

**PERRY CONGRESS JOINT FIRE DISTRICT
MORROW COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Perry Congress Joint Fire District
7478 Co. Rd. 242
Bellville, Ohio 44813

We have reviewed the *Independent Auditor's Report* of Perry Congress Joint Fire District, Morrow County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. 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. Perry Congress Joint Fire District is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

November 01, 2023

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**PERRY CONGRESS JOINT FIRE DISTRICT
MORROW COUNTY
Regular Audit
For the Years Ended December 31, 2022 and 2021**

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INDEPENDENT AUDITOR'S REPORT

Perry Congress Joint Fire District
Morrow County
7478 Co. Rd. 242
Bellville, Ohio 44813

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Perry Congress Joint Fire District, Morrow County, Ohio (the District), which comprise the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that 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 financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 9 to the 2022 and 2021 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinions regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

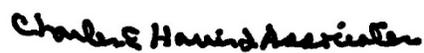
In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2023, 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. 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.
July 28, 2023

Perry Congress Joint Fire District
Morrow County
Combined Statement of Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 150,250	\$ 223,108	\$ 373,358
Charges for Services	52,000	-	52,000
Intergovernmental	27,708	4,459	32,167
Earnings on Investments	494	-	494
Miscellaneous	6,482	-	6,482
<i>Total Cash Receipts</i>	<u>236,934</u>	<u>227,567</u>	<u>464,501</u>
Cash Disbursements			
Current Disbursements:			
General Government	19,329	-	19,329
Public Safety	179,501	5,864	185,365
Debt Service:			
Principal Retirement	-	122,091	122,091
Interest and Fiscal Charges	-	74,191	74,191
<i>Total Cash Disbursements</i>	<u>198,830</u>	<u>202,146</u>	<u>400,976</u>
<i>Excess Receipts Over (Under) Disbursements</i>	38,104	25,421	63,525
Other Financing Receipts (Disbursements)			
Transfers In	-	500	500
Transfers Out	(500)	-	(500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(500)</u>	<u>500</u>	<u>-</u>
<i>Net Change in Fund Cash Balance</i>	37,604	25,921	63,525
<i>Fund Cash Balances, January 1, 2022</i>	<u>107,587</u>	<u>65,754</u>	<u>173,341</u>
<i>Fund Cash Balances, December 31, 2022</i>	<u>\$ 145,191</u>	<u>\$ 91,675</u>	<u>\$ 236,866</u>

See accompanying notes to the financial statements

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Perry Congress Joint Fire District, Morrow County, (the District) as a body corporate and politic. A publicly elected four-member Board of Trustees directs the District. Each political subdivision within the District appoints two members. Those subdivisions are Perry Township and Congress Township. The District provides fire protection and emergency medical services within the district and by contract to areas outside of the district.

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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 Fire District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Debt Retirement Fund This fund is responsible for the payment of the Series 2016 New Fire Station Bonds. See Note 7 for additional information on the District Bond Issue.

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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 (C). 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 (C) permit.

Budgetary Process

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 8.

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$236,934	\$236,934
Debt Service	-	228,067	228,067

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ -	\$199,330	(\$199,330)
Debt Service	-	202,146	(202,146)

The District was in violation of Ohio Revised Codes 5705.41(B), 5705.36(A) and 5705.38(A).

Note 4 – Deposits and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the District's deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$ 70,259
Other time deposits (savings and NOW accounts)	166,607
Total deposits	\$ 236,866

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, 2022, the District is holding no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), all public monies deposited in the financial institution. 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.

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 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 Fire District.

Note 6 – Risk Management

Risk Pool Membership

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021. (the latest information available)

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Fire Station Bonds	\$1,881,446	3.76%

In June 2016, the District obtained bonded debt to finance the construction of a new fire station for the District in the amount of \$2,550,000 with an interest rate of 3.76%. The District’s taxing authority collateralized the bond. The bond has a term of 18 years ending in October 2034.

