



OHIO AUDITOR OF STATE
KEITH FABER



**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY
DECEMBER 31, 2021 AND 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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Report on the Financial Statements, Internal Control, and Compliance

Newton Falls Joint Fire District
Trumbull County
19 North Canal Street
Newton falls, OH 44444

To the Board of Trustees:

Report on the Financial Statements

We have selectively tested certain accounts, financial records, reports and other documentation of the Newton Falls Joint Fire District, Trumbull County, (the District) as of and for the years ended December 31, 2021 and 2020. These procedures were designed to satisfy the audit requirements of Ohio Rev. Code § 117.11, and Ohio Admin. Code 117-4-02. Our engagement was not designed as a basis to opine on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinions on these matters.

Internal Control Over Financial Reporting

Certain of the aforementioned tests relate to internal control over financial reporting. The results of those tests may allow us to identify internal control deficiencies. An internal control deficiency 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, whether caused by error or fraud.

Our internal control tests were not designed to identify all internal control deficiencies that might exist. Therefore, unidentified weaknesses may exist. However, we consider findings 2021-001, 2021-006 and 2021-008 through 2021-016 reported in the Schedule of Findings to be internal control deficiencies management and those charged with governance should address.

Compliance and Other Matters

We also tested compliance with certain provisions of laws, regulations, contracts, and grant agreements, applicable to the District, noncompliance with which could directly and materially affect the determination of financial statement amounts. The results of our tests disclosed instances of noncompliance we believe could directly and materially affect the determination of financial statement amounts that we reported in the Schedule of Findings as items 2021-001 through 2021-007.

Government's Response to Findings

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

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio

December 22, 2023

Newton Falls Joint Fire District
Trumbull County, Ohio

Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property and Other Local Taxes	\$ 90,724	\$ 293,632	\$ 384,356
Intergovernmental	14,336	51,242	65,578
Charges for Services	126,202	319,810	446,012
Contributions and Donations	19,900	3,625	23,525
Miscellaneous	14,062	8,075	22,137
<i>Total Cash Receipts</i>	<u>265,224</u>	<u>676,384</u>	<u>941,608</u>
Cash Disbursements			
Current:			
Security of Persons and Property			
Salaries	79,742	400,141	479,883
Fringe Benefits	12,901	38,324	51,225
Materials & Supplies	28,256	99,176	127,432
Repairs & Maintenance	119,533	75,929	195,462
Other	10,890	3,197	14,087
Capital Outlay	3,979	11,658	15,637
Debt Service:			
Principal Retirement	-	35,087	35,087
Interest and Fiscal Charges	-	7,098	7,098
<i>Total Cash Disbursements</i>	<u>255,301</u>	<u>670,610</u>	<u>925,911</u>
<i>Net Change in Fund Cash Balances</i>	9,923	5,774	15,697
<i>Fund Cash Balances, January 1</i>	<u>113,270</u>	<u>147,934</u>	<u>261,204</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 123,193</u>	<u>\$ 153,708</u>	<u>\$ 276,901</u>

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

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Newton Falls Joint Fire District
Trumbull County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Newton Falls Joint Fire District (NFJFD), Trumbull County, (the District) as a body corporate and politic. A five-member Board of Directors governs the District. The Board members for the District are appointed by the Village Council and Township Trustees. Each of the aforementioned political subdivisions selects one member from within their ranks to serve a one-year term on the District Board. Each political subdivision also selects one resident from within their subdivision to serve a three-year term on the Board. The final member of the Board is also appointed by the political subdivisions to serve a three-year term. At any given time, the Board of Directors will have one extra representative either from the Village of Newton Falls or Newton Township. The District provides fire and emergency medical services to the Village of Newton Falls and Newton Township.

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

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The District does not participate in any jointly governed organizations, public entity risk pool or related organizations. The District is a joint venture of the Village of Newton Falls and Newton Township as presented in Note 10.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Emergency Medical Services (EMS) Fund - The EMS Fund accounts for resources the District accumulates from emergency services. Resources constituting the EMS fund are restricted by Ohio Law to be used solely for expenses incurred in the operation of the District's emergency response services.

