



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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## BASIC AUDIT REPORT

Lowell-Adams Joint Fire District  
Washington County  
PO Box 406  
Lowell, Ohio 45744

We have completed certain procedures in accordance with Ohio Rev. Code § 117.01(G) to the accounting records and related documents of the Lowell-Adams Joint Fire District, Washington County, Ohio (the District) for the years ended December 31, 2022 and 2021.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code § 117.11(A). Because our procedures were not designed to opine on the District's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the District's financial statements, transactions or balances for the years ended December 31, 2022 and 2021.

The District's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code § 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

### Current Year Observations

1. Ohio Rev. Code §117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Cash basis reports shall be certified by the proper officer or board and filed with the Auditor of State within sixty days after the close of the fiscal year. Any public office, other than a state agency, that does not file its financial report by the required date may be required to pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750. The Auditor of State may waive these penalties, upon the filing of the past due financial report. The District filed the 2021 annual financial report in the HINKLE system on January 13, 2023, which was not within the required time frame. The failure to file a complete annual report within the required time frame can result in fines to the District and the Auditor of State declaring the District unauditible. The District should file a complete annual financial report in the HINKLE system each year within 60 days of the fiscal year end.
2. Ohio Rev. Code § 121.22(F) requires every public body to, by rule, establish a reasonable method whereby any person may determine the time and place of all regularly scheduled meetings and the time, place, and purpose of all special meetings. A public body shall not hold a special meeting unless it gives at least twenty-four hours advance notice to the news media that have requested notification, except in the event of an emergency requiring immediate official action. In the event of an emergency, the member or members calling the meeting shall immediately notify the news

### Current Year Observations (Continued)

media that have requested notification. The District did not adopt a reasonable method whereby any person may determine the time and place of regularly schedules and the time, place, and purpose of all special meetings. Policies and Procedures should be established and implemented to verify that all Board meetings are held in accordance with the Ohio Sunshine Laws. Resolutions, rules, or formal actions adopted by the District during a meeting in which the District failed to provide proper notice pursuant to Ohio Rev. Code 121.22(F) are invalid.

3. Ohio Rev. Code § 5705.41(B) 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 \$110,727 as of December 31, 2022. 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 should approve appropriations at the beginning of each year. Further, the Board 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.
4. Ohio Rev. Code § 5747.07 requires an employing government to remit taxes which it withheld pursuant to Ohio Rev. Code § 5705.06 (including the state payroll tax) to the appropriate authority. It also requires the employing government to report compensation paid and taxes withheld to the tax commissioner and to each of its own employees by January 31 of each year. The Fiscal Officer did withhold the required state payroll taxes for 2022 and 2021; however, there is no evidence she remitted the \$616 withheld in accordance with the applicable schedule prescribed by Ohio Rev. Code § 5747.07 or submitted the annual reports to the tax commissioner and/or relevant employee by January 31, 2023. Failure to file, pay, and/or report the withholdings could result in liabilities, penalties, and interest levied against the District. The Fiscal Officer should remit payment in accordance with applicable law and/or file the required reports when completing the last payroll of the year to avoid interest and penalties.

This matter will be referred to the Ohio Department of Taxation.

5. 26 U.S.C. § 3402(a)(1) states in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary. The District did not remit federal income and/or Medicare taxes of \$75 from December 2022 until March 4, 2023. The District should withhold federal income and/or Medicare from all applicable officials and employees' compensation and remit payments to the Internal Revenue Service in a timely manner.
6. Management is responsible for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs. A14 & A16.
  - In 2021, the District recorded \$83,444 as CD cash receipts and \$80,000 as CD cash disbursements related to the maturity and reinvestment of a certificate of deposit. Only the net interest represented and actual cash receipt. As such, cash receipts and cash disbursements were overstated by \$80,000.

### **Current Year Observations (Continued)**

- In addition, the Fund Cash Balances, January 1 identified on the December 31, 2021 annual financial report filed in the Hinkle system exceeded the December 31, 2020 annual financial report filed in the Hinkle system Fund Cash Balances, December 31 by \$7,541 as the District improperly increased the balance and offset the increase with a cash disbursements line titled "2020 Cleared Checks." As such, the District also overstated the beginning balance and cash disbursements by \$7,541.
- In 2022, the District misclassified \$39,409 of Property and Other Local Taxes receipts as Intergovernmental cash receipts, \$66,493 of Charges for Services as Miscellaneous cash receipts, and \$32,185 of Charges for Services as Other Financing Sources.

### **Current Status of Matters Reported in our Prior Engagement**

1. The prior audit included noncompliance with Ohio Rev. Code § 149.43(E)(2) relating to the lack of a poster describing the District's public records policy being posted in all branches of the District. The required poster was posted for 2022 and 2021.
2. The prior audit included an observation for failing to include budgeted receipts in the accounting system. This was corrected during 2022 and 2021.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 16, 2023

# OHIO AUDITOR OF STATE KEITH FABER



**LOWELL-ADAMS JOINT FIRE DISTRICT**

**WASHINGTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 11/9/2023**

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)