

***GARRETTSVILLE- FREEDOM- NELSON JOINT
FIRE DISTRICT***

PORTAGE COUNTY, OHIO

AGREED UPON PROCEDURES

For the Years Ended December 31, 2017 and 2016





Dave Yost • Auditor of State

Board of Trustees
Garrettsville-Freedom-Nelson Joint Fire District
8035 Elm Street
Garrettsville Ohio 44231

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Garrettsville-Freedom-Nelson Joint Fire District, Portage County, prepared by Charles E. Harris & Associates, Inc., for the period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Garrettsville-Freedom-Nelson Joint Fire District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 17, 2018

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**GARRETTSVILLE-FREEDOM-NELSON JOINT FIRE DISTRICT
PORTAGE COUNTY
Agreed Upon Procedures
For the Years Ended December 31, 2017 and 2016**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Garrettsville-Freedom-Nelson Joint Fire District
Portage County
8035 Elm Street
Garrettsville Ohio 44231

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Garrettsville-Freedom-Nelson Joint Fire District (the District) and the Auditor of State on the receipts, disbursements and balances recorded in the District's cash basis accounting records for the years ended December 31, 2017 and 2016 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, 2017 and 2016 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, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Fund Balance Report to the December 31, 2015 balances in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Fund Balance Report to the December 31, 2016 balances in the Fund Balance Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016 fund cash balances reported in the Fund Balance Report. The amounts agreed.
4. We observed the year-end bank balance on the financial institution's website. The balance agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 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, Intergovernmental and Other Confirmable Cash Receipts

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2017 and one from 2016.
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Transactions and Treasury Balance Report. The amounts agreed.
 - b. We inspected the Treasurer Balance Report to confirm the receipt was allocated to the proper fund as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Treasurer Balance Report to confirm the receipt was recorded in the proper year. The receipt was recorded in the proper year.

2. We inspected the Transaction Detail by Account Report to determine whether it included two real estate tax receipts for 2017 and 2016. The Transaction Detail by Account Report included the proper number of tax receipts for each year.

3. We haphazardly selected three (all) receipts from the State Distribution Transaction Lists (DTL) from 2017 and three (all) from 2016. We also haphazardly selected five receipts from the County Auditor's DTLs from 2017 and five from 2016.
 - a. We compared the amount from the above reports to the amount recorded in the Transaction Detail by Account Report. The amounts agreed.
 - b. We inspected the Transaction Detail by Account Report to determine whether these receipts were allocated to the proper fund. We found no exceptions.
 - a. We inspected the Transaction Detail by Account Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

4. We confirmed the amounts paid from the 50/25/25 raffle to the District during 2016 with the local business entity that provided the funds. We found no exceptions.
 - a. We inspected the Transaction Detail by Account Report to determine whether these receipts were allocated to the proper fund. We noted that this receipt and disbursement activity was recorded in the General fund. The activity that was passed through to other entities or individuals should have been recorded in an Agency fund. The District should refer to Ohio Attorney General Opinion 2018-012 if they plan on acting in a fiscal agent capacity for this type of raffle/scheme of chance game in the future.
 - b. We inspected the Transaction Detail by Account Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. From the prior agreed-upon procedures documentation, we observed the following note was outstanding as of December 31, 2015. This amount agreed to the District's January 1, 2016 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2015:
Commercial Note	\$394,256

2. We inquired of management and inspected the General Ledger for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. All debt agreed to the summary we used in procedure 3.

3. We obtained a summary of commercial note debt activity for 2017 and 2016 and agreed principal and interest payments from the related debt amortization schedule to General Fund payments reported in the Transaction Detail by Account Report. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Employee Payroll Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Payroll Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We inspected the Employee Payroll Report to determine the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files and minute records. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 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 2017. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 15, 2018	December 29, 2017	\$2,081.82	\$2,081.82
State income taxes	January 15, 2018	December 29, 2017	\$304.16	\$304.16
Local income tax	January 31, 2018	December 31, 2017	\$735.58	\$735.58
OPERS retirement	January 31, 2018	January 9, 2018	\$540.96	\$540.96
OP&F retirement	January 31, 2018	January 9, 2018	\$1,771.20	\$1,771.20

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Transaction Detail by Account Report for the year ended December 31, 2017 and ten from the year ended December 31, 2016 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 Transaction Detail by Account Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. 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 Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Profit and Loss – Budget vs. Actual Report for the years ended December 31, 2017 and 2016. The amounts agreed.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether 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 Profit and Loss – Budget vs. Actual Report for 2017 and 2016. The amounts on the appropriation resolutions agreed to the amounts recorded in the Profit and Loss – Budget vs. Actual 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 years ended December 31, 2017 and 2016. 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, 2017 and 2016 as recorded in the Profit and Loss- Budget vs. Actual Report. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the General Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. We also inquired of management regarding whether the District received new restricted receipts. The District received pass-through monies from a 50/25/25 raffle earmarked for other entities and individuals but recorded this activity in the General Fund. The District should have established an Agency fund to account for this activity and obtained approval from the Auditor of State in accordance with Ohio Rev. Code Section 5705.12.
7. For fund existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required fund was established. All the required fund was established and no fund for which the statutorily approved purpose was no longer valid was included on the accounting records.
8. We inquired of management and inspected the General Ledger 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 Transaction Detail by Account Report for the years ended December 31, 2017 and 2016 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 fire 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. The 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 the Auditor of State established policy within the allotted timeframe for the years ended December 31, 2017 and 2016 in the Hinkle system. There were no exceptions.

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, 2017 and 2016, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



CHARLES E. HARRIS & ASSOCIATES

September 20, 2018

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Dave Yost • Auditor of State

GARRETTSVILLE- FREEDOM- NELSON JOINT FIRE DISTRICT

PORTAGE 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
NOVEMBER 8, 2018**