Newton Falls Joint Fire District
Trumbull County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2021

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1st. 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 2021 budgetary activity appears in Note 3.

Deposits and Investments The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The District maintains two demand deposit accounts.

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

Accumulated Leave In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Newton Falls Joint Fire District
Trumbull County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2021

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$261,593	\$265,224	\$3,631
Special Revenue	711,002	676,384	(34,618)
Total	\$972,595	\$941,608	(\$30,987)

Newton Falls Joint Fire District
Trumbull County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2021

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$292,000	\$255,301	\$36,699
Special Revenue	715,000	670,610	44,390
Total	\$1,007,000	\$925,911	\$81,089

Note 4 – Deposits and Investments

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

	2021
Demand Deposits	\$ 276,901
Total Carrying Amount of Deposits and Investments	\$ 276,901

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

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 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.

At December 31, 2021, \$13,276 of the District’s total bank balance of \$298,308 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The District’s financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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.

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.

Newton Falls Joint Fire District
Trumbull County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management

The District is exposed to various risks of property and casualty losses, and injuries to employees. The District insures against injuries to volunteers and employees through the Ohio Bureau of Worker's 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.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

During 2021, the District did not pay for any losses that exceeded insurance coverage.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Three 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, 2021.

Social Security

Fire and medical 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, 2021.

Newton Falls Joint Fire District
Trumbull County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 - Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The

Note 9 – Capital Lease

The District had the following capital lease outstanding at December 31, 2021:

Obligation	Balance 1/1/21	Additions	Deductions	Balance 12/31/21
Ambulance Lease - 2.97%	\$247,696	\$0	(\$35,087)	\$212,609
Total	\$247,696	\$0	(\$35,087)	\$212,609

In October 2020, the District entered into a capital lease for an ambulance with De Lage Landen Public Finance LLC. An advance principal payment of \$21,093 was due at the commencement of the lease. The lease has an interest rate of 2.97 percent per year with a final maturity date of April 20, 2027. The lease payments are due semi-annually.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

Year Ended December 31,	Ambulance Lease
2022	\$ 42,185
2023	42,185
2024	42,185
2025	42,185
2026	42,185
2027	21,093
Total Minimum Lease Payments	232,018
Less: Amount Representing Interest	(19,409)
Present Value of Minimum Lease Payments	\$ 212,609

Newton Falls Joint Fire District
Trumbull County, Ohio

Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Joint Venture

The Newton Falls Joint Fire District (the District) provides fire protection and rescue services within the District and by contract to areas outside the District. The District is composed of territories within Newton Township and the Village of Newton Falls. The District is under the management of a five-member Board. The Board members for the District are appointed by the Township Trustees and the Village of Newton Falls Council. Each of the aforementioned political subdivisions selects one member from within their ranks to serve a one-year term on the District Board. Each political subdivision also selects one resident from within their subdivision to serve a three-year term on the District Board. The final member of the Board is also appointed by the political subdivisions to serve a three-year term. The final member's selection alternates between a resident of the Township and the Village.

The District in large part is funded by voter approved property tax receipts. The Township and Village, per agreement, also provide funding to the District. In 2021, the Village and the Township provided \$70,837 and \$55,365, respectively, to the District.

