville Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

Public Entity Risk Pool

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Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds.

Fire Fund This fund receives its monies from tax levies. This money is specifically used to provide manpower for the District and maintenance of the fire apparatus.

Ambulance and Medical Services Fund This fund receives money from tax levies and ambulance run fees. This money is specifically used to provide manpower for the District and maintenance of apparatus, appliances and equipment.

Capital Equipment Fund This fund receives taxes from a levy to be used for the purchase of equipment and apparatus and maintenance of equipment and buildings.

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

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Building Bond Retirement Fund This fund receives money through a tax levy. This money is used to repay the principal and interest on the bond used to build the fire station.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

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

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

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

A summary of 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 statements do 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 statements do not include a liability for unpaid leave.

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

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	\$ 29,150	\$ 35,059	\$ 5,909
Special Revenue	2,040,523	2,234,485	193,962
Debt Service	275,013	276,025	1,012
Total	\$ 2,344,686	\$ 2,545,569	\$ 200,883

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 64,500	\$ 44,417	\$ 20,083
Special Revenue	2,208,779	2,095,440	113,339
Debt Service	277,340	277,412	(72)
Total	<u>\$ 2,550,619</u>	<u>\$ 2,417,269</u>	<u>\$ 133,350</u>

Note 4 – Deposits

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

	2019
Demand deposits	\$ 1,402,981

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 statements include 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.

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.

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – Risk Management

The District belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

All of the District's certified Fire Fighters belong to the Ohio 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.

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans (Continued)

Ohio Public Employees Retirement System

Other 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% 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.

Note 8 – Postemployment Benefits

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

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

Note 9 – Debt

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

	Principal	Interest Rate
General Obligation Bonds	\$ 525,000	2.96%
2017 Middlefield Ambulance Loan	67,194	3.00%
Motorola Solutions, INC.	144,641	3.96%
Total	\$ 736,835	

The District issued general obligation bonds to finance the construction of a new fire station. The bonds were issued on July 3, 2002 in the amount of \$3,699,993 and have semiannual maturities through December 1, 2021. The District's taxing authority collateralized the bonds. The District refunded the bonds September 12, 2012 in the amount of \$2,130,000.

The District obtained a bank loan to finance the purchase of a new ambulance on October 30, 2017. The District's taxing authority collateralized the loan.

The District entered into a lease agreement with Motorola Solutions, INC on October 1, 2019 in the amount of \$144,641.

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

Mantua-Shalersville Fire District
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt (Continued)

Year Ending December 31:	General Obligation Bonds	Middlefield Ambulance Loan	Motorola Solutions, INC.
2020	\$ 275,540	\$ 69,243	\$ 52,154
2021	272,844	-	52,154
2022	-	-	52,154
Total	\$ 548,384	\$ 69,243	\$ 156,462

Note 10 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

October 27, 2021

Mantua Shalersville Fire District
Portage County
10303 State Route 44
Mantua, Ohio 44255

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019, and the related notes of the Mantua-Shalersville Fire District, Portage County, (the District) and have issued our report thereon dated October 27, 2021, 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 continuing emergency measures which may impact subsequent periods of the District and changes to the reporting model.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 audit findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 27, 2021

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness

Posting Receipts, Disbursements and Fund Balance

The District is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Government Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2020 and 2019, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- A EMS service receipt was classified as other miscellaneous services instead of charges for services in 2020.
- A transport fee receipt was classified as other intergovernmental instead of charges for services in 2019.
- The General Fund was classified as entirely Unassigned rather than partially Assigned in 2019.
- Principal and interest payments were not properly classified in 2020 and 2019.
- In 2019 the Motorola Solutions lease debt proceeds was not classified correctly.
- CARES Act Funds misclassified as miscellaneous revenue reclassified as intergovernmental revenue.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring reclassifications. The financial statements reflect all material reclassifications.

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management’s objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial reports.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements. We also recommend the Clerk refer to Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Management’s Response – We did not receive a response from officials to this finding.

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2020-2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting	Not Corrected	Repeated as Finding 2020-001
2018-002	Noncompliance issuance of Debt	No longer valid	No new debt issued in report period and loan in question was paid off.

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OHIO AUDITOR OF STATE KEITH FABER



MANTUA-SHALERSVILLE FIRE DISTRICT

PORTAGE 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 11/30/2021

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