

**B. S. T. & G. JOINT FIRE DISTRICT  
DELAWARE COUNTY, OHIO**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**







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Columbus, Ohio 43215  
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Board of Trustees  
B.S.T. & G. Joint Fire District  
350 West Cherry Street  
Sunbury, Ohio 43074

We have reviewed the *Independent Auditor's Report* of the B.S.T. & G. Joint Fire District, Delaware County, prepared by Charles E. Harris & Associates, Inc., 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 B.S.T. & G. Joint Fire District is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

July 09, 2021

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**B. S. T. & G. JOINT FIRE DISTRICT  
DELAWARE COUNTY  
Regular Audit  
For the Years Ended December 31, 2020 and 2019**

**TABLE OF CONTENTS**

<b><u>Title</u></b>	<b><u>Page</u></b>
<b>Independent Auditor’s Report</b>	<b>1-2</b>
<b>Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2020</b>	<b>3</b>
<b>Notes to the Financial Statements – For the Year Ended December 31, 2020</b>	<b>4-10</b>
<b>Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types- For the Year Ended December 31, 2019</b>	<b>11</b>
<b>Notes to the Financial Statements – For the Year Ended December 31, 2019</b>	<b>12-17</b>
<b>Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	<b>18-19</b>
<b>Schedule of Audit Findings</b>	<b>20-22</b>
<b>Schedule of Prior Audit Findings – Prepared by Management</b>	<b>23</b>
<b>Corrective Action Plan – Prepared by Management</b>	<b>24</b>

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**INDEPENDENT AUDITOR'S REPORT**

B. S. T. & G. Joint Fire District  
Delaware County  
350 West Cherry Street  
Sunbury, Ohio 43074

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, and related notes of the B.S.T. & G. Joint Fire District, Delaware County, (the District) as of and for the years ended December 31, 2020 and 2019.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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 determined, 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 changes in financial position 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, and the related notes of the B.S.T. & G. Fire District, Delaware County, as of December 31, 2020 and 2019, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 14 to the 2020 financial statements and Note 11 in the 2019 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 to the 2020 financial statements, the District made changes to its cash basis reporting model. We did not modify our opinions regarding these matters.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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.



***Charles E. Harris & Associates, Inc.***  
May 13, 2021



**B. S. T. & G. JOINT FIRE DISTRICT**  
*Delaware County*  
*Combined Statement of Receipts, Disbursements and*  
*Changes In Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 2,462,698	\$ -	\$ 2,462,698
Charges for Services	16,619	-	16,619
Intergovernmental	170,608	30,000	200,608
Assessed Valuation Charge	55,597	-	55,597
Earnings on Investments	9,779	-	9,779
Miscellaneous	59,308	-	59,308
<i>Total Cash Receipts</i>	<u>2,774,609</u>	<u>30,000</u>	<u>2,804,609</u>
<b>Cash Disbursements</b>			
Current Disbursements:			
General Government	215,753	-	215,753
Public Safety	2,179,521	-	2,179,521
Capital Outlay	61,120	38,930	100,050
<i>Total Cash Disbursements</i>	<u>2,456,394</u>	<u>38,930</u>	<u>2,495,324</u>
<i>Excess Receipts Over (Under) Disbursements</i>	318,215	(8,930)	309,285
<b>Other Financing Receipts</b>			
Sale of Capitals Assets	12,500	-	12,500
<i>Total Other Financing Receipts</i>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
<i>Net Change in Fund Cash Balance</i>	330,715	(8,930)	321,785
<i>Fund Cash Balances, January 1, 2020 (restated)</i>	<u>2,485,411</u>	<u>38,930</u>	<u>2,524,341</u>
<i>Fund Cash Balances, December 31, 2020</i>	<u>\$ 2,816,126</u>	<u>\$ 30,000</u>	<u>\$ 2,846,126</u>

*See accompanying notes to the financial statements*

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of B.S.T. & G. Joint Fire District, Delaware County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Berkshire Township, the Village of Sunbury, Trenton Township, and the Village of Galena. 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

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

***Miscellaneous Special Revenue Fund*** The miscellaneous special revenue fund accounts for and reports that portion of Federal CARES Act monies sub granted from another government restricted for activities stipulated by the grant for the District.

