



**Mary Taylor, CPA**  
Auditor of State



**NEWTON FALLS JOINT FIRE DISTRICT  
TRUMBULL COUNTY**

**TABLE OF CONTENTS**

| <b>TITLE</b>  | <b>PAGE</b> |
|---|-------------|
| Cover Letter .....  | 1           |
| Independent Accountants' Report.....  | 3           |
| Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances – General Fund<br>For the Years Ended December 31, 2007, 2006 and 2005.....              | 5           |
| Notes to the Financial Statements .....   | 7           |
| Independent Accountants' Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 13          |
| Schedule of Findings.....   | 15          |

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Mary Taylor, CPA

Auditor of State

Newton Falls Joint Fire District  
Trumbull County  
19 N. Canal Street  
Newton Falls, Ohio 44444

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 30, 2008

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Newton Falls Joint Fire District  
Trumbull County  
19 N. Canal Street  
Newton Falls, Ohio 44444

To the Board of Trustees:

We have audited the accompanying financial statements of the Newton Falls Joint Fire District, Trumbull County, Ohio (the District) as of and for the years ended December 31, 2007, 2006 and 2005. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2007, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balance of the Newton Falls Joint Fire District, Trumbull County, Ohio as of December 31, 2007, 2006 and 2005, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The script is cursive and fluid, with the first letter of each name being capitalized and prominent.

**Mary Taylor, CPA**  
Auditor of State

December 30, 2008

**NEWTON FALLS JOINT FIRE DISTRICT  
TRUMBULL COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEARS ENDED DECEMBER 31, 2007, 2006, AND 2005**

|   | <b>2007<br/>General<br/>Fund</b> | <b>2006<br/>General<br/>Fund</b> | <b>2005<br/>General<br/>Fund</b> |
|---|----------------------------------|----------------------------------|----------------------------------|
| <b>Cash Receipts:</b>                     |                                  |                                  |                                  |
| Property and Other Local Taxes            | \$101,947                        | \$101,450                        | \$100,534                        |
| Charges for Services                      | 143,139                          | 174,727                          | 148,616                          |
| Intergovernmental                         | 10,662                           | 10,512                           | 6,501                            |
| City of Newton Falls                      | 62,910                           | 61,078                           | 59,299                           |
| Newton Falls Twp                          | 49,196                           | 47,762                           | 46,372                           |
| Grants                                    | 69,430                           | 9,295                            | 2,764                            |
| Earnings on Investments                   | 4,147                            | 7,635                            | 3,433                            |
| Miscellaneous                             | 12,176                           | 40,821                           | 15,699                           |
|   | <hr/>                            | <hr/>                            | <hr/>                            |
| Total Cash Receipts                       | 453,607                          | 453,280                          | 383,218                          |
| <b>Cash Disbursements:</b>                |                                  |                                  |                                  |
| Security of Persons and Property:         |                                  |                                  |                                  |
| Personal Services                         | 195,589                          | 137,783                          | 115,633                          |
| Employee Benefits                         | 59,895                           | 55,784                           | 34,111                           |
| Contractual Services                      | 45,900                           | 83,864                           | 47,704                           |
| Supplies and Materials                    | 21,547                           | 32,425                           | 28,955                           |
| Annual Fees                               | 5,360                            | 3,495                            | 3,152                            |
| Day Shift Expenses                        | 1,826                            | 1,531                            |                                  |
| Other                                     | 611                              | 441                              | 2,661                            |
| Payroll Expenses                          | 6,656                            | 29,121                           |                                  |
| Capital Outlay                            | 75,989                           | 307,930                          | 103,892                          |
| Debt Service:                             |                                  |                                  |                                  |
| Redemption of Principal                   |                                  | 75,000                           |                                  |
| Interest and Other Fiscal Charges         |                                  | 2,929                            |                                  |
|   | <hr/>                            | <hr/>                            | <hr/>                            |
| Total Cash Disbursements                  | 413,373                          | 730,303                          | 336,108                          |
|   | <hr/>                            | <hr/>                            | <hr/>                            |
| Total Receipts Over/(Under) Disbursements | 40,234                           | (277,023)                        | 47,110                           |
| Fund Cash Balances, January 1             | 158,277                          | 435,300                          | 388,190                          |
|   | <hr/>                            | <hr/>                            | <hr/>                            |
| <b>Fund Cash Balances, December 31</b>    | <b>\$198,511</b>                 | <b>\$158,277</b>                 | <b>\$435,300</b>                 |
|   | <hr/>                            | <hr/>                            | <hr/>                            |

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

**THIS PAGE INTENTIONALLY LEFT BLANK.**

**NEWTON FALLS JOINT FIRE DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007, 2006 AND 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Newton Falls Joint Fire District, Trumbull County, Ohio (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. Each political subdivision appoints two members. Those subdivisions are Newton Township and the City of Newton Falls. In odd numbered years, the City of Newton Falls appoints a fifth Trustee and in even numbered years Newton Township appoints a fifth Trustee. The District provides fire protection and rescue services within these two subdivisions.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Investments**

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

The District values certificates of deposit at cost.

