



**PORTAGE FIRE DISTRICT  
OTTAWA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2021-2020**



**PORTAGE FIRE DISTRICT  
OTTAWA COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Portage Fire District  
Ottawa County  
242 West Water Street  
Oak Harbor, Ohio 43449-0240

To the Board of Trustees:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of Portage Fire District, Ottawa County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 10 to the 2021 financial statement and Note 9 to the 2020 financial statement, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 30, 2022

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**Portage Fire District**  
*Ottawa County*  
*Statement of Receipts, Disbursements, and*  
*Change In Fund Balance (Regulatory Cash Basis)*  
*General Fund*  
*For the Year Ended December 31, 2021*

	<b>General</b>
<b>Cash Receipts</b>	
Property and Other Local Taxes	\$ 281,765
Charges for Services	27,032
Intergovernmental	39,622
Earnings on Investments	219
Miscellaneous	15,539
	<u>364,177</u>
<i>Total Cash Receipts</i>	
<b>Cash Disbursements</b>	
Current Disbursements:	
Security of Persons and Property:	
Salaries	56,140
Fringe Benefits	17,281
Materials and Supplies	10,458
Equipment	500,778
Contract Services	13,519
Dues & Subscriptions	10,662
Insurance	30,655
Professional Fees	35,594
Utilities	16,846
Other	18,990
Debt Service:	
Interest and Fiscal Charges	807
	<u>711,730</u>
<i>Total Cash Disbursements</i>	
	<u>(347,553)</u>
<i>Excess of Disbursements Over Receipts</i>	
<b>Other Financing Receipts</b>	
Proceeds of Debt	270,020
	<u>(77,533)</u>
<i>Net Change in Fund Cash Balance</i>	
	<u>343,436</u>
<i>Fund Cash Balance, January 1</i>	
	<u>\$ 265,903</u>
<i>Fund Cash Balance, December 31</i>	

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

**Portage Fire District**  
*Ottawa County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2021*

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**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Portage Fire District, Ottawa County, Ohio (the District) as a body corporate and politic. The District is comprised of the Village of Oak Harbor (the Village) and Salem Township (the Township). A three-member Board of Trustees governs the District. The Village and the Township each appoint one member. The third member is a citizen of the District and is approved jointly by the Village and 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 this financial statement presents all activities for which the District is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The District's financial statement consists of a statement of receipts, disbursements, and change in fund balance (regulatory cash basis) for the General Fund which are organized on a fund type basis.

***Fund Accounting***

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

***General Fund*** The General Fund accounts for and reports all financial resources of the District. The General Fund balance is available to the District for any purpose provided it is expended according to the general laws of Ohio.

***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires 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.

**Portage Fire District**  
*Ottawa County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2021*

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**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 2021 budgetary activity appears in Note 3.

**Capital Assets**

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

**Fund Balance**

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

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

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

**Committed** 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.

**Portage Fire District**  
*Ottawa County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2021*

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**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$315,000	\$634,197	\$319,197

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$568,600	\$711,730	(\$143,130)

**Note 4 - Deposits**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2021
Demand deposits	\$265,903

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

**Note 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 statement includes 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.

**Portage Fire District**  
*Ottawa County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2021*

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**Note 6 - Risk Management**

***Workers' Compensation***

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

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The District's Fiscal Officer belongs 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 member contributed 10 percent of her gross salary and the District contributed an amount equaling 14 percent of participant's gross salary. The District has paid all contributions required through December 31, 2021.

***Social Security***

All employees not otherwise covered by the Ohio Public Employee Retirement System contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2021.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

**Portage Fire District**  
*Ottawa County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2021*

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**Note 9 - Debt**

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
Croghan Colonial Bank Loan	\$270,020	2.99%

The Croghan Colonial Bank Loan relates to the purchase of a Spartan Firovac Tanker Truck to be paid in full in 2022. 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:	Croghan Colonial Bank Loan
2022	\$278,094

**Note 10 - COVID-19**

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

**Note 11 - Compliance**

Contrary to Ohio law, expenditures exceeded appropriations in the General Fund at December 31, 2021 by \$143,130.

