



OHIO AUDITOR OF STATE
KEITH FABER



ALLEN-CLAY JOINT FIRE DISTRICT
OTTAWA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2020	5
Notes to the Financial Statements For the Year Ended December 31, 2020	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2019	14
Notes to the Financial Statements For the Year Ended December 31, 2019	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Schedule of Findings.....	25
Prepared by Management:	
Summary Schedule of Prior Audit Findings	30

This page intentionally left blank.



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

INDEPENDENT AUDITOR'S REPORT

Allen-Clay Joint Fire District
Ottawa County
3155 North Genoa-Clay Center Road
Genoa, Ohio 43430-9464

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of Allen-Clay Joint Fire District, Ottawa County, Ohio (the District).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2020 and 2019, and the respective 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 cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the District, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 of the 2020 financial statements and Note 10 of the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2022, 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.



Keith Faber
Auditor of State
Columbus, Ohio

January 24, 2022

This page intentionally left blank.

Allen-Clay Joint Fire District
Ottawa County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$739,875			\$739,875
Charges for Services	50,128	\$219,389		269,517
Intergovernmental	111,000	88,314		199,314
Earnings on Investments	1,243	11		1,254
Miscellaneous	198,560	929		199,489
<i>Total Cash Receipts</i>	<u>1,100,806</u>	<u>308,643</u>		<u>1,409,449</u>
Cash Disbursements				
Current Disbursements:				
General Government	336,601	75,011		411,612
Public Safety	312,738	271,562		584,300
Capital Outlay	37,804		\$200,000	237,804
Debt Service:				
Principal Retirement			104,161	104,161
Interest and Fiscal Charges			31,311	31,311
<i>Total Cash Disbursements</i>	<u>687,143</u>	<u>346,573</u>	<u>335,472</u>	<u>1,369,188</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>413,663</u>	<u>(37,930)</u>	<u>(335,472)</u>	<u>40,261</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds			200,000	200,000
Sale of Capital Assets			1,500	1,500
Transfers In			169,805	169,805
Transfers Out	(169,805)			(169,805)
Other Financing Sources	6,933			6,933
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(162,872)</u>		<u>371,305</u>	<u>208,433</u>
<i>Net Change in Fund Cash Balance</i>	250,791	(37,930)	35,833	248,694
<i>Fund Cash Balances, January 1</i>	<u>310,408</u>	<u>103,917</u>	<u>10,300</u>	<u>424,625</u>
<i>Fund Cash Balances, December 31</i>	<u>\$561,199</u>	<u>\$65,987</u>	<u>\$46,133</u>	<u>\$673,319</u>

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

Allen-Clay Joint Fire District
Ottawa 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 Allen-Clay Joint Fire District, Ottawa County, Ohio (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member and one alternate that is to serve in the event the primary Board member cannot attend meetings. Those subdivisions are Clay Township, Allen Township, the Village of Genoa, and the Village of Clay-Center. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. 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 other than capital projects. The District had the following significant Special Revenue Funds:

EMS Fund The EMS Fund is used to record the receipts and disbursements for the ambulance and paramedics for the District. Revenues are derived from billing for transports made to a hospital.

Coronavirus Relief Fund The Coronavirus Relief Fund is used to record the activity of grants from other governments to be used for COVID-19 related expenditures.

Capital Project Funds These funds account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant Capital Project Fund:

Building & Apparatus Capital Projects Fund The Building & Apparatus Capital Projects Fund receives proceeds from the sale of capital assets owned by the District. This fund is also used to account for loan proceeds and corresponding capital outlay disbursements associated with an ambulance purchase.

Allen-Clay Joint Fire District
Ottawa 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 District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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. Appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 4.

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.

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:

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Building & Apparatus Capital Project Fund by \$192,472 at December 31, 2020.

Contrary to two loan agreements, the District did not furnish annual financial statements to the lenders in a timely manner.

Note 4 - Budgetary Activity

Budgetary activity for the year ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$980,480	\$1,107,739	\$127,259
Special Revenue	304,138	308,643	4,505
Capital Projects	150,000	371,305	221,305
Total	\$1,434,618	\$1,787,687	\$353,069

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,108,050	\$856,948	\$251,102
Special Revenue	390,738	346,573	44,165
Capital Projects	143,000	335,472	(192,472)
Total	\$1,641,788	\$1,538,993	\$102,795

Note 5 - Deposits

To improve cash management, cash received by the District is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the District's deposit accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$623,319
Other time deposits (savings accounts)	50,000
Total deposits	\$673,319

Deposits are insured by the Federal Deposit Insurance Corporation.