**D. Fund Accounting**

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

**General Fund**

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

**NEWTON FALLS JOINT FIRE DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007, 2006 AND 2005  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. The District did not use the encumbrance method of accounting.

A summary of 2007, 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**2. EQUITY IN POOLED CASH**

The District maintains a cash pool its fund uses. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

|                         | 2007           | 2006           | 2005           |
|-------------------------|----------------|----------------|----------------|
| Demand deposits         | \$188,511      | \$148,277      | \$425,300      |
| Certificates of deposit | 10,000         | 10,000         | 10,000         |
| Total deposits          | <u>198,511</u> | <u>158,277</u> | <u>435,300</u> |

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

**NEWTON FALLS JOINT FIRE DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 2006 and 2005 follows:

| 2007 Budgeted vs. Actual Receipts |                   |                 |           |
|-----------------------------------|-------------------|-----------------|-----------|
| Fund Type                         | Budgeted Receipts | Actual Receipts | Variance  |
| General                           | \$0               | \$453,607       | \$453,607 |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures |                         |                        |             |
|---|-------------------------|------------------------|-------------|
| Fund Type   | Appropriation Authority | Budgetary Expenditures | Variance    |
| General   | \$0                     | \$413,373              | (\$413,373) |

| 2006 Budgeted vs. Actual Receipts |                   |                 |           |
|-----------------------------------|-------------------|-----------------|-----------|
| Fund Type                         | Budgeted Receipts | Actual Receipts | Variance  |
| General                           | \$0               | \$453,280       | \$453,280 |

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures |                         |                        |             |
|---|-------------------------|------------------------|-------------|
| Fund Type   | Appropriation Authority | Budgetary Expenditures | Variance    |
| General   | \$0                     | \$730,303              | (\$730,303) |

| 2005 Budgeted vs. Actual Receipts |                   |                 |           |
|-----------------------------------|-------------------|-----------------|-----------|
| Fund Type                         | Budgeted Receipts | Actual Receipts | Variance  |
| General                           | \$0               | \$383,218       | \$383,218 |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures |                         |                        |             |
|---|-------------------------|------------------------|-------------|
| Fund Type   | Appropriation Authority | Budgetary Expenditures | Variance    |
| General   | \$0                     | \$336,108              | (\$336,108) |

The District failed to follow the tax budget laws. Therefore, estimated receipts were not certified by the County Budget Commission, annual appropriations were not adopted by the Trustees, and expenditures were made without appropriations. In addition, the District did not certify the availability of funds prior to incurring obligations or commitments.

**NEWTON FALLS JOINT FIRE DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007, 2006 AND 2005  
(Continued)**

**4. PROPERTY TAX**

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

The District's part-time fire fighters and other employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. 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. For 2007, 2006, and 2005, OPERS members contributed 9.5%, 9.0%, and 8.5% respectively, of their gross salaries, and the District contributed an amount equaling 13.85%, 13.7% and 13.55%, respectively, of participants' gross salaries. The District has paid all required contributions to OPERS at December 31, 2007.

Effective July 1, 1991, fire fighters not otherwise covered by OPERS belong to the Social Security system. For 2007, 2006, and 2005, these firefighters contributed 6.2% of their gross salaries and the District contributed an equal amount of 6.2% of participants' gross salaries. The District has paid all required contributions to Social Security at December 31, 2007.

**6. RISK MANAGEMENT**

The Newton Falls Joint Fire District has obtained commercial insurance for the following risks:

- General liability
- Vehicles; and
- Errors and omissions

**7. CONTINGENT LIABILITIES**

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

**NEWTON FALLS JOINT FIRE DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007, 2006 AND 2005  
(Continued)**

**8. LEGAL COMPLIANCE**

Contrary to Ohio Revised Code Section 117.38, the District did not file its 2007, 2006, and 2005 annual financial reports with the Auditor of State within 60 days of the fiscal year end. Any public office which does not file the reports by the required dates shall pay a penalty of twenty-five dollars per day, not to exceed seven hundred fifty dollars.

