



OHIO AUDITOR OF STATE
KEITH FABER



**WESTERN RESERVE JOINT FIRE DISTRICT
MAHONING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Western Reserve Joint Fire District
Mahoning County
111 South Main Street
Poland, Ohio 44514

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 year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Western Reserve Joint Fire District, Mahoning 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.

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 year 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 year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the District, 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 13 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 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.



Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2021

Western Reserve Joint Fire District

Mahoning County, Ohio

Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 1,057,626	\$ -	\$ 311,410	\$ 1,369,036
Intergovernmental	212,184	5,039	89,432	306,655
Charges for Services	631	41,312	-	41,943
Interest	14,344	-	-	14,344
Contributions and Donations	20,060	-	-	20,060
Miscellaneous	1,994	-	9,837	11,831
<i>Total Cash Receipts</i>	<u>1,306,839</u>	<u>46,351</u>	<u>410,679</u>	<u>1,763,869</u>
Cash Disbursements				
Current:				
General Government	403,105	-	-	403,105
Public Safety	393,990	11,605	-	405,595
Capital Outlay	308,112	15,451	623,403	946,966
Debt Service:				
Principal Retirement	-	-	232,321	232,321
Interest and Fiscal Charges	-	-	23,992	23,992
<i>Total Cash Disbursements</i>	<u>1,105,207</u>	<u>27,056</u>	<u>879,716</u>	<u>2,011,979</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	201,632	19,295	(469,037)	(248,110)
Other Financing Receipts/(Disbursements)				
Proceeds of Notes	-	-	1,200,000	1,200,000
<i>Net Change in Fund Cash Balances</i>	201,632	19,295	730,963	951,890
<i>Fund Cash Balances, January 1</i>	<u>744,635</u>	<u>-</u>	<u>519,889</u>	<u>1,264,524</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 946,267</u>	<u>\$ 19,295</u>	<u>\$ 1,250,852</u>	<u>\$ 2,216,414</u>

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

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Western Reserve Joint Fire District
Mahoning County, Ohio

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 Western Reserve Joint Fire District, Mahoning County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints two members and one citizen. Those subdivisions are Poland Township and Poland Village. The District provides fire protection and emergency 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.

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, committed or assigned to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund:

Ambulance and Emergency Medical Services Fund - The Ambulance and Emergency Medical Services Fund is used to account for revenues derived from ambulance and emergency medical service fees.

Capital Project Funds These funds accounts 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 fund:

Capital Levy Fund – This fund accounts for and reports receipts from a Capital Improvement Levy restricted for capital outlay projects or to make payments on note advances for capital projects.

Western Reserve Joint Fire District
Mahoning County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2020

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 and department 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 1st. 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.

The District maintains two demand deposit accounts and one repurchase agreement account.

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.

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:

Western Reserve Joint Fire District
Mahoning County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2020

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 nonexpendable 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 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,104,240	\$1,306,839	\$202,599
Special Revenue	40,000	46,351	6,351
Capital Projects	1,536,778	1,610,679	73,901
Total	\$2,681,018	\$2,963,869	\$282,851

Western Reserve Joint Fire District
Mahoning County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,262,165	\$1,151,177	\$110,988
Special Revenue	40,000	30,056	9,944
Capital Projects	1,683,165	1,596,655	86,510
Total	\$2,985,330	\$2,777,888	\$207,442

Budgetary expenditures include encumbrances of \$45,970, \$3,000 and \$716,939 in the general fund, special revenue fund and capital projects fund, respectively.

Note 4 – Deposits and Investments

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

	2020
Demand Deposits	\$ 2,880
Cash on Hand	250
Total Deposits and Cash on Hand	3,130
Repurchase Agreement	2,213,284
Total Carrying Amount of Deposits and Investments	\$ 2,216,414

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the District is holding \$2,800 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository 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.

At December 31, 2020, all of the District’s deposits were insured or collateralized.

Investments

The District’s financial institution transfers securities to the District’s agent to collateralize repurchase agreements. The securities are not in the District’s name.

Western Reserve Joint Fire District
Mahoning County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Property Taxes

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

Public utilities are also taxed on personal and real property located within the District.

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

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 volunteers and employees through the Ohio Bureau of Worker's Compensation.