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

Note 6 - Taxes

Property Taxes

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

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

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

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 - Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions; and
- Portable equipment coverage and management liability coverage.

Note 8 - Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2020.

Ohio Public Employees Retirement System

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

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

Social Security

Other 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, 2020.

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 - Postemployment Benefits

Both OP&F and OPERS offer 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. OP&F contributes 0.5 percent of the employer contribution to fund these benefits. 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. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 - Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Building Promissory Note (85%)	\$597,999	Variable
Building Promissory Note (15%)	96,185	Variable
Fire Truck Loan	67,909	2.60%
Ambulance Loan	174,493	2.75%
Total	\$936,586	

During a prior audit period, the District entered into a promissory note with First Federal in the amount of \$807,500 to finance construction of the new fire department building. The note will be repaid in monthly installments of \$4,476, including interest, commencing July 2014 through July 2019 at which time payments will be calculated based on a variable rate. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

During a prior audit period, the District entered into a promissory note with First Federal in the amount of \$129,873 to finance construction of the new fire department building. The note will be repaid in monthly installments of \$720, including interest, commencing July 2014 through July 2019 at which time the payments will be calculated based on a variable rate. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

During a prior audit period, the District obtained an installment loan through Croghan Colonial Bank in the amount of \$194,879 to finance the purchase of a fire truck. The loan has a 2.60 percent interest rate and will be repaid in monthly installments of \$3,470, including interest, for a period of five years commencing in September 2018. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2020

During 2020 the District obtained an installment loan through Genoa Bank in the amount of \$200,000 to finance the purchase of an ambulance. The loan has a 2.75 percent interest rate and will be repaid in monthly installments of \$3,571, including interest, for a period of five years commencing in May 2020. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

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

Year Ending December 31:	Building Note (85%)	Building Note (15%)	Fire Truck Loan	Ambulance Loan
2021	\$55,781	\$8,972	\$41,645	\$42,861
2022	55,781	8,972	27,764	42,861
2023	55,781	8,972		42,861
2024	55,781	8,972		42,861
2025	55,781	8,972		14,287
2026-2030	278,906	44,858		
2031-2034	195,234	31,401		
Total	<u>\$753,045</u>	<u>\$121,119</u>	<u>\$69,409</u>	<u>\$185,731</u>

Note 11 - Fund Balances

The fund balance of Special Revenue funds is either restricted or committed. The fund balance of Capital Projects funds is restricted.

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. 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 any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the District received CARES Act funding. \$83,126 was spent on-behalf of other governments. These amounts are reflected as general government and public safety expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 13 - Contingent Liabilities

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

Note 14 - Miscellaneous Receipts

General Fund miscellaneous receipts primarily consisted of worker's compensation dividends.

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 - Change in Accounting Principle

For 2020, the Township has made changes to its cash-basis reporting model. These changes include removing the fund balance classifications from the statement of receipts, disbursements, and changes in fund balance (regulatory cash basis) - all governmental fund types.

Allen-Clay Joint Fire District
Ottawa County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	All Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$732,549			\$732,549
Charges for Services	49,387	\$243,886		293,273
Intergovernmental	124,534	3,296		127,830
Earnings on Investments	4,731			4,731
Miscellaneous	23,021			23,021
<i>Total Cash Receipts</i>	<u>934,222</u>	<u>247,182</u>		<u>1,181,404</u>
Cash Disbursements				
Current Disbursements:				
General Government	404,106			404,106
Public Safety	390,838	287,663		678,501
Capital Outlay	41,460			41,460
Debt Service:				
Principal Retirement	77,097			77,097
Interest and Fiscal Charges	28,098			28,098
<i>Total Cash Disbursements</i>	<u>941,599</u>	<u>287,663</u>		<u>1,229,262</u>
<i>Excess Disbursements Over Receipts</i>	<u>(7,377)</u>	<u>(40,481)</u>		<u>(47,858)</u>
Other Financing Receipts				
Sale of Capital Assets			\$5,425	5,425
Other Financing Sources	36			36
<i>Total Other Financing Receipts</i>	<u>36</u>		<u>5,425</u>	<u>5,461</u>
<i>Net Change in Fund Cash Balance</i>	<u>(7,341)</u>	<u>(40,481)</u>	<u>5,425</u>	<u>(42,397)</u>
<i>Fund Cash Balances, January 1</i>	<u>317,749</u>	<u>144,398</u>	<u>4,875</u>	<u>467,022</u>
Fund Cash Balances, December 31				
Restricted		99,269	10,300	109,569
Committed		4,648		4,648
Assigned	127,522			127,522
Unassigned	182,886			182,886
<i>Fund Cash Balances, December 31</i>	<u>\$310,408</u>	<u>\$103,917</u>	<u>\$10,300</u>	<u>\$424,625</u>