**THIS PAGE INTENTIONALLY LEFT BLANK.**



# Mary Taylor, CPA

## Auditor of State

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

Newton Falls Joint Fire District  
Trumbull County  
19 N. Canal Street  
Newton Falls, Ohio 44444

To the Board of Trustees:

We have audited the financial statements of the Newton Falls Joint Fire District, Trumbull County, (the District) as of and for the years ended December 31, 2007, 2006 and 2005, and have issued our report thereon dated December 30, 2008, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated December 30, 2008.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503

Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949

[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 to 2007-003.

We also noted certain noncompliance or other matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 30, 2008.

We intend this report solely for the information and use of management and Board of Trustees. We intend it for no other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The script is cursive and fluid, with the first letters of "Mary" and "Taylor" being capitalized and prominent.

**Mary Taylor, CPA**  
Auditor of State

December 30, 2008

**NEWTON FALLS JOINT FIRE DISTRICT  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007, 2006 AND 2005**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2007-001**

**Noncompliance Finding**

**Tax Budget**

The budgetary process is a plan for the coordination of expenditures and resources. **Ohio Rev. Code Chapter 5705** has been adopted to control expenditures by means of tax budgets and appropriations.

**Ohio Rev. Code Section 5705.36** requires that on or about January 1 of each year, the fiscal officer is to certify to the county auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that exist at the end of the preceding year. Based upon this information and estimates provided by the District's management and County Auditor, the County Budget Commission shall certify the estimated receipts for the year by means of a certificate of estimated resources.

**Ohio Rev. Code 5705.38** provides, in part, that on the first day of each fiscal year, an appropriation measure is to be passed by the board of trustees. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

**Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

For the years ended December 31, 2007, 2006, and 2005, the District did not certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that exist at the end of the preceding year. As a result, the County Budget Commission was unable to certify the District's amended certificate of estimated resources. Additionally, the District did not pass appropriation measures for 2007, 2006, or 2005. As expenditures are limited by the appropriations established by each fund, all expenditures made by the District in these years were not in compliance with the Ohio Revised Code.

Noncompliance with budgetary laws makes it impossible for the District to monitor its available resources by comparing the estimated receipts with the actual receipts. Without obtaining an amended certificate of estimated resources from the County Budget Commission and adopting appropriations, the District cannot ensure there will be sufficient available resources for any orders or contracts involving the expenditure of money.

We recommend the Fiscal Officer provide the Board of Trustees monthly reports comparing the estimated and actual receipts and expenditures. The Board should review the reports and enact legislation as necessary to comply with Ohio law governing tax budgets and appropriations. The Fiscal Officer should deny payment requests lacking sufficient available appropriations.

## FINDING NUMBER 2007-002

### **Noncompliance Finding**

#### **Certification of Availability of Funds**

**Ohio Revised Code Section 5705.41(D) (1)** states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts or orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are : "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**Then and Now Certificate:** If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than three thousand dollars (\$3,000) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

**Blanket Certificate:** Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**Super Blanket Certificate:** The taxing authority may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specific fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding at a particular time for any line item appropriation.

The District's Fiscal Officer did not obtain certification of available funds prior to incurring obligations and there was no evidence of a "then and now" certificate being used by the Fiscal Officer. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification in the form of purchase orders or “blanket” purchase orders is not only required by statute, but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over the disbursement process and reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to a commitment of an obligation by the District. When prior certification is not possible, “then and now” certification should be used.

We recommend the District certify purchases to which section 5705.41 (D) applies. The Fiscal Officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

#### **FINDING NUMBER 2007-003**

##### **Noncompliance Finding**

##### **Filing of Annual Report**

**Ohio Rev. Code Section 117.38** states that the District must file annual reports with the Auditor of State within 60 days of the fiscal year end. These reports must be filed on forms prescribed by the Auditor of State. Any public office which does not file the reports by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars.

The annual financial reports shall contain the amount of: (1) receipts, and amounts due from each source; (2) expenditures for each purpose; (3) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (4) public debt of each taxing district, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish a notice in a local newspaper stating that the financial reports are available for public inspection at the office of the chief fiscal officer.

The District failed to prepare nor file its 2007, 2006, and 2005 annual financial reports with the Auditor of State by the required date. The audit of the District was unable to proceed until financial reports were completed. We recommend the District institute procedures and controls to ensure that required annual financial reports are prepared and filed in a timely manner.

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





**Mary Taylor, CPA**  
Auditor of State

**NEWTON FALLS JOINT FIRE DISTRICT**  
**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**MARCH 5, 2009**