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require a refund for 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 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the District did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Newton Falls Joint Fire District
Trumbull County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$93,361	\$300,351	\$393,712
Charges for Services	126,202	287,772	413,974
Intergovernmental	24,790	57,679	82,469
Donation	3,900	4,400	8,300
Miscellaneous	12,569	0	12,569
<i>Total Cash Receipts</i>	<u>260,822</u>	<u>650,202</u>	<u>911,024</u>
Cash Disbursements			
Current:			
Security of Persons and Property:			
Salaries	73,649	428,156	501,805
Fringe Benefits	29,888	36,855	66,743
Materials and Supplies	22,971	42,498	65,469
Repairs and Maintenance	126,894	16,958	143,852
Other	49,906	43,149	93,055
Debt Service:			
Principal Retirement	0	21,093	21,093
<i>Total Cash Disbursements</i>	<u>303,308</u>	<u>588,709</u>	<u>892,017</u>
<i>Net Change in Fund Cash Balances</i>	(42,486)	61,493	19,007
<i>Fund Cash Balances, January 1</i>	<u>155,756</u>	<u>86,441</u>	<u>242,197</u>
Fund Cash Balances, December 31			
Restricted	0	147,934	147,934
Unassigned	113,270	0	113,270
<i>Fund Cash Balances, December 31</i>	<u><u>\$113,270</u></u>	<u><u>\$147,934</u></u>	<u><u>\$261,204</u></u>

See accompanying notes to the financial statements

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Newton Falls Joint Fire District
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Newton Falls Joint Fire District (NFJFD), Trumbull County, (the District) as a body corporate and politic. A five member Board of Directors directs the District. The Board members for the District are appointed by the Village Council and Township Trustees. Each of the aforementioned political subdivisions selects one member from within their ranks to serve a one year term on the District Board. Each political subdivision also selects one resident from within their subdivision to serve a three year term on the District Board. The final member of the Board is also appointed by the political subdivisions to serve a three year term. At any given time, the Board of Directors will have one extra representative either from the Village of Newton Falls or Newton Township. The District provides fire and emergency medical services to the Village of Newton Falls and Newton Township.

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

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The District does not participate in any jointly governed organizations, public entity risk pool or related organizations. The District is a joint venture of the Village of Newton Falls and Newton Township as presented in Note 10.

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 are organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District's only special revenue fund is the EMS fund. The EMS fund accounts for resources the District accumulates from emergency services. Resources constituting the EMS fund are restricted by Ohio Law to be used solely for expenses incurred in the operation of the District's emergency response services.

Newton Falls Joint Fire District
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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/object level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments.

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.

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Newton Falls Joint Fire District
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends 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 Board or 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.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

The District did not submit an amended certificate of estimated resources to the County Auditor. The District also did not prepare and/or receive Board approval for appropriations for 2020. The only budgetary document provided to the County Auditor in 2020 was the property tax rate resolution.

Newton Falls Joint Fire District
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments

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

	<u>2020</u>
Demand deposits	<u>\$261,204</u>
Total deposits and investments	<u><u>\$261,204</u></u>

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.

At December 31, 2020, \$18,795 of the District's total bank balance of \$305,317 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

Note 5 – Property Taxes

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

Public utilities are also taxed on personal and real property located within the District.

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

Note 6 - Risk Management

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.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

Newton Falls Joint Fire District
Trumbull County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

Most of the District's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability to participants.

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

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020.

Note 9 – Capital Lease

In October 2020, the District entered into a capital lease for an ambulance with De Lage Landen Public Finance LLC. An advance principal payment of \$21,093 was due at the commencement of the lease. The lease has an interest rate of 2.97 percent per year with a final maturity date of April 20, 2027. The lease payments are due semi-annually.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and present value of the minimum lease payments is as follows:

Newton Falls Joint Fire District
Trumbull County
Notes to the Financial Statements
or the Year Ended December 31, 2020

	Governmental Activities
2021	\$42,185
2022	42,185
2023	42,185
2024	42,185
2025	42,185
2026 - 2027	63,278
Total Minimum Lease Payments	274,203
Less: Amount representing interest	(26,507)
Present Value of Minimum Lease Payments	\$247,696

Note 10 – Joint Venture

The Newton Falls Joint Fire District (the District) provides fire protection and rescue services within the District and by contract to areas outside the District. The District is composed of territories within Newton Township and the Village of Newton Falls. The District is under the management of a five member Board. The Board members for the District are appointed by the Township Trustees and the Village of Newton Falls Council. Each of the aforementioned political subdivisions selects one member from within their ranks to serve a one year term on the District Board. Each political subdivision also selects one resident from within their subdivision to serve a three year term on the District Board. The final member of the Board is also appointed by the political subdivisions to serve a three year term. The final member's selection alternates between a resident of the Township and the Village. The District in large part is funded by voter approved property tax receipts. The Township and Village, per agreement, also provide funding to the District. In 2020, the Village and the Township provided \$70,837 and \$55,365, respectively, to the District.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plans in which the District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 and 2020**