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

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Allen-Clay Joint Fire District, Ottawa County, Ohio (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member and one alternate that is to serve in the event the primary Board member cannot attend meetings. Those subdivisions are Clay Township, Allen Township, the Village of Genoa, and the Village of Clay-Center. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. 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 other than capital projects. The District had the following significant Special Revenue Fund:

EMS Fund The EMS Fund is used to record the receipts and disbursements for the ambulance and paramedics for the District. Revenues are derived from billing for transports made to a hospital.

Capital Project Funds These funds account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant Capital Project Fund:

Building & Apparatus Capital Projects Fund The Building & Apparatus Capital Projects Fund receives proceeds from the sale of capital assets owned by the District.

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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

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

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

A summary of 2019 budgetary activity appears in Note 3.

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.

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.

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

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

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

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

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 ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$782,400	\$934,258	\$151,858
Special Revenue	237,600	247,182	9,582
Capital Projects		5,425	5,425
Total	\$1,020,000	\$1,186,865	\$166,865

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,096,043	\$945,618	\$150,425
Special Revenue	375,252	290,115	85,137
Total	\$1,471,295	\$1,235,733	\$235,562

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 - Deposits

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

	2019
Demand deposits	<u>\$374,625</u>
Other time deposits (savings accounts)	50,000
Total deposits	<u><u>\$424,625</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 - Taxes

Property Taxes

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

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

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

Note 6 - Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions; and
- Portable equipment coverage and management liability coverage.

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 - Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2019.

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2019.

Social Security

Other 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, 2019.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer 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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 - Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building Promisory Note (85%)	\$631,924	Variable
Building Promisory Note (15%)	101,649	Variable
Fire Truck Loan	107,174	2.60%
Total	<u>\$840,747</u>	

During a prior audit period, the District entered into a promissory note with First Federal in the amount of \$807,500 to finance construction of the new fire department building. The note will be repaid in monthly installments of \$4,476, including interest, commencing July 2014 through July 2019 at which time payments will be calculated based on a variable rate. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

During a prior audit period, the District entered into a promissory note with First Federal in the amount of \$129,873 to finance construction of the new fire department building. The note will be repaid in monthly installments of \$720, including interest, commencing July 2014 through July 2019 at which time the payments will be calculated based on a variable rate. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

During a prior audit period, the District obtained an installment loan through Croghan Colonial Bank in the amount of \$194,879 to finance the purchase of a fire truck. The loan has a 2.60 percent interest rate and will be repaid in monthly installments of \$3,470, including interest, for a period of five years commencing in September 2018. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

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

Year Ending December 31:	Building Note (85%)	Building Note (15%)	Fire Truck Loan
2020	\$55,781	\$8,972	\$41,645
2021	55,781	8,972	41,645
2022	55,781	8,972	27,764
2023	55,781	8,972	
2024	55,781	8,972	
2025-2029	278,906	44,858	
2030-2034	251,016	40,373	
Total	<u>\$808,827</u>	<u>\$130,091</u>	<u>\$111,054</u>

Allen-Clay Joint Fire District
Ottawa County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 - Subsequent Events

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 continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 11 - Compliance

Contrary to a loan agreement, the District did not furnish annual financial statements to the lender in a timely manner.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



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

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

Allen-Clay Joint Fire District
Ottawa County
3155 North Genoa-Clay Center Road
Genoa, Ohio 43430-9464

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 cash balances, receipts, and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and the related notes to the financial statements of Allen-Clay Joint Fire District, Ottawa County, Ohio (the District) and have issued our report thereon dated January 24, 2022 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. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. 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 2020-002 through 2020-005.