***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.

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Budgetary Process***

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

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

***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.

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 2 – Summary of Significant Accounting Policies (continued)**

**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 10.

**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	\$2,600,312	\$2,787,109	\$186,797
Special Revenue	30,000	30,000	-

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$4,982,344	\$2,456,969	\$2,525,375
Special Revenue	38,930	38,930	-

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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:

	<u>2020</u>
Demand deposits	<u>\$1,874,822</u>
STAR Plus	<u>971,304</u>
Total deposits	<u><u>\$2,846,126</u></u>

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the District does not have any unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the District, 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.

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

**Note 6 – Risk Management**

***Workers' Compensation***

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.

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 – Risk Management (continued)**

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

There has been no significant reduction in coverage limits from the prior year. Settled claims did not exceed coverage for any of the past three years.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Police and Fire Retirement System***

The District 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 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2020.

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2020.

***Social Security***

Some District employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2020.

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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 contributed 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.

**Note 9 – Contingent Liabilities**

The District is defendant in a lawsuit. Although management cannot presently determine the outcome of the suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

**Note 10 – Fund Balances**

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 balance of this amount was as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	\$ 575

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

**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 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. There was no effect on the beginning fund balance.

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – Assessed Valuation Charge**

The Assessed Valuation Charge is an annual charge on each chargeable parcel of land within the Authority based on the Assessed Valuation of each parcel which may be expressed as a number of mills. Consistent with the Petition, the Authority levied an Assessed Valuation Charge of 4.5 mills which is intended to cover costs of acquisition, development and maintenance of land as well as debt service and operations. Since 2016, the Authority also levied a supplemental Assessed Valuation Charge of 4 mills on the total Assessed Valuation.

The Authority passed a resolution to pay amounts collected for the Assessed Valuation Charge in equal amounts to the City of Delaware, Berkshire Township and the B.S.T. & G. Joint Fire District.

During 2020, the District collected the total assessed valuation charge of \$55,597 .

**Note 13 – Fund Balance Adjustment**

The District voided several checks in 2020 that were written in 2018. Therefore, the beginning fund balance for 2020 is restated as follows:

	General Fund
Fund Balance as previously reported	<u>\$2,483,875</u>
Adjustment for checks written in 2018 and voided in 2020	1,536
Restated Fund balance	<u>\$2,485,411</u>

**Note 14 – 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. 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.



**B. S. T. & G. JOINT FIRE DISTRICT**  
*Delaware County*  
**Combined Statement of Receipts, Disbursements and**  
**Changes In Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2019**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 2,314,877	\$ -	\$ 2,314,877
Charges for Services	5,006	-	5,006
Intergovernmental	135,544	38,930	174,474
Assessed Valuation Charge	19,540	-	19,540
Earnings on Investments	28,755	-	28,755
Miscellaneous	61,189	-	61,189
<i>Total Cash Receipts</i>	<u>2,564,911</u>	<u>38,930</u>	<u>2,603,841</u>
<b>Cash Disbursements</b>			
Current Disbursements:			
General Government	164,213	-	164,213
Public Safety	1,801,457	-	1,801,457
Capital Outlay	486,755	-	486,755
<i>Total Cash Disbursements</i>	<u>2,452,425</u>	<u>-</u>	<u>2,452,425</u>
<i>Excess Receipts Over (Under) Disbursements</i>	112,486	38,930	151,416
<i>Fund Cash Balances, January 1, 2019</i>	<u>2,371,389</u>	<u>-</u>	<u>2,371,389</u>
<b>Fund Cash Balances, December 31, 2019</b>			
Restricted	-	38,930	38,930
Assigned	2,483,875	-	2,483,875
<i>Fund Cash Balances, December 31, 2019</i>	<u>\$ 2,483,875</u>	<u>\$ 38,930</u>	<u>\$ 2,522,805</u>

*See accompanying notes to the financial statements*

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of B.S.T. & G. Joint Fire District, Delaware County, (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Berkshire Township, the Village of Sunbury, Trenton Township, and the Village of Galena. 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

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

***State Grant Fund*** This fund was used to account for the Safety Intervention Grant received from the State of Ohio Bureau of Workers Compensation.