Also contrary to Ohio law, the District failed to follow competitive bidding procedures.

**Portage Fire District**  
*Ottawa County*  
*Statement of Receipts, Disbursements, and*  
*Change In Fund Balance (Regulatory Cash Basis)*  
*General Fund*  
*For the Year Ended December 31, 2020*

	<b>General</b>
<b>Cash Receipts</b>	
Property and Other Local Taxes	\$ 275,399
Charges for Services	27,086
Intergovernmental	52,699
Earnings on Investments	452
Miscellaneous	38,447
<i>Total Cash Receipts</i>	<i>394,083</i>
<b>Cash Disbursements</b>	
Current Disbursements:	
Security of Persons and Property:	
Salaries	46,215
Fringe Benefits	35,776
Materials and Supplies	11,097
Equipment	47,528
Other	77,043
<i>Total Cash Disbursements</i>	<i>217,659</i>
<i>Net Change in Fund Cash Balance</i>	<i>176,424</i>
<i>Fund Cash Balance, January 1</i>	<i>167,012</i>
<i>Fund Cash Balance, December 31</i>	<i>\$ 343,436</i>

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

**Portage Fire District**  
*Ottawa County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

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**Note 1 - Reporting Entity**

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The District's management believes this financial statement presents all activities for which the District is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The District's financial statement consists of a statement of receipts, disbursements, and change in fund balance (regulatory cash basis) for the General Fund which is organized on a fund type basis.

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

***Budgetary Process***

The Ohio Revised Code requires 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.



**Portage Fire District**  
*Ottawa County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

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**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 3.

**Capital Assets**

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

**Fund Balance**

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

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

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

**Committed** 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.

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, 2020 follows:

**Portage Fire District**  
*Ottawa County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$341,400	\$394,083	\$52,683

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$252,075	\$217,659	\$34,416

**Note 4 - Deposits**

The Ohio Revised Code prescribes allowable deposits and investments. A summary of the District's deposit account is as follows:

Demand deposits	2020
	\$343,436

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

**Note 5 - Taxes**

**Property Taxes**

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**Portage Fire District**  
*Ottawa County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

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**Note 6 - Risk Management**

***Workers' Compensation***

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

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The District's Fiscal Officer belongs 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. The OPERS member contributed 10 percent of her gross salary and the District contributed an amount equaling 14 percent of participant's gross salary. The District has paid all contributions required through December 31, 2020.

***Social Security***

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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.

**Note 8 - Postemployment Benefits**

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

**Portage Fire District**  
*Ottawa County*  
*Notes to the Financial Statement*  
*For the Year Ended December 31, 2020*

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**Note 9 - 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.

**Note 10 - 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 11 - Miscellaneous Receipts**

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

**Note 12 - Change in Accounting Principle**

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

# OHIO AUDITOR OF STATE KEITH FABER



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(800) 282-0370

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

Portage Fire District  
Ottawa County  
242 West Water Street  
Oak Harbor, Ohio 43449-0240

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of Portage Fire District, Ottawa County, Ohio (the District) and have issued our report thereon dated November 30, 2022, wherein we noted the District followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain a deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-002 through 2021-004.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 30, 2022

**PORTAGE FIRE DISTRICT  
OTTAWA COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2021-001**

**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 statement and notes to the financial statements:

- In 2021, General Fund intergovernmental receipts in the amount of \$39,622 were incorrectly classified as property and other local taxes receipts;
- In 2021, General Fund appropriation authority was decreased in the amount of \$270,020 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, General Fund intergovernmental receipts in the amount of \$38,699 were incorrectly classified as property and other local taxes receipts; and
- In 2020, General Fund budgeted receipts were increased in the amount of \$27,000 in order to bring the amount reported in the Budgetary Activity note to the financial statements in line with the authorized budget amount.

