

POLK JACKSON PERRY FIRE DISTRICT

ASHLAND COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023





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Columbus, Ohio 43215
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800-282-0370

Board of Trustees
Polk Jackson Perry Fire District
209 East Congress Street
Polk, Ohio 44866

We have reviewed the *Independent Auditor's Report* of Polk Jackson Perry Fire District, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2023 through December 31, 2024. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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. Polk Jackson Perry Fire District is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

July 22, 2025

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**POLK JACKSON PERRY FIRE DISTRICT
ASHLAND COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Polk Jackson Perry Fire District
Ashland County
209 East Congress Street
Polk, Ohio 44866

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 Polk Jackson Perry Fire District, Ashland County, Ohio (the District), which comprise the cash balances, receipts and disbursements for the governmental fund type as of and for the years ended December 31, 2024 and 2023, 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 the governmental fund type as of and for the years ended December 31, 2024 and 2023, 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, 2024 and 2023, 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.

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

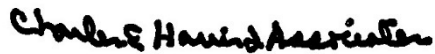
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 May 24, 2025, 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.

May 24, 2025

**POLK JACKSON PERRY FIRE DISTRICT
ASHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>General</u>
Cash Receipts	
Property and Other Local Taxes	\$ 331,300
Charges for Services	124,307
Licenses, Permits and Fees	2,685
Intergovernmental	311,447
Earnings on Investments	600
Miscellaneous	<u>479</u>
<i>Total Cash Receipts</i>	<u>770,818</u>
Cash Disbursements	
Current:	
Public Safety	591,367
Public Works	6,051
Capital Outlay	96,016
Debt Service:	
Principal Retirement	113,637
Interest and Fiscal Charges	<u>6,831</u>
<i>Total Cash Disbursements</i>	<u>813,902</u>
<i>Net Change in Fund Cash Balances</i>	(43,084)
<i>Fund Cash Balances, January 1</i>	<u>177,910</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 134,826</u></u>

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

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Polk Jackson Perry Fire District, Ashland County, (the District) as a body corporate and politic. A publicly elected three-member Board of Trustees governs the District. The District provides fire protection and emergency medical services.

Public Entity Risk Pool

The District participates in one public entity risk pool. Note 7 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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the governmental fund type.

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 fund of the District is 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.

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 District 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.

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2024 budgetary activity appears in Note 4.

Deposits

The District maintains all cash in an interest bearing checking account and a money market account.

Capital Assets

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

Leases

The District is the lessee in two leases (as defined by GASB 87) related to a tanker and an ambulance under noncancelable leases. Lease disbursements are recognized when they are paid.

Fund Balance

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

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District.

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.

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

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 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$24,251 for the year ended December 31, 2024. Also, numerous purchase orders were dated after the liabilities were incurred.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$785,173	\$770,818	(\$14,355)

2024 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$789,651	\$813,902	(\$24,251)

Note 5 – Deposits

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

	<u>2024</u>
Demand deposits	\$134,826

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 5 – Deposits (continued)

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, 2024, the District is holding \$1,529 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20. Public utilities are also taxed on personal and real property located within the District.

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

Note 7 – Risk Management

Workers' Compensation

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

Risk Pool Membership

The District is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 7 – Risk Management (continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31 (the latest information available):

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

Note 8 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

The District's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2024.

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2024.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2024.

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 9 – Postemployment Benefits

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2024, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Tanker Lease	\$176,083	2.61%
2024 Demers Ambulance Lease	<u>279,042</u>	6.48%
Total	<u><u>\$455,125</u></u>	

On September 15, 2020, the District acquired a 4-Guys Spartan 3000g Tanker through a lease-purchase agreement. The final lease payment will be made on March 15, 2026.

On June 15, 2024, the District acquired a 2024 Demers Ram 4500 4 WD Ambulance lease-purchase agreement. The final lease payment is due December 15, 2031.