***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.

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Budgetary Process***

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

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

***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.

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 2 – Summary of Significant Accounting Policies (continued)**

**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 the Board or a Board official delegated that authority by resolution, or by State Statute. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget in the General Fund.

**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	\$2,486,070	\$2,564,911	\$78,841
Special Revenue	-	38,930	38,930

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$4,855,354	\$2,569,242	\$2,286,112
Special Revenue	-	-	-

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 4 – Deposits**

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:

	<u>2019</u>
Demand deposits	\$ 1,557,133
STAR Plus	<u>965,672</u>
Total deposits	<u><u>\$ 2,522,805</u></u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the District, 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.

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

**Note 6 – Risk Management**

***Workers' Compensation***

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.

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 – Risk Management (continued)**

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

There has been no significant reduction in coverage limits from the prior year. Settled claims did not exceed coverage for any of the past three years.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Police and Fire Retirement System***

The District 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 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2019.

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

***Social Security***

Some District employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

**B.S.T. & G. Joint Fire District**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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 contributed 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 – Contingent Liabilities**

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

**Note 10 – Assessed Valuation Charge**

The Assessed Valuation Charge is an annual charge on each chargeable parcel of land within the Authority based on the Assessed Valuation of each parcel which may be expressed as a number of mills. Consistent with the Petition, the Authority levied an Assessed Valuation Charge of 4.5 mills which is intended to cover costs of acquisition, development and maintenance of land as well as debt service and operations. Since 2016, the Authority also levied a supplemental Assessed Valuation Charge of 4 mills on the total Assessed Valuation.

The Authority passed a resolution to pay amounts collected for the Assessed Valuation Charge in equal amounts to the City of Delaware, Berkshire Township and the B.S.T. & G. Joint Fire District.

During 2019, the District collected \$19,540 for the correction of payments received for the 2016 and 2017 tax years.

**Note 11 – 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. 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 BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

B. S. T. & G. Joint Fire District  
Delaware County  
350 West Cherry Street  
Sunbury, Ohio 43074

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of the B. S. T. & G. Joint Fire District, Delaware County, (the District) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2021, wherein we noted that the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. In addition, we noted the change in the District's cash basis reporting model for 2020.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings as items 2020-001 through 2020-003 that we consider to be material weaknesses.



***Compliance and Other Matters***


As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Audit Findings as item 2020-001.

***Entity's Responses to Findings***

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

***Purpose of this Report***

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



***Charles E. Harris & Associates, Inc.***  
May 13, 2021

B.S.T. & G. JOINT FIRE DISTRICT  
DELAWARE COUNTY

Schedule of Audit Findings  
December 31, 2020 and 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/Noncompliance – Special Revenue Activity**

Ohio Rev. Code § 5705.09(F) requires that a subdivision establish a special fund for each class of revenue derived from a source, other than general property tax, which the law requires to be used for a particular purpose.

Additionally, established by Ohio Rev. Code § 5705.10(D), all revenue derived from a source other than the general property tax which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Contrary to Ohio Rev. Code § 5705.09(F) and § 5705.10(D), in fiscal year 2019, State Grant monies received and expended were incorrectly recorded in the District's accounting system as Miscellaneous receipts in the General fund. The following adjustments were made to the District's financial statements to correct this missposting:

- \$38,930 of Miscellaneous receipts in the General fund was adjusted to Intergovernmental receipts in the Special Revenue fund in 2019.
- \$38,930 of Public Safety expenses in the General fund was adjusted to the Special Revenue fund in 2020.

