



Dave Yost • Auditor of State

JEFFERSON EMERGENCY RESCUE DISTRICT

ASHTABULA COUNTY
DECEMBER 31, 2014 AND 2013

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Jefferson Emergency Rescue District
Ashtabula County
PO Box 294
Jefferson, Ohio 44047

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Jefferson Emergency Rescue District, Ashtabula County, (the District) as of and for the years ended December 31, 2014 and 2013.

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 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 1 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, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balance of Jefferson, Ashtabula County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2018, 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.



Dave Yost
Auditor of State
Columbus, Ohio

July 16, 2018

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Governmental Fund Type
	General
Cash Receipts:	
Property and Other Local Taxes	\$394,895
Charges for Services	196,250
Membership Fees and Donations	13,145
Intergovernmental	3,250
Miscellaneous	9,192
<i>Total Cash Receipts</i>	616,732
Cash Disbursements:	
Current Disbursements:	
Security of Persons and Property:	
Salaries	330,305
Fringe Benefits	77,891
Materials and Supplies	81,939
Equipment	12,217
Insurance	73,880
Capital Outlay	2,031
Debt Service:	
Principal Retirement	35,036
Interest and Fiscal Charges	950
<i>Total Cash Disbursements</i>	614,249
<i>Net Change in Fund Cash Balance</i>	2,483
<i>Fund Cash Balances, January 1</i>	161,795
Fund Cash Balances, December 31	
Unassigned (Deficit)	164,278
<i>Fund Cash Balances, December 31</i>	\$164,278

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

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Fund Type
	General
Cash Receipts:	
Property and Other Local Taxes	\$383,712
Charges for Services	244,191
Membership Fees and Donations	13,455
Intergovernmental	1,250
Miscellaneous	22,417
	22,417
<i>Total Cash Receipts</i>	665,025
Cash Disbursements:	
Current Disbursements:	
Security of Persons and Property:	
Salaries	361,544
Fringe Benefits	50,240
Materials and Supplies	85,998
Equipment	102,088
Insurance	73,209
Capital Outlay	4,912
Debt Service:	
Principal Retirement	33,808
Interest and Fiscal Charges	2,177
	2,177
<i>Total Cash Disbursements</i>	713,976
<i>Net Change in Fund Cash Balance</i>	(48,951)
<i>Fund Cash Balances, January 1</i>	210,746
Fund Cash Balances, December 31	
Unassigned (Deficit)	161,795
<i>Fund Cash Balances, December 31</i>	\$161,795

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

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Jefferson Emergency Rescue District, Ashtabula 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 Jefferson Township and the Village of Jefferson. The two members appointed by the political subdivisions choose the third member of the Board. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:
Public Entities Pool of Ohio (PEP), (See Note 6)

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

B. Accounting Basis

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.

C. 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.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following type:

General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

3. 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.

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. 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.

5. 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.

G. 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.

H. 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.

2. EQUITY IN POOLED 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:

	<u>2014</u>	<u>2013</u>
Demand deposits	<u>\$164,278</u>	<u>\$161,795</u>

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

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts *	Actual Receipts	Variance
General	\$621,000	\$616,732	(\$4,268)
Total	\$621,000	\$616,732	(\$4,268)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority *	Budgetary Expenditures	Variance
General	\$688,300	\$614,249	\$74,051
Total	\$688,300	\$614,249	\$74,051

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts *	Actual Receipts	Variance
General	\$570,500	\$665,025	\$94,525
Total	\$570,500	\$665,025	\$94,525

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority *	Budgetary Expenditures	Variance
General	\$821,800	\$721,002	\$100,798
Total	\$821,800	\$721,002	\$100,798

* Accounting system entries.

See Noncompliance Findings 2014-001 for lack of a required annual appropriation measure (resolution) and 2104-002 to provide an annual certification of revenue to County Auditor.

4. PROPERTY TAX

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.

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. RETIREMENT SYSTEMS

The District's 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. For 2014 and 2013, 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, 2014.

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 employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2014, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	<u>(12,760,194)</u>	<u>(12,363,257)</u>
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

6. RISK MANAGEMENT (Continued)

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the District's share of these unpaid claims collectible in future years is approximately \$11,872.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2013</u>	<u>2014</u>
\$18,051	\$17,988

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. DEBT

Debt outstanding at December 31, 2014, was as follows:

	Principal	Interest Rate
Ambulance Lease	\$17,624	3.06%
Total	\$17,624	

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

Year Ending December 31:	Lease
2015	\$17,993
Total	\$17,993



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

Jefferson Emergency Rescue District
Ashtabula County
PO Box 294
Jefferson, Ohio 44047

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 by fund type of the Jefferson Emergency Rescue District, Ashtabula County, (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 16, 2018 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.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies. We consider findings 2014-004 and 2014-005 to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the Entity's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2014-001 through 2014-003.

District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

July 16, 2018

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

1. Annual Appropriation Measure

<i>Finding Number</i>	2014-001
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NONCOMPLIANCE

Ohio Rev. Code §5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

In addition, Ohio Rev. Code §5705.38(C) provides that appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

The District did not adopt an appropriation measure in 2013 or 2014 contrary to the requirements set forth in Ohio Rev. Code §5705.38(A). The lack of an approved appropriation measure could lead to spending for purposes not intended by the Board.

The District must pass annual appropriation resolutions and file same with the County Auditor by April 1st.

