



Dave Yost • Auditor of State

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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 audited the accompanying financial statements and related notes of Newton Falls Joint Fire District, Trumbull County, (the District) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 of the financial statements, the Government prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Newton Falls Joint Fire District, Trumbull County, (the District) as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 14, 2014

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 91,909	\$ -	\$ 91,909
Charges for Services	-	161,981	161,981
Intergovernmental	15,077	36,118	51,195
City of Newton Falls	68,744	-	68,744
Newton Falls Township	53,752	-	53,752
License Permit & Fees	30	-	30
Earnings on Investments	1	-	1
Miscellaneous	7,234	2,000	9,234
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	236,747	200,099	436,846
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current Disbursements:			
Security of Persons and Property:			
Salaries	182,489	49,196	231,685
Fringe Benefits	20,914	12,766	33,680
Materials and Supplies	10,791	17,536	28,327
Purchased Services	22,837	35,771	58,608
Repairs & Maintenance	13,355	7,009	20,364
Other	3,287	165	3,452
Capital Outlay	-	36,101	36,101
Debt Service:			
Principal Repayment	11,006	-	11,006
Interest Charges	7,431	-	7,431
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	272,110	158,544	430,654
	<hr/>	<hr/>	<hr/>
Excess Receipts Over (Under) Disbursements	(35,363)	41,555	6,192
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	271,807	50,596	322,403
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31			-
Restricted		92,151	92,151
Unassigned	236,444		236,444
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 236,444</u>	<u>\$ 92,151</u>	<u>\$ 328,595</u>

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

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>All Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 99,595	\$ -	\$ 99,595
Charges for Services	-	184,413	184,413
Intergovernmental	15,816	72,946	88,762
City of Newton Falls	68,744	-	68,744
Newton Falls Township	78,131	-	78,131
License Permit & Fees	15	-	15
Earnings on Investments	49	1,140	1,189
Miscellaneous	7,750	-	7,750
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	270,100	258,499	528,599
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current Disbursements:			
Security of Persons and Property:			
Salaries	168,224	48,960	217,184
Fringe Benefits	20,734	15,142	35,876
Materials and Supplies	10,995	23,843	34,838
Purchased Services	20,573	49,449	70,022
Repairs & Maintenance	10,468	11,369	21,837
Other	5,120	1,055	6,175
Capital Outlay	23,087	72,946	96,033
Debt Service:			
Redemption of Principal	10,920		10,920
Interest and Other Fiscal Charges	3,445		3,445
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	273,566	222,764	496,330
	<hr/>	<hr/>	<hr/>
Excess Receipts Over (Under) Disbursements	(3,466)	35,735	32,269
	<hr/>	<hr/>	<hr/>
Other Financing Receipts:			
Sale of Capitals Assets	25,576		25,576
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	25,576	-	25,576
	<hr/>	<hr/>	<hr/>
Net Change in Fund Cash Balance	22,110	35,735	57,845
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	249,697	14,861	264,558
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31			-
Restricted		50,596	50,596
Unassigned	271,807		271,807
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 271,807</u>	<u>\$ 50,596</u>	<u>\$ 322,403</u>

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

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Newton Falls Joint Fire District, Trumbull County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. The Board members for the District are appointed by the City Council and the 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 following 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 City and the Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. 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.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Fund:

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

EMS Fund - This 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.

E. Budgetary Process

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

1. 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not encumber all commitments required by Ohio law.

A summary of 2012 and 2013 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

3. 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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

5. 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.