District'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 subject the District's responses to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 24, 2022

**ALLEN-CLAY JOINT FIRE DISTRICT
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2020-001

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility 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.

The following errors were identified in the accompanying financial statements and notes to the financial statements:

- In 2020, General Fund miscellaneous receipts in the amount of \$118,760 were incorrectly classified as intergovernmental receipts;
- In 2020, General Fund budgeted receipts were increased in the amount of \$148,500 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the authorized budget amount;
- In 2020, the District was the beneficiary of a \$200,000 conventional loan. The Fiscal Officer did not record memorandum receipt and expenditure activity for this conventional loan in the Capital Projects fund type on the financial statements or in the Budgetary Activity note to the financial statements;
- In 2019, Capital Projects Fund Type committed fund balance in the amount of \$10,300 was reclassified to restricted in accordance with the provisions of Government Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 - .179); and
- In 2019, Capital Projects Fund Type actual receipts were increased in the amount of \$5,425 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with actual receipts.

These errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. The failure to adequately monitor financial statements could allow for misstatements to occur and go undetected. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$1,000 to \$53,939 that we have brought to the District's attention.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Fiscal Officer and Board of Trustees to help identify and correct errors and omissions.

Officials' Response:

Fiscal Officer will double check the HINKLE report to ensure that budget matches the UAN system.

FINDING NUMBER 2020-002

Noncompliance Citation

Ohio Rev. Code Chapter 133. authorizes certain methods by which subdivisions may incur debt.

Ohio Rev. Code § 133.22, a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute.

Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision.

Ohio Rev. Code § 133.15, a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct.

Ohio Rev. Code § 133.18, the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to sue.

Additionally, **Ohio Rev. Code § 505.401**, allows the board of trustees of a fire district organized under division (C) of Section 505.37 of the Ohio Rev. Code to issue bonds for the purpose of acquiring fire-fighting equipment, buildings, and sites for the district or for the purpose of constructing or improving buildings to house fire-fighting equipment.

During 2020 and 2019, the District made principal payments on outstanding promissory notes and installment loans in the amount of \$104,161 and \$77,097, respectively. The promissory notes and installment loans were used by the District to purchase an ambulance, construct a new building, and purchase a fire truck.

This type of debt is not authorized in Ohio Rev. Code Chapter 133 or Ohio Rev. Code Section 505.401. The District had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the District.

The District should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

Officials' Response:

It was the decision of the Board in place at the time of securing the loan and on the advice of the County Prosecutor in office at the time of the application, we applied and obtained a conventional loan through the bid process. It was also the decision of the Board in place at the time of securing the loan that it was the most expeditious and cost effective use of Fire District taxpayers' monies.

FINDING NUMBER 2020-003

Noncompliance Citation

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 Building & Apparatus Capital Projects Fund had expenditures in excess of appropriations of \$192,472, as of December 31, 2020.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Trustees 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.

Officials' Response:

Fiscal Officer will double check the HINKLE report to ensure that budget matches the UAN system.

FINDING NUMBER 2020-004

Noncompliance Citation

Business Loan Agreement dated August 11, 2017 for Loan Number 2609592 requires the District to furnish the lender with annual financial statements. Specifically:

"As soon as available, but in no event later than 150 days after the end of each fiscal year, Borrower's income statement for the year ended, prepared by the Borrower."

The District did not submit annual financial statements to the lender as required by this section for the years ended December 31, 2020 and December 31, 2019 until September 16, 2021 due to deficiencies in the District's internal controls over debt covenant compliance. The failure to meet annual financial reporting requirements could result in the District being considered in default of the loan agreement, resulting in loan termination and immediate repayment of amounts outstanding.

The District should prepare and submit annual financial reports in accordance with this agreement.

Officials' Response:

Fiscal Officer to comply and submit annual reports to lenders in the future.

FINDING NUMBER 2020-005

Noncompliance Citation

Commercial Loan Agreement dated April 7, 2020 for Loan Number 2203956 requires the District to furnish the lender with annual financial statements. Specifically:

"I will provide you on an annual basis my financial statements, tax returns, annual audit reports or those prepared by independent accountants as soon as available or at least within 120 days after the close of my fiscal year. Any annual financial statements that I provide you will be prepared statements."