1. Noncompliance / Internal Control - Budgetary

<i>Finding Number</i>	2021-001
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Ohio Rev. Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1. **Ohio Rev. Code § 5705.39** provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. **Ohio Rev. Code § 5705.36** states that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund. The amount certified shall include any unencumbered balances that existed at the end of the preceding year. **Ohio Rev. Code § 5705.41(B)** provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

The District did not pass a formal budget and could not provide appropriation measures for 2020. The District did not file any appropriation measures with or obtain any amended certificates of estimated resources from the County Auditor for 2020. The District adopted temporary appropriations for 2021 on December 29, 2020 but did not adopt permanent appropriations timely which were approved April 7, 2021.

The following related noncompliance, control deficiencies, and reporting errors were noted:

- The District made expenditures without appropriation authority during 2020.
- The District was unable to disclose the required financial statement budgetary activity during 2020.
- The District was unable/did not effectively monitor financial activity using budget and actual data during 2020 and 2021.

The District did not have adequate controls in place to prevent or detect these errors.

The District should ensure it passes appropriations and budgets as well as amended certificates of estimated resources as needed. The District should also certify the necessary budget information to the County as required by the aforementioned revised code sections.

The District should also ensure permanent appropriations are approved by the board timely.

The District should ensure budgetary data is incorporated into the accounting system timely and accurately for effective monitoring purposes.

Officials' Response: Management agrees with the findings and will address all issues noted.

2. **Noncompliance - Continuing Education Requirements**

<i>Finding Number</i>	2021-002
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Ohio Rev. Code § 135.22(B) states that to enhance the background and working knowledge of treasurers in investments, cash management, ethics, and in any other subject area that the treasurer of state determines is reasonably related to the duties of a treasurer, the treasurer of state shall provide annual continuing education programs for treasurers. A treasurer annually shall complete the continuing education programs described unless the treasurer annually provides a notice of exemption.

The Fiscal Officer did not attend the annual continuing education programs provided by the Auditor of State or complete the annual exemption to the Auditor of State's office in fiscal year 2020.

To maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Fiscal Officer shall attend the annual training or complete an annual exemption and submit to the Auditor of State's office.

Officials' Response: Management agrees with the findings and will address all issues noted.

3. **Noncompliance - Filing of Annual Financial Report**

<i>Finding Number</i>	2021-003
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Ohio Rev. Code §117.38 requires each public office, other than a state agency, shall file a financial report for each fiscal year. The report shall be certified by the proper officer or board and filed with the auditor of state (AOS) within sixty days after the close of the fiscal year for cash basis entities. Auditor of State Bulletin 2015-007 requires regulatory cash basis entities to file with AOS electronically via the Hinkle Financial Data Reporting System (Hinkle System) their basic financial statements. These basic financial statements should include the following:

- Statement(s) or (Combined Statement(s)) of Receipts, Disbursements, and Changes in Fund Balances - Governmental, Proprietary, and Fiduciary, as applicable.
- Notes to the Basic Financial Statements.

The District did not file the 2020 and 2021 financial reports timely. The 2020 financial report was due on April 30, 2021 but was not filed until October 20, 2021. The 2021 financial report was due on March 31, 2022 but was not filed until November 30, 2022.

The District did not have adequate controls in place to help prevent or detect the noncompliance.

The District should file the complete annual financial report via the Hinkle System within 60 days of year end.

Officials' Response: Management agrees with the findings and will address all issues noted.