Amortization

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

Year Ending December 31:	General Obligation Bonds
2021	\$196,282
2022	196,282
2023	196,282
2024	196,282
2025	196,282
2026-2030	981,408
2031-2034	588,845
Total	\$2,551,661

Note 8 – 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 District did not have any outstanding encumbrances.

The fund balance of the debt service fund is restricted, committed or assigned. These restricted, committed and assigned amounts would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – COVID-19

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

Note 10 – Transfers

The transfer made during the year ended December 31, 2022, was as follows:

Fund	Transfers In	Transfers Out
General	\$ -	\$ (500)
Debt Service	500	-
Total Transfers	\$ 500	\$ (500)

The transfer from the General Fund to the Debt Service Fund was for the reimbursement of tax collection fees.

Perry Congress Joint Fire District
Morrow County
Combined Statement of Receipts, Disbursements and
Changes In Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 181,522	\$ -	\$ 186,939	\$ 368,461
Charges for Services	9,800	-	-	9,800
Intergovernmental	25,372	76,396	4,650	106,418
Earnings on Investments	42	-	-	42
Miscellaneous	7,900	-	-	7,900
<i>Total Cash Receipts</i>	<u>224,636</u>	<u>76,396</u>	<u>191,589</u>	<u>492,621</u>
Cash Disbursements				
Current Disbursements:				
General Government	31,984	-	-	31,984
Public Safety	185,312	58,200	1,723	245,235
Capital Outlay	21,890	-	-	21,890
Debt Service:				
Principal Retirement	30,000	-	117,626	147,626
Interest and Fiscal Charges	240	-	78,656	78,896
<i>Total Cash Disbursements</i>	<u>269,426</u>	<u>58,200</u>	<u>198,005</u>	<u>525,631</u>
<i>Excess Receipts Over (Under) Disbursements</i>	(44,790)	18,196	(6,416)	(33,010)
Other Financing Receipts (Disbursements)				
Transfers In	18,196	-	-	18,196
Transfers Out	-	(18,196)	-	(18,196)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>18,196</u>	<u>(18,196)</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balance</i>	(26,594)	-	(6,416)	(33,010)
<i>Fund Cash Balances, January 1, 2021, restated</i>	<u>134,181</u>	<u>-</u>	<u>72,170</u>	<u>206,351</u>
<i>Fund Cash Balances, December 31, 2021</i>	<u>\$ 107,587</u>	<u>\$ -</u>	<u>\$ 65,754</u>	<u>\$ 173,341</u>

See accompanying notes to the financial statements

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Perry Congress Joint Fire District, Morrow County, (the District) as a body corporate and politic. A publicly elected four-member Board of Trustees directs the District. Each political subdivision within the District appoints two members. Those subdivisions are Perry Township and Congress Township. The District provides fire protection and emergency medical services within the district and by contract to areas outside of the district.

Public Entity Risk Pool

The District participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

COVID-19 Fund The COVID-19 special revenue fund accounts for and reports that portion of Federal CARES Act monies received from FEMA and sub granted from another government restricted for activities stipulated by the grants for the District.

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

Debt Retirement Fund This fund is responsible for the payment of the Series 2016 New Fire Station Bonds. See Note 7 for additional information on the District Bond Issue.

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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 (C). 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 (C) permit.

Budgetary Process

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

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The District 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.

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 8.

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 262,329	\$ 242,832	\$ (19,497)
Special Revenue	220,878	76,396	(144,482)
Debt Service	-	191,589	191,589

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ -	\$269,426	(\$269,426)
Special Revenue	76,396	76,396	-
Debt Service	-	198,005	(198,005)

The District was in violation of Ohio Revised Codes 5705.41(B), 5705.36(A) and 5705.38(A).

Note 4 – Deposits

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the District's accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$30,143
Other time deposits (savings and NOW accounts)	143,198
Total deposits	\$173,341

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, 2021 the District is holding no unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), all public monies deposited in the financial institution. 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.

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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 Fire District.