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

During 2020, the District did not pay for any losses that exceeded insurance coverage.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Clerical 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, 2020.

Western Reserve Joint Fire District
Mahoning County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2020

Social Security

Fire and medical 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, 2020.

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 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.

Note 9 – Note Debt

The District had the following notes outstanding at December 31, 2020:

Obligation	Balance 1/1/20	Additions	Deductions	Balance 12/31/20
Fire Truck Acquisition Note - 2.50%	\$962,215	\$0	(\$232,321)	\$729,894
Station 93 Construction Note - 2.69%	0	1,200,000	0	1,200,000
<i>Total</i>	<u>\$962,215</u>	<u>\$1,200,000</u>	<u>(\$232,321)</u>	<u>\$1,929,894</u>

During 2018, the District issued the fire truck acquisition note through Farmers National Bank to finance the purchase of a ladder truck. The note was issued for 5 years at 2.50 percent and is collateralized by the District's taxing authority. The note matures April 1, 2023 and payments are made from the Capital Projects Fund.

During 2020, the District issued the Station 93 construction note through Farmers National Bank to finance the excavation, building addition and various improvements to Fire Station 93. The note was issued for 10 years at 2.69 percent and is collateralized by the District's taxing authority. The note matures April 15, 2030 and payments will be made from the Capital Projects Fund.

Western Reserve Joint Fire District
Mahoning County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2020

Amortization of the above notes are scheduled as follows:

Year Ended December 31,	Fire Truck Acquisition Note		Station 93 Construction Note	
	Principal	Interest	Principal	Interest
2021	\$ 237,794	\$ 18,519	\$ 117,040	\$ 20,606
2022	243,821	12,492	108,514	29,132
2023	248,279	6,312	111,433	26,213
2024	-	-	114,367	23,279
2025	-	-	117,507	20,139
2026 - 2030	-	-	631,139	51,572
Total	<u>\$ 729,894</u>	<u>\$ 37,323</u>	<u>\$ 1,200,000</u>	<u>\$ 170,941</u>

Note 10 – Construction and Contractual Commitments

As of December 31, 2020, the District had the following contractual commitments related to the Station 93 excavation, expansion and improvement project:

	Contractual Commitments	Expended	Balance 12/31/2020
Brock & Associates Builders, Inc.	\$816,599	\$239,428	\$577,171
B&B Contractors & Developers, Inc.	269,778	167,187	102,591
Totals	<u>\$1,086,377</u>	<u>\$406,615</u>	<u>\$679,762</u>

Note 11 – Fund Balances

Included in fund balance are encumbrances. 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 facilitate effective cash planning and control. At year end the encumbrance balances were as follows:

Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 45,970	\$ 3,000	\$ 716,939	\$ 765,909
Total	<u>\$ 45,970</u>	<u>\$ 3,000</u>	<u>\$ 716,939</u>	<u>\$ 765,909</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Western Reserve Joint Fire District
Mahoning County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Change in Accounting Principle

For 2020, the District has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

This change had no effect on beginning cash balances, as previously reported.

Note 13 – 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 may 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 any recovery from emergency funding, either federal or state, cannot be estimated.

Western Reserve Joint Fire District
Mahoning County, Ohio

Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 1,045,393	\$ 307,580	\$ 1,352,973
Intergovernmental	74,217	51,226	125,443
Licenses, Permits, and Fees	1,691	-	1,691
Interest	25,231	-	25,231
Miscellaneous	43,615	-	43,615
<i>Total Cash Receipts</i>	<u>1,190,147</u>	<u>358,806</u>	<u>1,548,953</u>
Cash Disbursements			
Current:			
General Government	351,200	-	351,200
Public Safety	383,132	-	383,132
Capital Outlay	-	89,781	89,781
Debt Service:			
Principal Retirement	-	227,318	227,318
Interest and Fiscal Charges	-	28,995	28,995
<i>Total Cash Disbursements</i>	<u>734,332</u>	<u>346,094</u>	<u>1,080,426</u>
<i>Net Change in Fund Cash Balances</i>	455,815	12,712	468,527
Fund Cash Balances, January 1	<u>288,820</u>	<u>507,177</u>	<u>795,997</u>
Fund Cash Balances, December 31			
Restricted	-	519,889	519,889
Assigned	108,890	-	108,890
Unassigned	635,745	-	635,745
<i>Total Fund Cash Balances, December 31</i>	<u><u>\$ 744,635</u></u>	<u><u>\$ 519,889</u></u>	<u><u>\$ 1,264,524</u></u>

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

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Western Reserve Joint Fire District
Mahoning County, Ohio

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 Western Reserve Joint Fire District, Mahoning County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints two members and one citizen. Those subdivisions are Poland Township and Poland Village. The District provides fire protection and emergency 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.