4. **Noncompliance - Issuing Form 1099**

<i>Finding Number</i>	2021-004
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26 C.F.R § 1.6041-1: Reporting of income aggregating \$600 or more. All payments to attorneys of \$600 or more that are not otherwise reported (e.g., on form W-2 for attorneys who are employees) must be reported on form 1099-MISC. Payments made to independent contractors (other than a corporation) must be reported on form 1099-MISC.

The District made payments to law firm/attorney greater than \$600 during 2020 and 2021. The District did not provide any 1099-MISC forms for these payments during 2020 and 2021.

This matter will be referred to the Internal Revenue Service.

The District should issue Form 1099-MISC to independent contractors and attorneys for all payments aggregating \$600 or more.

Officials' Response: Management agrees with the findings and will address all issues noted.

5. **Noncompliance - Executive Sessions**

<i>Finding Number</i>	2021-005
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Ohio Rev. Code § 121.22 provides in part that members of a public body may hold an executive session only after a majority of a quorum of the public body determines, by a roll call vote, to hold an executive session and only at a regular or special meeting and for certain matters. If a public body holds an executive session to consider any of the approved matters the motion and vote to hold the session shall state which one or more of the approved matters are to be considered.

During the May 26, 2020 meeting, the Board of Trustees voted to enter into executive session but did not state a purpose for entering into executive session.

The District should state the reason for entering into executive sessions as required by the Ohio Rev. Code.

Officials' Response: Management agrees with the findings and will address all issues noted.

6. **Noncompliance / Internal Control - Improper Certification of Expenditures**

<i>Finding Number</i>	2021-006
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Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required meet the obligation or, the case of continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such 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 stated above that treasurer'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 **Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3)**, respectively.

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

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 expenditures by the District.

2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance 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 Board 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, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, transactions tested during 2020 and 2021 were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

Officials' Response: Management agrees with the findings and will address all issues noted.

7. **Noncompliance - Deposits**

<i>Finding Number</i>	2021-007
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Ohio Rev. Code § 9.38 requires public money must be deposited with the treasurer of the public office *or* to a designated depository on the business day following the day of receipt.

Receipts were collected by the Fire Chief or other District personnel. Receipts were then forwarded to the Fiscal Officer for processing and deposit. Receipts were safeguarded by the Fiscal Officer until they could be deposited at the bank. We could not determine how long receipts were held before being forwarded to the Fiscal officer, since the District did not maintain detailed receipt books, logs, or other documentation to support compliance with the requirements.

The District did not have adequate procedures in place to help prevent or detect errors.

The District should document individual responsibilities over the cash collection and safeguarding process. The District should record the dates of collections and subsequent deposits. Duplicate receipts should be utilized as needed when exchanging cash between parties or District personnel.

Officials' Response: Management agrees with the findings and will address all issues noted.

8. **Internal Control - Cash Reconciliation**

<i>Finding Number</i>	2021-008
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Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board and/or other administrator are responsible for reviewing the reconciliations and related support.

For 2020, three items totaling \$2,523 were carried forward as reconciling items on the District's monthly bank reconciliations. Two of these transactions had already cleared and one was a duplicate posting error. None were actually outstanding during 2020, resulting in an understatement of cash and EMS Fund balance.

For 2021, the District's accounting system showed total fund balances at year-end of \$283,087, however, total fund balances on the audited financial statement was \$276,901. Actual total bank balances were \$298,308. The District was not reconciled at December 31, 2021.

Additionally there are numerous stale dated items for checks greater than 6 months outstanding.

The fiscal officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. Stale dated checks should be investigated and if no longer deemed outstanding, should be removed.

Officials' Response: Management agrees with the findings and will address all issues noted.

9. Internal Control - Related Party / Conflict of Interest

<i>Finding Number</i>	2021-009
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The District does not have a formal procedure in place for identifying and communicating any outside business interests on the part of officials, administrators, or their immediate family members.

The District's process should require administrators, officials, and their immediate family members disclose, request and share related party and conflicts of interest with the District. In addition, the District should share that information to the appropriate personnel in the District responsible for decision making.

Officials' Response: Management agrees with the findings and will address all issues noted.