G. Property, Plant, and Equipment

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

H. 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.

2. Equity in Pooled 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>2012</u>	<u>2013</u>
Demand deposits	<u>\$322,403</u>	<u>\$328,595</u>
Total deposits	<u>322,403</u>	<u>328,595</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending 2013 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$227,611	\$236,747	\$9,136
Special Revenue	182,500	200,099	17,599
Total	\$410,111	\$436,846	\$26,735

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$276,396	\$272,110	\$4,286
Special Revenue	176,078	158,544	17,534
Total	\$452,474	\$430,654	\$21,820

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$295,676	\$295,676
Special Revenue		258,499	258,499
Total	\$0	\$554,175	\$554,175

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$273,566	(\$273,566)
Special Revenue		222,764	(222,764)
Total	\$0	\$496,330	(\$496,330)

Contrary to Ohio Law, the Township did not pass any appropriation measures for the year ended December 31, 2012. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General and Special Revenue Fund types by \$273,566 and \$222,764, respectively, for the year ended December 31, 2012.

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax

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.

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building Loan with Township	\$10,000	0%
Middlefield Bank Loan	163,074	4.50%
Total	<u>\$173,074</u>	

In 2011, the District purchased the property at 45 E Broad Street from Newton Township for \$50,000. The District paid the Township a down payment of \$25,000 on the property, with the balance to be paid in equal installments of \$5,000 over the next five years. At the end of 2013, the District owed the Township \$10,000 on the Broad Street property. The District also procured a loan from The Middlefield Banking Company in the amount of \$175,000 in order to complete the necessary renovations of the property acquired from Newton Township. The terms of the loan are as follows: interest will accrue on the outstanding principal at the rate of 4.5% per year beginning on December 07, 2011 until June 07, 2022. The loan will be repaid using 19 semiannual payments of \$6,718.63 beginning December 07, 2012 and a final payment of \$113,633.76 on June 07, 2022.

6. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10 and 10%, respectively, of their gross salaries and the District contributed an amount equaling 14 and 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2013.

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

8. 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 refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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

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

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Newton Falls Joint Fire District, Trumbull County, (the District) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated October 14, 2014, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-001 and 2013-002.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

October 14, 2014

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

1. Certifying the Availability of Funds

<i>Finding Number</i>	2013-001
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NONCOMPLIANCE

Ohio Rev. Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money 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 purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. 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 stated 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 that 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 Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of 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** – Fiscal officers 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 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 always certify the availability of funds at the time of the commitment. Twenty-one percent of disbursements tested were not certified before the obligation was incurred. No purchase orders were created for four of the disbursement tested. The exceptions listed above were not utilized for the items found to be in noncompliance.

**Finding Number 2013-001
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute, but a key control in the disbursement process to assure that purchase commitments receive prior approval.

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 could be used.

Official's Response: District will comply going forward.

2. Permanent Appropriation Measure

<i>Finding Number</i>	2013-002
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NONCOMPLIANCE

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 that total appropriations from each fund shall not exceed the total estimated resources. An appropriation measure is not effective until the county auditor certifies that appropriations from each fund do not exceed the total official estimate approved by the county budget commission.

Ohio Rev. Code § 5705.41(B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

For fiscal year 2012, the Board did not pass any appropriation measure (temporary or permanent) until July 12. However, the measure was not filed with the county auditor; therefore, it never became effective. As expenditures are limited by the appropriations established by each fund, all expenditures made by the District during 2012 were not in compliance with the Ohio Revised Code sections above.

Noncompliance with budgetary laws makes it impossible for the District to monitor its spending based on available resources. Without adopting appropriations, the District cannot ensure there will be sufficient available resources for any orders or contracts involving the expenditure of money.

The Board should approve a temporary appropriation and/or the permanent appropriation measure by the required dates provided for by the Ohio Revised Code.

Official's Response: District will comply going forward.

**NEWTON FALLS JOINT FIRE DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Certification of Availability of Funds	No	Reissued as Finding 2013-001
2011-002	Not Filing Appropriations and Expenditures Exceeding Appropriations	No	Reissued as Finding 2013-002
2011-003	Filing of Financial Report	No	Not filed for 2012. Reissued as a Management Letter noncompliance

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Dave Yost • Auditor of State

NEWTON FALLS JOINT FIRE DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 20, 2014**