



OHIO AUDITOR OF STATE
KEITH FABER



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BASIC AUDIT REPORT

Tri-Community Joint Fire District
Huron County
49 Main Street
Greenwich, Ohio 44837

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of Tri-Community Joint Fire District, Huron County, Ohio (the District) for the years ended December 31, 2020 and 2019.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the District's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the District's financial statements, transactions or balances for the years ended December 31, 2020 and 2019.

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

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

Current Year Observations

1. We noted that the District has not adopted a public records policy. **Ohio Rev. Code § 149.43(E)(2)** requires all public offices to adopt a public records policy. In adopting a public records policy under this division, a public office may obtain guidance from the model public records policy developed and provided to the public office by the Attorney General under Ohio Rev. Code § 109.43. Failure to adopt a public records policy could lead to noncompliance with the Open Records Laws when handling public records requests. The District shall adopt a public records policy.
2. We noted the District does not have an adopted records retention schedule. **Ohio Rev. Code § 149.43(B)(2)** states, in part, a public office also "shall have available a copy of its current records retention schedule at a location readily available to the public." Failure to have and follow a records retention schedule could result in public records being disposed of prematurely. The District shall implement procedures to provide the appropriate schedule is approved to help avoid issues with public records.
3. We noted the District filed their Annual Financial Report for the 2019 fiscal year with the Auditor of State on March 4, 2020. **Ohio Rev. Code § 117.38** requires the financial report to be filed with the Auditor of State within sixty days following the last day of the District's fiscal year. Failing to file by the required date can result in a penalty of \$25 per day up to a maximum of \$750. The District should implement controls to help ensure the annual report is filed by the required due date.

4. We noted the District did not always properly state the purpose for entering into an executive session. **Ohio Rev. Code § 121.22(G)** provides that except as provided in divisions (G)(8) and (J) of this section, the members of a public body may hold an executive session only after a majority of a quorum of the public body determines, by a roll call vote, to hold an executive session and only at a regular or special meeting for the sole purpose of the consideration of certain, enumerated matters (see **Ohio Rev. Code § 121.22(G)(1)-(8)**). If a public body holds an executive session pursuant to division (G)(1) of this section, the motion and vote to hold that executive session shall state which one or more of the approved purposes listed in division (G)(1) of this section are the purposes for which the executive session is to be held, but need not include the name of any person to be considered at the meeting.

We identified four instances on October 5, 2020, September 7, 2020, November 4, 2019 and October 7, 2019 in which the purpose for entering into the executive session was not stated in accordance with the requirements above. Two of the instances listed "to discuss personnel" (not an enumerated or sufficiently specific reason to enter into executive session) as the reason for entering into the executive session and two did not state a reason.

The minutes should document the motion and vote to hold that executive session and a proper purpose for entering into executive session in accordance with that section.

5. Reconciling cash is a critical control in helping to ensure all transactions are posted accurately and in the proper accounting period. Unidentified differences result in inaccurate fund cash balance information, and conceivably could cause deficit spending. Also, the District's small size requires Board of Trustee involvement with critical accounting processes (such as bank reconciliation) to compensate for the inability to segregate these duties.

The Clerk is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month. All twelve of the 2019 reconciliations were posted to the accounting system after year-end in January, 2020. All twelve of the 2020 reconciliations were posted after year-end in March, 2021. Failure to reconcile monthly increases the possibility that the District will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

Additionally, the 2020 year-end reconciliation included other adjusting factors totaling \$126 that could not be substantiated.

The Clerk should prepare monthly bank-to-book cash reconciliations timely, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Trustees should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

6. The District receives various receipts throughout the year. Sound accounting practices include posting transactions to the accounting system in a timely manner. In 2020, 20 out of 25 receipts (or eighty percent) of receipts were posted after year-end, while in 2019, 20 out of 30 (or sixty-six percent) of receipts were posted after year-end.

Failure to post transactions timely increases the susceptibility that misappropriation of assets could occur and go undetected as well as increases the likelihood of incorrect financial information and statements. Receipts should be posted to the District's accounting system in a timely manner.

7. We noted Federal, Ohio, and Village of Greenwich income taxes withheld from employee wages throughout the last withholding period of 2020 were not remitted to the Internal Revenue Service, the Ohio Department of Taxation, and the Village of Greenwich by the District.

26 U.S. Code § 3402 requires that every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary. **26 U.S. Code § 3403** indicates the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter.

Ohio Rev. Code § 5747.07 provides that every employer required to deduct and withhold any amount under section 5747.06 of the Revised Code shall file a return and shall pay the amount required by law. If an employer's actual or required payments were more than two thousand dollars during the twelve month period ending on the thirtieth day of June of the preceding calendar year, the employer shall make the payment of undeposited taxes for each month during which they were required to be withheld no later than fifteen days following the last day of that month.

Village of Greenwich Codified Ordinances Chapter 881 requires the collection and subsequent remittance of a village income tax.

The District should promptly remit tax withholdings, and accompanying reports, by the required due dates to the appropriate authority.

This matter will be referred to the Internal Revenue Service and the Ohio Department of Taxation for their consideration.



Keith Faber
Auditor of State
Columbus, Ohio

December 9, 2021

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OHIO AUDITOR OF STATE KEITH FABER



TRI-COMMUNITY JOINT FIRE DISTRICT

HURON 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 12/23/2021

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This report is a matter of public record and is available online at
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