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

Year Ending December 31:	Tanker Lease	Ambulance Lease
2025	\$120,468	\$51,840
2026	60,234	51,841
2027	-	51,840
2028	-	51,841
2029	-	51,840
2030-2031	-	103,682
Total	<u><u>\$180,702</u></u>	<u><u>\$362,884</u></u>

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. 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 there were no outstanding encumbrances.

In the general fund, outstanding encumbrances would be considered assigned.

**POLK JACKSON PERRY FIRE DISTRICT
ASHLAND COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>General</u>
Cash Receipts	
Property and Other Local Taxes	\$ 330,140
Charges for Services	103,756
Licenses, Permits and Fees	1,388
Intergovernmental	102,576
Earnings on Investments	927
Miscellaneous	<u>67,328</u>
<i>Total Cash Receipts</i>	<u>606,115</u>
Cash Disbursements	
Current:	
Public Safety	551,559
Public Works	7,448
Capital Outlay	98,567
Debt Service:	
Principal Retirement	175,725
Interest and Fiscal Charges	<u>12,161</u>
<i>Total Cash Disbursements</i>	<u>845,460</u>
<i>Net Change in Fund Cash Balances</i>	(239,345)
<i>Fund Cash Balances, January 1</i>	<u>417,255</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 177,910</u></u>

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

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Polk Jackson Perry Fire District, Ashland County, (the District) as a body corporate and politic. A publicly elected three-member Board of Trustees governs the District. The District provides fire protection and emergency medical services.

Public Entity Risk Pool

The District participates in one public entity risk pool. Note 7 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 statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the governmental fund type.

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 fund of the District is 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.

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 District 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.

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2023 budgetary activity appears in Note 4.

Deposits

The District maintains all cash in an interest bearing checking account and a money market account.

Capital Assets

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

Leases

The District is the lessee in a lease (as defined by GASB 87) related to a tanker under a noncancelable lease. Lease disbursements are recognized when they are paid.

Fund Balance

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

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District.

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.

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

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 12.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$265,384 for the year ended December 31, 2023. Also, numerous purchase orders were dated after the liabilities were incurred.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,140,615	\$606,115	(\$534,500)

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$644,727	\$910,111	(\$265,384)

Note 5 – Deposits

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

	<u>2023</u>
Demand deposits	\$177,910

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Deposits (continued)

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, 2023, the District is holding \$1,595 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20. Public utilities are also taxed on personal and real property located within the District.

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

Note 7 – Risk Management

Workers' Compensation

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

Risk Pool Membership

The District is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the District's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Risk Management (continued)

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$ 43,996,442
Actuarial liabilities	\$ 19,743,401

Note 8 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

The District's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2023.

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2023.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2023.

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Postemployment Benefits

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Tanker Lease	\$289,720	2.61%

On September 15, 2020, the District acquired a 4-Guys Spartan 3000g Tanker through a lease-purchase agreement. The final lease payment will be made on March 15, 2026.

In 2022, there was an advance payment made on the bonds and subsequently reimbursed to the District by the bank in 2023. In 2023, a second payment was made to replace the payment that was made in 2022. Although the 2022 audited balance shows a zero balance of the bonds, the actual balance should have been \$65,000. The payment in 2023 paid off the bonds in full.

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

Year Ending December 31:	<u>Tanker Lease</u>
2024	\$120,468
2025	120,468
2026	60,234
Total	<u>\$301,170</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Polk Jackson Perry Fire District
Ashland County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 12 – Fund Balances

Included in fund balance are amounts the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balance of this amount is as follows:

<u>Fund Balances</u>	<u>General</u>
Outstanding Encumbrances	<u>\$ 64,651</u>
Total	<u><u>\$ 64,651</u></u>

In the general fund, outstanding encumbrances are considered assigned.

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

Polk Jackson Perry Fire District
Ashland County
209 East Congress Street
Polk, Ohio 44866

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 the governmental fund type of the Polk Jackson Perry Fire District, Ashland County, (the District) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2025, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

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 to 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 a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2024-002 that we consider to be a material weakness.

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 or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2024-001 and 2024-003.

We also noted certain other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated May 24, 2025.

