



Certified Public Accountants, A.C.

**BPM JOINT FIRE DISTRICT
FAYETTE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

313 Second St.
Marietta, OH 45750
740 373 0056

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

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Trustees
BPM Joint Fire District
PO Box 17 Cross Street
Bloomington, OH 43106

We have reviewed the *Independent Auditor's Report* of the BPM Joint Fire District, Fayette County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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 BPM 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

December 14, 2020

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**BPM JOINT FIRE DISTRICT
FAYETTE COUNTY**

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Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

October 16, 2020

BPM Joint Fire District
Fayette County
P.O. Box 1
Bloomington, Ohio 43106

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **BPM Joint Fire District**, Fayette County, Ohio (the District) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
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We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinions on this accounting basis are in the *Qualified Opinion on the Special Revenue Fund Type* and *Unmodified Opinion* paragraphs 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, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Basis for Qualified Opinion on the Special Revenue Fund Type

District fire service billings are reported at \$2,390, and \$2,943 for the years ended December 31, 2019 and 2018, respectively, which are 100 percent of Special Revenue receipts for the year ended December 31, 2019, and 100 percent of Special Revenue receipts for the year ended December 31, 2018. The District outsourced fire and rescue billing activity to a third-party administrator. The financial statements report these billing receipts in the cost recovery fund (a Special Revenue Fund). The third-party administrator did not provide us with information we requested regarding the design or proper operation of its internal controls for 2019 and 2018. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion on the Special Revenue Fund Type

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on the Special Revenue Fund Type paragraph*, the financial statements referred to above present fairly, in all material respects, the cash balances and disbursements of the Special Revenue Fund Type as of December 31, 2019 and 2018, and 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.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the General Fund, and related notes of the BPM Joint Fire District, Fayette County as of December 31, 2019 and 2018, and 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 10 to the 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 opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2020, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



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

**BPM JOINT FIRE DISTRICT
FAYETTE 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 102,278	\$ -	\$ 102,278
Charges for Services	-	2,390	2,390
Contracts	23,484	-	23,484
Intergovernmental	20,456	-	20,456
Earnings on Investments	29	-	29
Miscellaneous	1,945	-	1,945
	148,192	2,390	150,582
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Security of Persons and Property	427,374	1,407	428,781
Debt Service:			
Principal Retirement	39,211	-	39,211
Interest and Fiscal Charges	9,371	-	9,371
	475,956	1,407	477,363
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	(327,764)	983	(326,782)
Other Financing Receipts (Disbursements)			
Lease Proceeds	343,000	-	343,000
	343,000	-	343,000
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	15,236	983	16,218
<i>Fund Cash Balances, January 1</i>	258,190	9,808	267,998
Fund Cash Balances, December 31			
Restricted	-	10,791	10,791
Assigned	273,425	-	273,425
	273,425	10,791	284,216
<i>Fund Cash Balances, December 31</i>	\$ 273,426	\$ 10,791	\$ 284,216

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

BPM JOINT FIRE DISTRICT
FAYETTE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the BPM Joint Fire District, Fayette County, Ohio (the District), as a body corporate and politic. A three member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Bloomingburg, Paint Township, Marion Township, and Madison Township. Madison Township has elected not to have a representative on the Board. 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.

Special Revenue Funds This fund 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:

Cost Recovery Fund This fund reports all financial resources received from the Cost Recovery Corp for the billing from fire runs. This fund is used for supplies and equipment for fire runs.

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.

BPM JOINT FIRE DISTRICT
FAYETTE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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, and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

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

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits and Investments

The District funds are deposited in a checking account with a local commercial bank. All interest earned is credited to the General Fund with no restrictions. The District had no investments.

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

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

BPM JOINT FIRE DISTRICT
FAYETTE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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, with the 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.

Property, Plant, and Equipment

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 is as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 459,559	\$ 491,192	\$ 31,633
Special Revenue	-	2,390	2,390
Total	\$ 459,559	\$ 493,582	\$ 34,023

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 717,749	\$ 475,956	\$ 241,793
Special Revenue	9,808	1,407	8,401
Total	\$ 727,557	\$ 477,363	\$ 250,194

Note 4 – Deposits and Investments

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

	2019
Demand deposits	\$ 284,216
Total deposits	\$ 284,216

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities.

BPM JOINT FIRE DISTRICT
FAYETTE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 5 – Property Taxes

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

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to healthcare for OPERS members in the Traditional Pension Plan was 0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Fire Building Bond	\$ 263,269	3.20%

On July 27, 2016, the District issued general obligation bonds in the amount of \$376,257 for the purpose of financing the construction of a fire station with the bonds maturing in 2025. The terms of repayment for the debt is on demand, if no demand is made of the semi-annual payments of \$24,291.