Lack of internal controls and awareness of compliance requirements permitted the incorrect financial activity to occur. The failure to establish the required funds resulted in the material misstatement of financial statements and could result in the District violating their agreements with grantors.

We recommend the District review §§ 5705.09(F) and 5705.10(D) of the Ohio Rev. Code and implement controls over the process of establishing new funds and reporting activity for State and Federal Awards.

**Management's Response:**

See Corrective Action Plan on page 24.

B.S.T. & G. JOINT FIRE DISTRICT  
DELAWARE COUNTY

Schedule of Audit Findings – (Continued)  
December 31, 2020 and 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)
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**Finding Number 2020-002 – Material Weakness – Financial Statement Presentation**

**Audit Adjustments and Reclassifications**

During 2020 and 2019, errors were noted in the District’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In 2019, the District incorrectly reported the Assigned fund balance of \$2,395,708 as Unassigned within the General Fund.
- In 2020, the District incorrectly classified \$140,751 of Homestead/Rollback receipts as property taxes.
- In 2020 and 2019 the District incorrectly reported \$55,597 and \$19,540, respectively, of Assessed Valuation Charges as Miscellaneous Receipts and Other Financing Sources.
- In 2020, the District incorrectly classified \$12,500 from the Sale of an Asset as Miscellaneous receipts.
- In 2019 there were a total six cash transactions that were unrecorded or recorded in error that netted to a reduction in cash of \$2,904.

The accompanying financial statements and the District’s records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the District and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the District adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use Governmental Accounting Standards Board Statement No. 54, Audit Bulletin 2011-004, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

**Management’s Response:**

See Corrective Action Plan on page 24.

B.S.T. & G. JOINT FIRE DISTRICT  
DELAWARE COUNTY

Schedule of Audit Findings – (Continued)  
December 31, 2020 and 2019

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)
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**Finding Number 2020-003 – Material Weakness**

**Bank Reconciliations**

During 2019, the Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances in a timely manner. For several months, reconciliations were not completed timely, and some transactions were not recorded. There were also reconciling items and other adjusting factors that were not identified. The lack of proper reconciliations among the bank statements and ledgers resulted in numerous errors which remained undetected and/or uncorrected until the audit.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances, with support for all reconciling items or other adjusting factors. Bank reconciliations should be presented to the Board for review and used in managing the District.

**Management's Response:**

See Corrective Action Plan on page 24.

B. S. T. & G. JOINT FIRE DISTRICT  
DELAWARE COUNTY  
For the Years Ended December 31, 2020 and 2019

SCHEDULE OF PRIOR AUDIT FINDINGS-PREPARED BY MANAGEMENT

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2018-001	Material Weakness/Noncompliance – Special Revenue Activity	Not corrected	See Corrective Action Plan
2018-002	Material Weakness – Financial Statement Presentation	Not corrected	See Corrective Action Plan

B.S.T. & G. JOINT FIRE DISTRICT  
 DELAWARE COUNTY  
 For the Years Ended December 31, 2020 and 2019

CORRECTIVE ACTION PLAN – PREPARED BY MANAGEMENT

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	The Fiscal Officer will review §§ <b>5705.09(F)</b> and <b>5705.10(D)</b> of the Ohio Rev. Code and implement controls over the process of establishing new funds and reporting activity for State and Federal Awards.	Immediately	Greg Roy, Fiscal Officer
2020-002	The Fiscal Officer will review the Auditor of State guidance as a reference when recording transactions.	Immediately	Greg Roy, Fiscal Officer
2020-003	The Fiscal Officer will complete detailed bank reconciliations properly on a timely basis and present them to the Board for approval.	Corrected in 2020	Greg Roy, Fiscal Officer

# OHIO AUDITOR OF STATE KEITH FABER



**B.S.T.& G. JOINT FIRE DISTRICT**

**DELAWARE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/22/2021**

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](http://www.ohioauditor.gov)