



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Central Joint Fire District
Wood County
13179 Mermill Road
Portage, Ohio 43451-9749

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Central Joint Fire District, Wood County, Ohio (the District), on the receipts, disbursements and balances recorded in the Districts cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the District. The District is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2016 and 2015 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District. The sufficiency of the procedures is solely the responsibility of the parties specified in this report.

Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We recalculated the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Cash Journal Report to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Cash Journal Report to the December 31, 2015 balances in the Cash Journal Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Cash Journal Reports. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balance with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

Property Taxes and Intergovernmental Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2016 and one from 2015.
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Ledger Report. The amounts agreed.
 - b. We inspected the Receipt Ledger Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Receipt Ledger Report to confirm the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Ledger Report to determine whether it included two real estate tax receipts for 2016 and 2015. The Receipts Ledger Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2016 and five from 2015.
 - a. We compared the amount from the above report to the amount recorded in the Receipt Ledger Report. The amounts agreed.
 - b. We inspected the Receipt Ledger Report to determine whether these receipts were allocated to the proper funds. We found no exceptions.
 - c. We inspected the Receipt Ledger Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2014.
2. We inquired of management, and inspected the Receipt Ledger Report and Payment Ledger Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt observed agreed to the summary we used in step 3.
3. We obtained a summary of note debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedule to debt service fund payments reported in the Payment Ledger Report. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General fund per the Receipt Ledger Report. The amounts agreed.
5. For new debt issued during 2016 and 2015, we inspected the debt legislation, which indicated the District must use the proceeds to purchase a fire truck. We scanned the Payment Ledger Report and observed the District purchased a fire truck in May of 2015.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Weekly Payroll Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Weekly Payroll Report to supporting documentation (timecard, legislatively approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.

- c. We inspected the Payment Ledger to determine the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the minute record. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we compared the following information contained in the minute record was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State and Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)
 - g. Fund to which the check should be charged.

We found no exceptions related to the steps above.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2016. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes and Medicare (and social security, for employees not enrolled in pension system)	January 31, 2017	Not Paid	Not Paid	Not Paid
State income taxes	January 15, 2017	January 21, 2017	\$19.05	\$19.05
Local income tax	January 31, 2017	January 21, 2017	14.42	14.42
OPERS retirement	January 30, 2017	January 21, 2017	208.80	208.80

26 United States Code § 3102(a) requires employers to withhold Medicare taxes from employees hired on or after April 1, 1986. In addition, Internal Revenue Code § 3402 requires, except as otherwise provided, 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. The District did not withhold Medicare or Income taxes from the officials' salaries.

We recommend the District begin withholding and remitting the required taxes and contact the Internal Revenue Service to correct any past deficiencies. This matter is being referred to the Internal Revenue Service for any action they deem necessary.

Non-Payroll Cash Disbursements

1. From the Payment Ledger, we re-footed checks recorded as General Fund disbursements for *security of persons and property*, for 2016. We found no exceptions.
2. We haphazardly selected ten disbursements from the Payment Ledger for the year ended December 31, 2016 and ten from the year ended December 31, 2015 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.

- b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
- d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Certificate of the Total Amount From All Sources Available For Expenditures and Balances*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Receipt Ledger Report for the General and Debt Service funds for the years ended December 31, 2016 and 2015. The amounts agreed.
2. We inspected the appropriation measures adopted for 2016 and 2015 to determine whether, for the General and Debt Service funds, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Payment Ledger Report for 2016 and 2015 for the following funds: General and Debt Service. The amounts on the appropriation resolutions agreed to the amounts recorded in the Payment Ledger report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General and Debt Service funds for the years ended December 31, 2016 and 2015. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2016 and 2015 for the General and Debt Service funds, as recorded in the Payment Ledger Report. Debt Service fund expenditures for 2015 exceeded total appropriations by \$443,380, contrary to Ohio Rev. Code Section 5705.41(B). The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Ledger Report for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. We also inquired of management regarding whether the District received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the District to establish a new fund.
7. We inspected the 2016 and 2015 Revenue Ledger Reports and Payment Ledger Reports for evidence of interfund transfers exceeding \$10,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.

8. We inquired of management and inspected the Payment Ledger Reports to determine whether the District elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The District did not establish these reserves.
9. We inspected the Cash Journal Report for the years ended December 31, 2016 and 2015 for negative cash fund balances. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

Other Compliance

Ohio Rev. Code Section 117.38 requires districts to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refiling complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the District's deadline where the initial filing was filed on time but incomplete. We confirmed the District filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2016 and 2015 in the Hinkle system. Financial information was filed on March 3, 2017 and March 3, 2016 which was not within the allotted timeframe.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in it's the evaluation of the District's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

December 14, 2017

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CENTRAL JOINT FIRE DISTRICT

WOOD 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
DECEMBER 28, 2017**