Note 6 – Risk Management

Risk Pool Membership

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

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

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

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

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Fire Station Bonds	\$2,003,537	3.76%

In June 2016, the District obtained bonded debt to finance the construction of a new fire station for the District in the amount of \$2,550,000 with an interest rate of 3.76%. The District’s taxing authority collateralized the bond. The bond has a term of 18 years ending in October 2034.

Amortization

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

Year Ending December 31:	General Obligation Bonds
2022	\$196,282
2023	196,282
2024	196,282
2025	196,282
2026	196,282
2027-2031	981,408
2032-2034	591,000
Total	\$2,553,817

Note 8 – 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 District did not have any outstanding encumbrances.

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

Perry Congress Joint Fire District
Morrow County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – COVID-19

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

The District received \$69,946 from Congress Township and \$6,450 from FEMA.

Note 10 – Fund Balance Adjustment

The District voided checks in 2021 that were written in 2020. Therefore, the beginning fund balance for 2021 is restated as follows:

	General Fund
Fund Balance as previously reported	\$126,306
Adjustment for checks written in 2020 and voided in 2021	7,875
Restated Fund Balance	\$134,181

Note 11 – Transfers

The transfer made during the year ended December 31, 2021, was as follows:

Fund	Transfers In	Transfers Out
General	\$ 18,196	\$ -
Special Revenue	-	(18,196)
Total Transfers	\$ 18,196	\$ (18,196)

The transfer from the Special Revenue Fund to the General Fund was for the reimbursement of COVID-19 related disbursements.

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

Perry Congress Joint Fire District
Morrow County
7478 Co. Rd. 242
Bellville, Ohio 44813

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 for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Perry Congress Joint Fire District, Morrow County, (the District) and have issued our report thereon dated July 28, 2023, wherein we noted that the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on 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 its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 instances of noncompliance that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2022-002 and 2022-003.

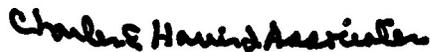
We also noted matters not requiring inclusion in this report that were reported to the District's management in a separate letter dated July 28, 2023.

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

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.
July 28, 2023

PERRY CONGRESS JOINT FIRE DISTRICT
MORROW COUNTY

Schedule of Findings
December 31, 2022 and 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2022-001 – Material Weakness

Audit Adjustments, Reclassifications and Notes to the Financial Statements

During 2022 and 2021, errors were noted in the District’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In 2022 and 2021, property taxes of \$186,501 and \$223,108, respectively, were reclassified from the special revenue fund to the debt service fund.
- In 2021, General Fund extraordinary items totaling \$71,446 were reclassified to intergovernmental receipts (\$69,946) in the Special Revenue Funds and miscellaneous receipts (\$1,500) in the General Fund.
- In 2022 and 2021 rollback/homestead receipts were erroneously recorded as property taxes of \$25,821 and \$25,696, respectively, and were reclassified to intergovernmental receipts.
- In 2022 and 2021, adjustments were made to reclassify Special Revenue disbursements of \$202,646 and \$198,005, respectively to the General Fund and Debt Service Fund.
- In 2022 and 2021, Debt Service Fund interest payments totaling \$74,191 and \$78,656, respectively were reclassified from principal retirement to interest.
- In 2021, principal retirement payments of \$30,000 and interest payments of \$240 were reclassified from public safety.
- In 2021 an adjustment was made for \$21,890 for capital outlay expenditures that were erroneously recorded as general government disbursements in the General Fund.
- In 2022 and 2021, expenditures in the amount of \$176,510 and \$176,322, respectively, were reclassified from the general government function to the public safety function.
- In 2021, an adjustment was made for \$64,860 to reclassify COVID-19 related expenditures from the general fund to the special revenue fund.
- The notes to the financial statements for both 2022 and 2021 required changes for information that was missing or incorrect.

The accompanying financial statements and the District’s records have been adjusted to properly reflect these transactions. Other immaterial adjustments were noted and communicated to management.

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 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 26.