The District did not submit annual financial statements to the lender as required by this section for the year ended December 31, 2020 until November 4, 2021 due to deficiencies in the District's internal controls over debt covenant compliance. The failure to meet annual financial reporting requirements could result in the District being considered in default of the loan agreement, resulting in loan termination and immediate repayment of amounts outstanding.

The District should prepare and submit annual financial reports in accordance with this agreement.

Officials' Response:

Fiscal Officer to comply and submit annual reports to lenders in the future.

2. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS report.

FINDING NUMBER 2020-006

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

The Allen-Clay Joint Fire District (the District) "Credit Card / Account Policy" was adopted on February 14, 2019. The District's policy has a receipts section that states, "Original, itemized receipts must be submitted to the Fiscal Officer or the Fiscal Officer's designee as soon as reasonably possible. The receipt should include the customer copy of the receipt, any invoice from the vendor, the cost of the goods or services purchased, and the date of the purchase. The Authorized User should also submit documentation verifying the purchase was made on behalf of the District, if necessary to describe the purchase." Under section 5 Liability of this policy it states, "The Authorized User will personally be liable for reimbursing the District for any of the following: Upon any official bond the Authorized User has given to the District to reimburse the District treasury the amount for which the Authorized User does not provide itemized receipts."

**FINDING NUMBER 2020-006
(Continued)**

Due to insufficient policies and procedures, the District did not provide supporting documentation for \$4,017 in credit card expenditures made during 2020 and 2019. Without supporting documentation, we were unable to determine whether the unsupported expenditures were for a proper public purpose as well as which credit card user incurred the expense(s). This information could also not be obtained from the financial institution which issued the credit card.

Prior District Fiscal Officer Donald Murray received or collected the public money used to make the improper payments.

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internatl. Preparatory School*, 128 Ohio St.3d 50 (2010). In accordance with the forgoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Donald Murray and his bonding company, Employers Mutual Casualty Company, jointly and severally, in the amount of \$4,017 and in favor of the Allen Clay Joint Fire District General Fund (\$3,605) and EMS Fund (\$412).

The District should develop policies and procedures to ensure expenditures are supported with original, itemized documentation.

Officials' Response:

The District now has in place policies and procedures to ensure expenditures are supported with original, itemized documentation and statements. The Chairman of the Fire Board signs a monthly attestation statement stating that the Fire Board has reviewed in detail all Credit Card Account transaction detail including itemized receipts.



ALLEN-CLAY JOINT FIRE DISTRICT

Headquarters

3155 N. Genoa-Clay Center Rd.
Genoa, OH 43430

Phone: 419-855-4733

Fax: 419-855-1074

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material weakness for errors in financial reporting first reported as Finding 2014-001.	Not corrected and reissued as Finding 2020-001 in this report.	These matters were not corrected due to deficiencies in District's internal controls over financial reporting. Fiscal Officer will double check the HINKLE report to ensure that budget matches the UAN system.
2018-002	Ohio Rev. Code Chapter 133 and § 505.401 for issuing unallowable debt instruments first reported as Finding 2014-003.	Not corrected and reissued as Finding 2020-002 in this report.	This matter was not corrected due to deficiencies in the District's internal controls over debt compliance. It was the decision of the Board in place at the time of securing the loan and on the advice of the County Prosecutor in office at the time of the application, we applied and obtained a conventional loan through the bid process. It was also the decision of the Board in place at the time of securing the loan that it was the most expeditious and cost effective use of Fire District taxpayers' monies.
2018-003	Ohio Rev. Code § 5705.10(F) and material weakness for inappropriately recording the sale of a permanent improvement.	Fully corrected.	
2018-004	Ohio Rev. Code § 5705.10(E) and material weakness for inappropriately recording installment loan proceeds in the General Fund.	Fully corrected.	
2018-005	Noncompliance related to a debt covenant. District did not submit its annual financial statements to the bank.	Not corrected and reissued as Finding 2020-004 in this report.	This matter was not corrected due to deficiencies in the District's internal controls over debt compliance. Fiscal Officer to comply and submit annual reports to lenders in the future.

OHIO AUDITOR OF STATE KEITH FABER



ALLEN-CLAY JOINT FIRE DISTRICT

OTTAWA 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 2/10/2022

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