BPM JOINT FIRE DISTRICT
FAYETTE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 9 – Debt (Continued)

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

	General Obligation Bond	
2020	\$	48,582
2021		48,582
2022		48,582
2023		48,582
2024		48,582
2025		48,582
Total	\$	291,492

	Principal	Interest Rate
Fire Truck Lease	\$ 343,000	3.56%

On May 15, 2019, the District issued general obligation bonds in the amount of \$343,000 for the purpose of financing the lease/purchase of a pumper fire truck with the bonds maturing in 2029. The terms of repayment for the debt is on demand, if no demand is made of the annual payments of \$41,663.

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

	Bank Loan	
2020	\$	41,663
2021		41,663
2022		41,663
2023		41,663
2024		41,663
2025-2029		208,321
Total	\$	416,636

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent audit periods of the District. The impact on the District's future operating costs, revenues, and recovery from emergency funding, either federal or state, cannot be estimated.

**BPM JOINT FIRE DISTRICT
FAYETTE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 97,771	\$ -	\$ 97,771
Charges for Services	-	2,943	2,943
Contracts	22,363	-	22,363
Intergovernmental	43,224	-	43,224
Earnings on Investments	28	-	28
Miscellaneous	4,506	-	4,506
<i>Total Cash Receipts</i>	<u>167,892</u>	<u>2,943</u>	<u>170,835</u>
Cash Disbursements			
Current:			
Security of Persons and Property	94,108	-	94,108
Debt Service:			
Principal Retirement	37,986	-	37,986
Interest and Fiscal Charges	10,597	-	10,597
<i>Total Cash Disbursements</i>	<u>142,691</u>	<u>-</u>	<u>142,691</u>
<i>Net Change in Fund Cash Balances</i>	25,201	2,943	28,144
<i>Fund Cash Balances, January 1</i>	<u>232,989</u>	<u>6,865</u>	<u>239,854</u>
Fund Cash Balances, December 31			
Restricted	-	9,808	9,808
Assigned	258,190	-	258,190
<i>Fund Cash Balances, December 31</i>	<u>\$ 258,190</u>	<u>\$ 9,808</u>	<u>\$ 267,998</u>

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

BPM JOINT FIRE DISTRICT
FAYETTE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the BPM Joint Fire District, Fayette County, Ohio (the District), as a body corporate and politic. A three member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Bloomingburg, Paint Township, Marion Township, and Madison Township. Madison Township has elected not to have a representative on the Board. 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.

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Cost Recovery Fund This fund reports all financial resources received from the Cost Recovery Corp for the billing from fire runs. This fund is used for supplies and equipment for fire runs.

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.

BPM JOINT FIRE DISTRICT
FAYETTE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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, and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

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

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

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

The District funds are deposited in a checking account with a local commercial bank. All interest earned is credited to the General Fund with no restrictions. The District had no investments.

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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

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

BPM JOINT FIRE DISTRICT
FAYETTE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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, with the 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.

Property, Plant, and Equipment

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 is as follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 125,652	\$ 167,892	\$ 42,240
Special Revenue	2,000	2,943	943
Total	\$ 127,652	\$ 170,835	\$ 43,183

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 358,641	\$ 142,691	\$ 215,950
Special Revenue	6,865	-	6,865
Total	\$ 365,506	\$ 142,691	\$ 222,815

Note 4 – Deposits and Investments

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

	2019
Demand deposits	\$ 267,998
Total deposits	\$ 267,998

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities.

BPM JOINT FIRE DISTRICT
FAYETTE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 5 – Property Taxes

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

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

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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, 2018.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple healthcare plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to healthcare for OPERS members in the Traditional Pension Plan was 0 percent during calendar year 2018.

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Fire Building Bond	\$ 302,479	3.20%

On July 27, 2016, the District issued general obligation bonds in the amount of \$376,257 for the purpose of financing the construction of a fire station with the bonds maturing in 2025. The terms of repayment for the debt is on demand, if no demand is made of the semi-annual payments of \$24,291.

BPM JOINT FIRE DISTRICT
FAYETTE COUNTY
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 9 – Debt (Continued)

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

		General Obligation Bond
2019	\$	48,582
2020		48,582
2021		48,582
2022		48,582
2023		48,582
2024-2025		97,164
Total	\$	340,074

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent audit periods of the District. The impact on the District’s future operating costs, revenues, and recovery from emergency funding, either federal or state, cannot be estimated.



Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

October 16, 2020

BPM Joint Fire District
Fayette County
P.O. Box 1
Bloomington, Ohio 43106

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **BPM Joint Fire District**, Fayette County, (the District) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated October 16, 2020, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent audit periods of the District. We also qualified our opinion due to lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts

Internal Control Over Financial Reporting

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

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

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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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2019-003.