PERRY CONGRESS JOINT FIRE DISTRICT
MORROW COUNTY

Schedule of Findings – (Continued)
December 31, 2022 and 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)
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Finding Number 2022-002 – Material Weakness/Noncompliance – Revenue Posting

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. All revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid into the general fund.

The District posted receipts to improper funds as follows:

- In 2021, General Fund and Debt Service Fund homestead and rollback receipts totaling \$8,191 and \$2,800, respectively were incorrectly posted to the Special Revenue Fund.
- In 2022, Debt Service Fund homestead and rollback receipts totaling \$4,458 were incorrectly posted to the Special Revenue Fund.
- In 2022 and 2021, Debt Service Fund property taxes of \$223,108 and \$186,939, respectively, were incorrectly posted to the Special Revenue Fund.
- In 2021, COVID-19 receipts of \$73,896 were erroneously recorded in the General Fund rather than a Special Revenue fund.

Audit adjustments are reflected in the financial statements and in the accounting records correcting these misstatements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The District should implement internal control procedures to review revenue sources for possible restrictions. This will help ensure all receipts posted to the proper funds.

Management's Response:

See Corrective Action Plan on page 26.

PERRY CONGRESS JOINT FIRE DISTRICT
MORROW COUNTY

Schedule of Findings – (Continued)
December 31, 2022 and 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)
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Finding Number 2022-003 – Material Noncompliance – Budgetary Requirements

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit shall expend money unless it has been appropriated.

Ohio Rev. Code Section 5705.36(A) states 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.

Ohio Rev. Code Section 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.

Contrary to the budgetary requirements listed above, we noted the following budgetary violations:

- For 2022 and 2021, there was no record that appropriations were approved by the Board of Trustees.
- The District did not file a certificate of the total amount from all sources available for expenditures for 2022. The certificate filed in 2021 did not include amounts available for the Debt Service fund.

As a result of these violations, all expenditures in 2022 and expenditures for the General and Debt Service funds in 2021 were not duly authorized. \$76,396 of COVID-19 expenditures in 2021 were “deemed appropriated” in accordance with **Ohio Rev. Code Section 5705.42**.

We recommend the District timely submit all required budgetary documents to the Morrow County Auditor. The District should review the Ohio Compliance Supplement to develop a schedule to ensure all annual budgetary filings are made on time and compliance requirements are met.

Management’s Response:

See Corrective Action Plan on page 26.

PERRY CONGRESS JOINT FIRE DISTRICT
MORROW COUNTY
For the Years Ended December 31, 2022 and 2021

SCHEDULE OF PRIOR AUDIT FINDINGS-PREPARED BY MANAGEMENT

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2020-001	Material Weakness-Audit Adjustments, Reclassifications and Notes to the Financial Statements	Not corrected	
2020-002	Material Weakness/Noncompliance – Revenue Posting	Not corrected	
2020-003	Material Noncompliance – Budgetary Requirements	Not corrected	
2020-004	Material Weakness – Bank Reconciliations	Corrected	

PERRY CONGRESS. JOINT FIRE DISTRICT
MORROW COUNTY
For the Years Ended December 31, 2022 and 2021

CORRECTIVE ACTION PLAN – PREPARED BY MANAGEMENT

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	The Fiscal Officer will review the Auditor of State guidance as a reference when recording transactions and establish the appropriate accounts in UAN for the proper recording of transactions.	3 rd quarter, 2023	Lisa Barrick, Fiscal Officer
2022-002	The Fiscal Officer will review 5705.10(D) of the Ohio Rev. Code and implement controls over the process of recording restricted receipts.	3 rd quarter, 2023	Lisa Barrick, Fiscal Officer
2022-003	The Fiscal Officer and Board will review the Ohio Compliance Supplement to develop a schedule for completing and submitting budgetary documents to the Morrow County auditor.	3 rd quarter, 2023	Kim Hildreth, Board Chair Lisa Barrick, Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



PERRY CONGRESS JOINT FIRE DISTRICT

MORROW COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/14/2023

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