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.
May 24, 2025

**POLK JACKSON PERRY FIRE DISTRICT
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2024-001 – Noncompliance

Expenditures Exceeding Appropriations

Ohio Revised Code Section 5705.41(B)(1)(a) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the District's General Fund had expenditures in excess of appropriations of \$24,251 and \$265,384, as of December 31, 2024 and 2023, respectively. Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Trustee's should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Management's Response – See Corrective Action Plan.

FINDING 2024-002 – Material Weakness

Financial Reporting - Posting Receipts and Disbursements

The District should have procedures and controls in place to prevent and detect errors in financial reporting. During 2024 and 2023, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

- To reduce interest and fiscal charges in the amounts of \$113,637 and \$50,088 and 2024 and 2023, respectively, and reclassify these expenditures as principal retirement, and to reduce Capital Outlay by \$60,234 in 2023 and to reclassify this amount to \$55,722 as principal retirement and \$4,512 as interest.
- To reclassify rollback receipts of \$13,917 for 2023 from property tax receipts to intergovernmental receipts.
- In 2023, reclassified \$65,000 out of property tax and into miscellaneous revenue for the amount of the 2022 bond payment that was refunded to the District due to the bond being paid off improperly.
- Increased public safety expense by \$9,080 in 2024 to record payroll expense that was deducted from the District's bank account in December 2024 but not recorded by the District until January 2025.

Not posting receipts and disbursements correctly resulted in the financial statements requiring reclassification and adjusting entries. The financial statements reflect all reclassifications and adjustments.

**POLK JACKSON PERRY FIRE DISTRICT
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING 2024-002 – Material Weakness (continued)

Also, during 2024 and 2023 aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the following note disclosures:

- Deposits and Investments
- Debt
- Fund Balances
- Budgetary Activity
- Risk Management

We recommend the Fiscal Officer refer to the Uniform Accounting Network (UAN) Manual and other Auditor of State guidance to determine the proper establishment of disbursement accounts and proper posting. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the District use the most current available templates for financial statements and notes to the financial statements on the Auditor of State's website <http://www.ohioauditor.gov/references/shells/regulatory.html> to prepare an accurate annual financial report.

Management's Response – See Corrective Action Plan.

FINDING 2024-003 – Noncompliance

Purchase Orders

Ohio Revised Code Section 5705.41(D), requires, in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement state above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

**POLK JACKSON PERRY FIRE DISTRICT
ASHLAND COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING 2024-003 – Noncompliance (continued)

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the “then and now” certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the District.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The District did not properly certify the availability of funds for 22% and 24% of non-payroll expenditures tested for 2024 and 2023, respectively. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

To improve controls over disbursements and to help reduce the possibility of the District’s fund exceeding budgetary spending limitations, we recommend the Fiscal Officer certify the availability of funds prior to the commitment for the expenditure of District money. The District should consider the use of blanket purchase orders and “then and now” certificates to assist in complying with the above requirement.

Management’s Response – See Corrective Action Plan.

**POLK JACKSON PERRY FIRE DISTRICT
ASHLAND COUNTY**

**SUMMARY SCHEDULE OF PRIOR FINDINGS –
PREPARED BY MANGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Expenditures exceeding appropriations	Not Corrected	N/A
2022-002	Reclassifications and adjustments made to the financial statements and notes	Not Corrected	N/A

**POLK JACKSON PERRY FIRE DISTRICT
ASHLAND COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2024-001	Expenditures did exceed appropriations. The change was made at a meeting and never sent to the Auditor. We are using a spreadsheet as of 2025 to send to the Auditor when changes are made.	Immediately	Katy Wiley – Fiscal Officer
2024-002	Items will be reclassified for 2025.	Immediately	Katy Wiley – Fiscal Officer
2024-003	We have two purchase order systems. The Chief uses one from a system he uses and they get approval at the board meeting by him. He then gives it to me. I have been in contact with UAN to give him access to the UAN requisition portion only. We are waiting for a time we can all meet to configure this.	Immediately	Katy Wiley – Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



POLK JACKSON PERRY FIRE DISTRICT

ASHLAND 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 8/5/2025

65 East State 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