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.

Capital Project Fund This fund accounts for and reports 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 fund:

Capital Levy Fund – This fund accounts for and reports receipts from a Capital Improvement Levy restricted for capital outlay projects or to make payments on note advances for capital projects.

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).

Western Reserve Joint Fire District
Mahoning County, Ohio

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

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 and department 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 1st. 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 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.

The District maintains two demand deposit accounts and one savings account.

Property, Plant and Equipment The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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.

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.

Western Reserve Joint Fire District
Mahoning County, Ohio

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

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

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,144,613	\$1,190,147	\$45,534
Capital Projects	358,901	358,806	(95)
Total	\$1,503,514	\$1,548,953	\$45,439

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,355,691	\$783,367	\$572,324
Capital Projects	790,145	392,945	397,200
Total	\$2,145,836	\$1,176,312	\$969,524

Budgetary expenditures include encumbrances of \$49,035 and \$46,851 in the general fund and capital projects fund, respectively.

Western Reserve Joint Fire District
Mahoning County, Ohio

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

Note 4 – Deposits and Investments

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

	2019
Demand Deposits	\$17,913
Repurchase Agreement	1,246,361
Cash on Hand	250
Total Deposits and Investments	<u>\$1,264,524</u>

Deposits

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

Note 5 – Property Taxes

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

Public utilities are also taxed on personal and real property located within the District.

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

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 volunteers and employees through the Ohio Bureau of Worker's Compensation.

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

Western Reserve Joint Fire District
Mahoning County, Ohio

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Clerical 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

Fire and medical 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.

Western Reserve Joint Fire District
Mahoning County, Ohio

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

Note 9 – Note Debt

The District had the following note outstanding at December 31, 2019:

Obligation	Balance 1/1/19	Additions	Deductions	Balance 12/31/19
Fire Truck Acquisition Note - 2.50%	\$1,189,533	\$0	(\$227,318)	\$962,215
Total	\$1,189,533	\$0	(\$227,318)	\$962,215

During 2018, the District issued the fire truck acquisition note through Farmers National Bank to finance the purchase of a ladder truck. The note was issued for 5 years at 2.50 percent and is collateralized by the District's taxing authority. The note matures April 1, 2023 and payments are made from the Capital Projects Fund.

Amortization of the above note is scheduled as follows:

Year Ended December 31,	Fire Truck Acquisition Note	
	Principal	Interest
2020	\$ 231,589	\$ 24,724
2021	237,794	18,519
2022	243,821	12,492
2023	249,011	6,312
Total	\$ 962,215	\$ 62,047

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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

Western Reserve Joint Fire District
Mahoning County
111 South Main Street
Poland, Ohio 44514

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 year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Western Reserve Joint Fire District, Mahoning County, (the District) and have issued our report thereon dated December 9, 2021, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Administrative Code 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.

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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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*.

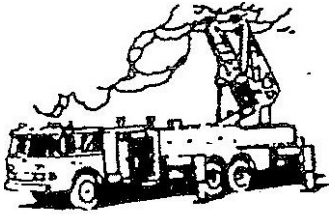
Purpose of this Report

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.



Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2021



Western Reserve Joint Fire District

Poland Volunteer Fire Department
111 South Main Street
Poland, Ohio 44514
(330)757-8268 FAX (330)757-1374

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS December 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2018-001	Financial Reporting: In 2018 improper classification for fund balances and incorrect posting of an expenditure line item. In 2017 incorrect positing of expenditure line items.	fully corrected.	This issue was addressed and corrected during the current audit period. We will review all expense classifications in the future to ensure all amounts are reported properly going forward. GASB 54 regarding fund balance classifications is no longer applicable to the Fire District.

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OHIO AUDITOR OF STATE KEITH FABER



WESTERN RESERVE JOINT FIRE DISTRICT

MAHONING 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 1/4/2022

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
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