10 Internal Control - Meetings of the Board of Trustees

<i>Finding Number</i>	2021-010
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The Board of Trustees approves their meeting minutes at the subsequent meetings, however the minutes were only signed by the Fiscal Officer for the following meetings:

- May 25, 2021
- June 15, 2021
- July 10, 2021
- July 20, 2021
- August 17, 2021

The Board Chairperson should also sign the meeting minutes.

Officials' Response: Management agrees with the findings and will address all issues noted.

11 Internal Control - Policies and Procedures Manual

<i>Finding Number</i>	2021-011
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The Board of Trustees have not adopted a formal policies and procedures manual, which includes items such as the District's organizational chart, formal policy for hiring personnel, sick and vacation leave policies, accounting procedures narratives (receipts/expenditures), review policies, related party policies, etc.

The lack of a formal policy and procedures manual creates an undefined system of accounting and reporting which could lead to a lack of segregation of duties, errors not being detected in a timely manner, and/or incorrect interpretations of the District's rules and practices.

The District Board of Trustees should establish and adopt an all-inclusive policies and procedures manual. This may help ensure a defined system of accounting and reporting exists.

Officials' Response: Management agrees with the findings and will address all issues noted.

12 Internal Control - Required Accounting Records

<i>Finding Number</i>	2021-012
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Ohio Admin. Code 117-2-01 requires governments to establish internal controls.

(A) All public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories, including but not limited to the categories enumerated in paragraph (B) of this rule.

(B) "Internal control" means a process effected by those charged with governance, management, and other personnel designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (1) Reliability of financial reporting;
- (2) Effectiveness and efficiency of operations;
- (3) Compliance with applicable laws and regulations; and
- (4) Safeguarding of assets against unauthorized acquisition, use or disposition.

(C) Internal control consists of the following five interrelated components:

- (1) Control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- (2) Risk assessment, which is the entity's identification and analysis of relevant risks to the achievement of its objectives, forming a basis for determining how the risks should be managed so as to identify and assess the risks of material misstatements, whether due to fraud or error, at the financial statement and relevant assertion levels.
- (3) Control activities, which are policies and procedures that help ensure management directives are carried out so as to identify and assess the risks of material misstatements, whether due to fraud or error, at the financial statement and relevant assertion levels.
- (4) Information and communication, which are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.

(5) Monitoring, which is a process that assesses the quality of internal control performance over time.

(D) When designing the public office's system of internal control and the specific control activities, management should consider the following:

(1) Ensure that all transactions are properly authorized in accordance with management's policies.

(2) Ensure that accounting records are properly designed.

(3) Ensure adequate security of assets and records.

(4) Plan for adequate segregation of duties or compensating controls.

(5) Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

(6) Perform analytical procedures to determine the reasonableness of financial data.

(7) Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

(8) Monitor activities performed by service organizations.

(E) Consideration should be given to the cost benefit of the controls. The cost of controls should not exceed their benefit.

Ohio Admin. Code 117-2-02 requires governments to report financial information properly.

(A) All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements, and prepare financial statements required by rule 117-2-03 of the Administrative Code.

(C) The following systems and documents may be used to effectively maintain the accounting and budgetary records of the local public office:

(1) All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The District could not provided accurate and complete financial accounts necessary to report the operations of the District as required. The District hired an outside consultant to reconstruct and reconcile the accounts and prepare the financial statements for 2020. In addition, the District was unable to effectively monitor financial activity due to a lack of approved budgetary data and incomplete financial accounts.

The District understated appropriations by \$23,000 for the General Fund and \$60,000 for the Special Revenue Fund in the Budgetary Footnote Disclosure for 2021.

The District did not have adequate controls in place to maintain the required records.

The District should improve its control procedures to help ensure all amounts are properly recorded in the accounting system and related financial statements. In addition, the District's management and Board should establish and approve budgeted receipts and disbursements (appropriations) to assist in improving the control environment and help ensure compliance with various budgetary requirements outlined in the Ohio Rev. Code.

Officials' Response: Management agrees with the findings and will address all issues noted.

