



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees (the Board) and the management of Tri-Community Joint Fire District, Huron County, Ohio (the District), on the receipts, disbursements and balances recorded in the District's 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 and Investments

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 balance recorded in the Fund Ledger Report to the December 31, 2014 balance in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balance recorded in the Fund Ledger Report to the December 31, 2015 balance in the Fund Ledger Report. We found no exceptions.
3. We agreed the amount per the bank reconciliations to the December 31, 2016 and December 31, 2015 fund cash balance reported in the Fund Status Reports. The amounts agreed for 2015. At December 31, 2016 the District is carrying an other adjusting factor in the amount of \$28 to the reported fund balance. No support could be provided for this adjusting factor. The Clerk should determine the cause(s) of the other adjusting factor and take the appropriate steps to ensure the item is resolved and removed from the monthly reconciliation, including posting any necessary adjustments to the accounting system.
4. We confirmed the December 31, 2016 bank account balances 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 Outstanding Payments Report, to determine the debits were dated prior to December 31. There were no exceptions.
6. We inspected investments held at December 31, 2016 and December 31, 2015 to determine that they:
- a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. There were no exceptions.

Property Taxes

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 Detail Report. We found one exception. In 2016 the first half property tax settlement was posted net of fees, resulting in receipts and disbursements being understated by \$1,625. The Clerk should post all property tax settlements at gross including fees. Those fees should then, correspondingly, be posted as offsetting expenditures.
 - b. We inspected the Receipt Detail Report to confirm the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Detail Report to determine whether it included two real estate tax receipts for 2016 and 2015. The Receipt Detail Report included the proper number of tax receipts for each year.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2014.
2. We inquired of management, and inspected the Receipt Detail Report and Payment Register Detail 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 lease-purchase debt activity for 2016 and found no debt payments were due during 2016. The first payment is due February 1, 2017.
4. Because the District prepares its financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), there is no entry to the accounting system necessary to record the lease-purchase transaction in the year of inception.
5. For new debt issued during 2016, we inspected the debt legislation, which indicated the District must use the proceeds to obtain a pumper / vacuum truck. We scanned the lease-purchase documents and observed the District obtained a pumper / vacuum truck in February of 2016.

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 Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively-approved rate or salary). We found no exceptions.
 - b. We inspected the Payment Register Detail Report to determine the account code to which the check was posted were reasonable based on the employee's duties as documented in the employee's personnel file. 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, 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		\$666	
State income taxes	January 17, 2017	January 16, 2018	31	\$31
Village of Greenwich income tax	January 31, 2017		53	
OPERS retirement	January 30, 2017	February 5, 2017	396	396
Ohio School District income tax	January 31, 2017	January 16, 2018	65	65

We were unable to obtain support to substantiate the amount remitted to the Internal Revenue Service (IRS) for the 4th quarter of 2016. The Auditor of State will notify the IRS of this matter.

As stated above, as of the date of this report, the District has not paid the Village of Greenwich the amount due by January 31, 2017. The Clerk should remit the required withholdings, plus applicable interest, to the Village of Greenwich.

As stated above, the Clerk failed to remit withholdings in a timely manner to the Ohio Department of Taxation (State income taxes, Ohio School District income tax) and OPERS as required by various statutes. The Auditor of State will notify the Ohio Department of Taxation and OPERS of this matter.

Because we did not inspect all withholdings, our report provides no assurance whether or not additional similar errors occurred. We recommend the District remit all withholdings by the required dates.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register Detail Report 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 Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
- c. The Clerk certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found three instances where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

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 Revenue Status Report 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 the Board 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 amount recorded in the Appropriation Status Report for 2016 and 2015. The amount on the appropriation measures agreed to the amount recorded in the Appropriation Status 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, 2016 and 2015. There were no instances in 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 as recorded in the Appropriation Status Report. There were no instances in which expenditures exceeded appropriations.
6. For the 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 funds were established. The required fund was established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.

7. We inquired of management and inspected the Appropriation Status 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.
8. We inspected the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for evidence of a negative cash fund balance. The District's fund did not have a negative cash fund balance.

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-upon procedure engagements, subsequent to the District's deadline where the initial filing was filed on time but incomplete. We confirmed the District filed its 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. There was no exception for the year ended December 31, 2015. For the year ended December 31, 2016 financial information was filed on October 11, 2017 which was not within the allotted timeframe. The Clerk should ensure financial information is filed in a timely manner.

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 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

January 19, 2018

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TRI-COMMUNITY JOINT FIRE DISTRICT

HURON 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
FEBRUARY 20, 2018**