Official's Response: The Board of Trustees had hired past administrators to run JERD and its business duties. These past administrators failed to do their duties because of negligence and did not report to the Board of Trustees as required. The Board has since removed these financial duties and hired a financial clerk. The clerk hired has a strong background with this type of work and has restructured the financial record keeping and reporting and money control.

2. Annual Certification of Revenue to County Auditor

<i>Finding Number</i>	2014-002
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NONCOMPLIANCE

Ohio Rev. Code §5705.36 (A)(1) provides that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under §5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority. Subject to certain exclusions, the amount certified shall include any unencumbered balances that existed at the end of the preceding year.

The District did not certify the total amount from all sources available for expenditure to the County Auditor for 2013 or 2014 contrary to §5705.36 of the Revised Code. The lack of certification could lead to overspending of available tax revenue or underspending of needed resources.

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2104 AND 2013
(CONTINUED)**

Annual Certification of Revenue to County Auditor (Continued)

The District did not certify the total amount from all sources available for expenditure to the County Auditor for 2013 or 2014 contrary to §5705.36 of the Revised Code. The lack of certification could lead to overspending of available tax revenue or underspending of needed resources.

The District must implement procedures to ensure the total amount from all sources available for expenditures at year end is certified to the County Auditor.

Official's Response: See 2014-001

3. Finding for Recovery - Overpayment of Compensation

<i>Finding Number</i>	2014-003
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NONCOMPLIANCE – SIGNIFICANT DEFICIENCY

The District's Rules and Regulations manual - Outside Employment Policy states, in part:

Under no circumstance shall a department employee have other employment which conflicts with the policies, objectives, and operation of their employment with Jefferson Emergency Rescue District (JERD). Employment 'conflicts', as set forth in this policy arise when a second job impairs the Employee's ability to perform the duties of his or her position with JERD. ...Common employment conflicts that may arise are:

1. Time Conflict: When the working hours of a second job directly conflict with the scheduled working hours of the employee's job with JERD."

The District Hours of Work and Overtime Policy indicates that "overtime payment at one and one half times the regular base hourly rate of pay will be paid to employees for all authorized hours actually worked exceeding 96 hours in a 2 week period."

In regards to "overtime pay," the Policy provides the following:

As required by law, overtime pay is based on actual hours worked. Time off on sick leave, vacation leave or any leave of absence will not be considered hours worked for the purpose of overtime unless the employee is called in by the Director or Captain, in which case overtime will be paid if vacation time was scheduled. Every attempt will be made to offer overtime to other full time employees before it is offered to vacationing employees.

Eugene Carter was the District Captain during the period July 1, 2012 through April 27, 2015, and the District Director during the period April 28, 2015 through July 31, 2016. An examination of wages received by Mr. Carter, during the period of review, identified 49 hours totaling \$1,032, in which the hours reported and paid to Mr. Carter by the District conflicted with the hours reported and paid to Mr. Carter by University Hospitals. Additionally, the examination identified an overpayment of wages totaling \$494. As a result, Mr. Carter received a total overpayment of compensation from the District in the amount of \$1,526.

**JEFFERSON EMERGENCY RESCUE DISTRICT
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2104 AND 2013
(CONTINUED)**

Finding for Recovery - Overpayment of Compensation (Continued)

James Brueggeman was the District Director during the period July 1, 2012 through April 28, 2015. An examination of wages received by Mr. Brueggeman, during the period of review, identified an overpayment of wages totaling \$756.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Eugene Carter in the amount of \$1,526, and James Brueggeman in the amount of \$756, and their bonding company, Ohio Farmers Insurance Company, jointly and severally, in favor of the Jefferson Emergency Rescue District.

Official's Response: We are rewriting the Rules and Regulations of JERD that cover secondary jobs conflicts and overtime pay.

4. Clock In/Out Policy

<i>Finding Number</i>	2014-004
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SIGNIFICANT DEFICIENCY

The District's Rules and Regulations manual - Scheduled Shift – Clock In/Out policy states "If an employee forgets to clock in/out or sleeps past their shift, they must write in the time and have it initialed by the Director or Captain." However, the District policy did not include approval procedures for the Director and Captain in the event they forgot to clock in/out or slept past their shift.

James Brueggeman was the District Director during the period July 1, 2012 through April 28, 2015. An examination of wages received by Mr. Brueggeman, during the period of review identified 310 out 503 instances in which the start and or end time was handwritten on the timecard, resulting in a 62% failure rate to timestamp the timecard.

Eugene Carter was the District Captain during the period July 1, 2012 through April 27, 2015, and the District Director during the period April 28, 2015 through July 31, 2016. An examination of wages received by Mr. Brueggeman, during the period of review identified 246 out 848 instances in which the start and or end time was handwritten on the timecard, resulting in a 29% failure rate to timestamp the timecard.

The lack of timecard approval procedures for the Director and Captain resulted in insufficient District oversight and an overpayment of compensation by the District to the Director and Captain during the period of review.

We recommend the District amend the Clock In/Out policy to include provisions for the approval of the timecards for the Director and Captain in order to maintain sufficient oversight and mitigate the risk of overpayment of compensation.

Official's Response: The board is no longer offering the position of executive director per ORC and hired finance clerk. Replaced the old time keeping method and with a new electronic time keeping system call E-Pro.

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Dave Yost • Auditor of State

JEFFERSON EMERGENCY RESCUE DISTRICT

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 31, 2018**