13 Internal Control - Political Activities Prohibited Policy

<i>Finding Number</i>	2021-013
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The District has not adopted a political activities prohibited policy.

The lack of a formal policy could lead to an increased risk of violations such as improper expenditure of monies to support passage of a levy, paying for appointments or promotions, etc.

The District Board of Trustees should establish a political activities prohibited policy. This may help reduce the risk of noncompliance and potential violations in this area.

Officials' Response: Management agrees with the findings and will address all issues noted.

14 Internal Control - Public Records

<i>Finding Number</i>	2021-014
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The District's public records policy states all public records maintained by the District will be made available for prompt inspection and/or copying within a reasonable period of time upon the request of any member of the public.

The District did not prepare documentation of public records requests for 2020.

The District did not have adequate procedures in place to help prevent or detect errors.

The District should maintain documentation of all public records requests.

Officials' Response: Management agrees with the findings and will address all issues noted.

15 Internal Control - Segregation of Duties

<i>Finding Number</i>	2021-015
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Segregation of duties provides two significant benefits: (1) a deliberate fraud is more difficult because it requires collusion of two or more persons and (2) it is more likely an error will be detected. Proper segregation of duties is not possible when only one or two people handle all four aspects of the internal control cycle, (record keeping, authorization, custody and reconciliation).

The District for part of 2020 hired an accounting company to record all financial transactions and handle all aspects of the banking and reconciling of the District. The company is headed by a financial consultant (approved as Fiscal Officer) and an accountant who works for the consultant. District revenue is received, posted, deposited, and reconciled by the accountant. We could not verify if the accountant's duties were monitored/overseen by the financial consultant / Fiscal Officer. In addition, the Board does not have any compensating controls over financial transactions. The District hired a Fiscal Officer on July 1, 2020. We noted similar segregation of duties concerns such as revenue is received, posted, deposited, and reconciled by the Fiscal Officer.

This lack of segregation of duties might lead to fraud, theft, or errors going undetected.

Due to the size of the District, segregating every function may not be financially feasible, however, careful consideration of which functions needs to be separated should be completed. The Board should review their procedures and where possible take steps to include involvement of other District employees handling one of the functions, levels of approval and review of the record keeping, authorization, custody, and reconciliation of accounts.

In addition, for those cycles for which segregation of duties is not possible, the Board should enact additional monitoring controls. The Board should take an active role in the operations of the District, including, review of monthly reconciliations, budget v. actual reports, and review of receipt and disbursement ledgers. Implementation of these procedures may help strengthen internal control over the entire financial reporting cycle and help create a culture of accountability and assist in protecting the District from unnecessary loss and errors.

Officials' Response: Management agrees with the findings and will address all issues noted.

16 Internal Control - Ohio Billing SOC Report

<i>Finding Number</i>	2021-016
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Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The District has outsourced emergency medical services billing and processing which is a significant account function, to a third-party administrator. Although a 2020 SOC 1 Report was completed for Ohio Billing INC there was issues with respect to the reputation of the firm that completed the SOC Report. As a result, no reliance could be made on any controls documented in this review. The District did switch over to Medicount Management from Ohio Billing INC in October 2020 which an adequate SOC Report was provided.

Failing to ensure adequate SOC Report is in place could result in additional internal control deficiencies.

The District should require a Type 2 SOC 1 report in its contract with the third-party administrator and should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the District with a Type 2 SOC 1 report, the District should contract with a third-party administrator that will provide this report

Officials' Response: Management agrees with the findings and will address all issues noted.

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**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2019-001	Budgetary noncompliance	No. Finding 2021-001	
2019-002	Filing of Annual Financial Report	No. Finding 2021-003	
2019-003	Fiscal Officer Certification of Funds	No. Finding 2021-006	
2019-004	Required Accounting Records	No. Finding 2021-012	

OHIO AUDITOR OF STATE KEITH FABER



NEWTON FALLS JOINT FIRE DISTRICT

TRUMBULL 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 1/30/2024

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