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 immaterial misstatements ranging from \$450 to \$9,585 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 statements and notes to the financial statements by the Fiscal Officer and Board of Trustees to help identify and correct errors and omissions.

**FINDING NUMBER 2021-002**

**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.

**FINDING NUMBER 2021-002  
(Continued)**

**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 § 505.37(D)** allows the board of fire district trustees of a fire district created under section 505.371 of the Revised Code to issue securities to purchase, lease, or lease with an option to purchase the necessary fire equipment described in division (A) of Section 505.37, buildings, and sites for the fire district.

During 2021, the District received proceeds from an installment loan in the amount of \$270,020. The installment loan was used by the District to purchase a tanker truck.

This type of debt is not authorized in Ohio Rev. Code Chapter 133 or Ohio Rev. Code Section 505.37(D). The District had no statutory authority to incur debt through installment loans 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.

**FINDING NUMBER 2021-003**

**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 General Fund had expenditures in excess of appropriations of \$143,130 as of December 31, 2021.

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.



**FINDING NUMBER 2021-004**

**Noncompliance Citation**

**Ohio Rev. Code § 505.42** states, in part, that a board of fire district trustees of a joint fire district created under section 505.371 of the Revised Code may enter into contracts for the purposes set forth in sections 505.37 to 505.42 of the Revised Code, subject to sections 731.14 to 731.16 of the Revised Code except as otherwise provided in sections 505.08 and 505.101 of the Revised Code. **Ohio Rev. Code § 505.37(D)** states that the board of fire district trustees of a fire district created under section 505.371 of the Revised Code may purchase, lease, or lease with an option to purchase the necessary fire equipment described in division (A) of section 505.37. The requirements of **Ohio Rev. Code § 731.14** provide in part that when any expenditure, other than the compensation of persons employed, exceeds fifty thousand dollars, such contracts shall be in writing and made with the lowest and best bidder after advertising once a week for not less than two consecutive weeks in a newspaper of general circulation. The legislative authority may also cause notice to be inserted in trade papers or other publications designated by it or to be distributed by electronic means, including posting the notice on the legislative authority's internet web site.

The District purchased a tanker truck during 2021 that exceeded the competitive bidding threshold above. However, due to deficiencies in the District's internal controls over compliance, competitive bidding procedures were not followed, the purchase did not meet the exceptions permitted in Ohio Rev. Code §§ 505.08 or 505.101.

Failure to follow competitive bidding procedures could subject the District to litigation from potential vendors who were not afforded the opportunity to submit a bid. The District should follow the competitive bidding procedures outlined above.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.



# PORTAGE FIRE DISTRICT

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Ohio Rev. Code Chapters 133 and 505 for issuing an unallowable debt instrument.	Not corrected and reissued as Finding 2021-002 in this report.	The District has determined it to be more cost effective to obtain commercial loans. The Fiscal Officer and Board will consult with legal counsel prior to obtaining future debt.
2019-002	Ohio Rev. Code § 5705.39 for appropriations exceeding estimated resources	Fully corrected.	
2019-003	Ohio Rev. Code § 5705.10(E) and material weakness for inappropriately recording debt proceeds in the General Fund.	Finding no longer valid, as this provision of the Ohio Revised Code does not apply to installment loans.	
2019-004	Material weakness for errors in financial reporting, initially reported as Finding 2015-001.	Not corrected and reissued as Finding 2021-001 in this report.	This matter was not corrected due to deficiencies in the District's internal controls over financial reporting. The Fiscal Officer will develop procedures to help ensure accurate recording of transactions and annual reports. In addition, the District is in the process of switching to the Auditor of State's Uniform Accounting Network (UAN), which will help standardize account and reporting.

# OHIO AUDITOR OF STATE KEITH FABER



**PORTAGE 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 12/13/2022**

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](http://www.ohioauditor.gov)