Purpose of this Report

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



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

**BPM JOINT FIRE DISTRICT
FAYETTE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-001

Material Weakness

Service Organization

The BPM Joint Fire District (the District) has outsourced its fire and rescue service billing and collection activity, which is a significant accounting function, to a third-party administrator. The fire and rescue revenue accounts for 100% of the receipts recorded in the Special Revenue Fund. The District has not established procedures to reasonably determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that fire and rescue service billing and collection activity has been completely and accurately processed.

The third-party administrator did not provide the District with the information regarding the design or proper operation of its internal controls for 2019 and 2018. We were unable to obtain sufficient audit evidence supporting completeness and accuracy the amounts recorded as charges for services in the cost recovery Special Revenue Fund, as a result, we have modified our opinion.

We recommend the District obtain assurances of the completeness and accuracy of fire and rescue service billing and collection activity processed by its third-party administrator. Statement on Standards for Attestation Engagements No. 16 Reporting on Controls at a Service Organization (SSAE No. 16), prescribed standards for reporting on service organizations. An unqualified Type Two Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Controls in accordance with SSAE No. 16 should provide the District with reasonable assurance that fire and rescue service billing and collection activity has been completely and accurately processed.

We recommend the District require a Type Two Service Organization Report (SOC) 1 report in its contract with the third-party administrator. The District should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accounts' standards and be performed by a firm registered and in good standing with Accountancy Board of the respective state. If the third-party administrator refuses to furnish the District with the Type Two SOC report, we recommend the District contract with a third-party administrator that will provide this report. As an alternative to a SOC 1 Report, the District may monitor billings and collections in its administrator processes.

The District can monitor these billings by obtaining reports of fire and rescue collections and comparing them to fire and rescue runs reports, and then re-determining.

- The collection agrees to a run
- The collection agrees to approved fee schedule

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

**BPM JOINT FIRE DISTRICT
FAYETTE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-002

Material Weakness

Posting Receipts and Classification of Fund Balance

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

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

- In 2019, lease proceeds of \$343,000 were incorrectly classified as an operating receipt rather than as an other financing receipt.
- In 2019, the General Fund balance was classified as Restricted when it should have been Assigned and the Special Revenue Fund was classified as Assigned when it should have been Restricted.

Not posting receipts or classifying fund balances accurately resulted in the financial statements requiring several reclassifications. The accompanying financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all revenues and fund balances are properly identified and classified on the financial statements.

We also recommend the District should implement procedures to review the requirement of GASB Statement No. 54 and Auditor of State Technical Bulletin 2011-04 in order to properly classify fund balance at year end. Failure to do so could result in materially misstated financial statements.

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

FINDING NUMBER 2019-003

Noncompliance

Public Records Policy / Public Records Retention Policy

Every public office must have a policy in place for compliance with Public Records Laws. There are three specific items that public offices cannot have in their public records policies. The policy cannot: (1) limit the number of public records it will make available to a single person; (2) limit the number of public records it will make available during a fixed period of time; or (3) establish a fixed period of time before it will respond to a request for inspection/copying of public records unless that period is less than eight hours.

By September 29, 2007, all public officers were required to create a poster describing its public records policy. In addition, the public office is required to post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices. Finally, if the public office has an employee policies and procedures manual or handbook, it is required that the public records policy be included in such manual or handbook.

**BPM JOINT FIRE DISTRICT
FAYETTE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2019-003 (Continued)

Noncompliance (Continued)

Public Records Policy / Public Records Retention Policy (Continued)

Pursuant to **Ohio Rev. Code 149.43(B)(2)**, the entity shall have available a copy of its current records retention schedule at a location readily available to the public. Any application or schedule for the destruction of records must be sent to the Ohio Historical Society for review to determine whether any of the records are of historical value [**Ohio Rev. Code § 149.39**]. Once reviewed by the Ohio Historical Society, the applications are then forwarded to the Ohio Auditor of State's Office for final approval. A model policy is available at www.ohioattorneygeneral.gov/files/Forms/Forms-for-Government.

During our compliance testing it was noted that the District did not have a Public Records Policy or a Public Records Retention Policy during the audit period. In addition, the District did not have a poster describing their public records policy. They also had not included the public records policy in the employee policies and procedures handbook. We recommend the District Trustees take steps to properly document records requests, have a poster in the District hall, and revise and adopt an updated employee policies and procedures handbook.

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

**BPM FIRE DISTRICT
FAYETTE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Third party administrator insufficient controls; lack of SOC 1	Not Corrected	Reissued as Finding 2019-001
2017-002	Financial reporting in the Notes to the Financial Statements	Corrected	None
2017-003	Fund Balance Classifications	Not Corrected	Reissued as Finding 2019-002
2017-004	ORC Section 5705.41(D)	Corrected	None

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OHIO AUDITOR OF STATE KEITH FABER



BPM JOINT FIRE DISTRICT

FAYETTE 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 12/29/2020

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