



OHIO AUDITOR OF STATE  
**KEITH FABER**





# OHIO AUDITOR OF STATE KEITH FABER



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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, 2018 and 2017 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, 2018 and 2017 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, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balance recorded in the Fund Ledger Report to documentation in the prior year agreed-upon procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balance recorded in the Fund Ledger Report to the December 31, 2017 balance in the Fund Ledger Report. We found no exceptions.
3. We agreed the amount per the bank reconciliations to the December 31, 2018 and December 31, 2017 fund cash balance reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2018 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, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
  - a. We traced five debits to the subsequent January, March, and April bank statements. We found no exceptions.
  - b. We traced the amounts and dates to Payment Register Report, to determine the debits were dated prior to December 31. There were no exceptions.

6. We selected the reconciling credit (such as a deposit in transit) from the December 31, 2018 bank reconciliation:
  - a. We attempted to trace the credit to the subsequent bank statement. The receipt listed as a reconciling credit cleared the District's bank statement on April 2, 2018.
  - b. We also attempted to agree the credit amount to the Revenue Ledger Report. The credit was not recorded as a December receipt for the same amount recorded in the reconciliation, as the receipt listed a reconciling credit was recorded as a receipt in the District's Revenue Ledger Report on April 2, 2018. Because the reconciling credit was recorded in the District's accounting system and cleared the District's bank account prior to December 31, 2018, the reconciling credit included in the reconciliation does not represent a valid reconciling item, resulting in an inaccurate bank reconciliation. The Clerk should determine the cause(s) of the incorrect reconciling credit 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.
7. We inspected investments held at December 31, 2018 and December 31, 2017 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 and Intergovernmental Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes (the Statement)* for 2018 and one from 2017:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Ledger Report. The amounts agreed.
  - b. We inspected the Revenue Ledger Report to confirm whether the receipt was recorded proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Ledger Report to determine whether it included two real estate tax receipts for 2018 and 2017. The Revenue Ledger Report included the proper number of tax receipts for each year.
3. We selected a sample (agreed upon) of five receipts from the State Distribution Transaction Lists (DTL) from 2018 and all from 2017. We also selected the only receipt from the Huron County Local Government Confirmation from 2018 and the only receipt from 2017.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed except for the first half 2016 and first half 2015 rollbacks receipts re-issued and received in 2018 and the first half 2017 rollbacks. These receipts were posted at net, resulting in receipts and disbursements being understated by \$89 and \$51 in 2018 and 2017, respectively. The District should implement controls to help ensure rollback receipts are posted at gross as indicated on the respective *Statement*. The administrative fees should then be posted as offsetting disbursements.

- b. We inspected the Receipt Register 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 lease was outstanding as of December 31, 2016. This amount agreed to the District's January 1, 2017 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2016:
Pumper / Vacuum Truck Lease	\$160,919

2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt agreed to the summary we used in procedure 3.
3. We obtained a summary of lease debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedule to payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions other than both of the 2017 lease payments were made after the due date. Failure to make timely payments could result in unnecessary fees and penalties. The District should implement controls to help ensure lease payments are made timely.

#### Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Wage Withholdings Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Withholdings Detail Report to supporting documentation (timecard, legislatively-approved rate or salary). We found no exceptions.
  - b. We inspected the Wage Withholdings 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 General Information – Employee Name Report and/or minute record. 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, 2018 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 2018. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes and Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019		\$702	
State income taxes	January 15, 2019		59	
Village of Greenwich income taxes	January 31, 2019	April 24, 2019	102	\$102
OPERS retirement	January 30, 2019	January 24, 2019	718	718
Ohio School District income taxes	January 31, 2019		125	

We were unable to obtain support to substantiate the amount remitted to the Internal Revenue Service (IRS) for the 4th quarter of 2018. The Auditor of State will notify the IRS of this matter.

We were unable to obtain support to substantiate the amounts remitted to the Ohio Department of Taxation (State income taxes, Ohio School District income taxes) for the 4th quarter of 2018. The Auditor of State will notify the Ohio Department of Taxation of this matter.

As stated above, the Clerk failed to remit withholdings in a timely manner to the Village of Greenwich the amount due by January 31, 2019.

The District should implement controls to help ensure all withholdings are remitted by the required dates. Because we did not inspect all withholdings, our report provides no assurance whether or not additional similar errors occurred.

### **Non-Payroll Cash Disbursements**

We selected a sample (agreed upon) of ten disbursements from the Payment Register Detail Report for the year ended December 31, 2018 and ten from the year ended December 31, 2017 and determined whether:

- a. The disbursements were for a proper public purpose. We noted one transaction for a hall rental refund receipt in the amount of \$50 during 2018 did not contain evidence supporting a hall rental deposit was received by the District. The District should implement controls to help ensure adequate supporting documentation (such as rental agreements, deposit support) is obtained and retained for all disbursements. Because we did not inspect all disbursements, our report provides no assurance whether or not additional similar errors occurred.
- 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. Four disbursements selected did not contain adequate supporting documentation (such as an invoice) to allow us to determine whether the information on the returned, canceled check and in the Payment Register Detail Report agreed to the names and amounts on the supporting invoices. We determined the checks were paid to the proper vendor through review of the cancelled check endorsement, and that the expenditures were for a proper public purpose. The District should implement controls to help ensure adequate supporting documentation (such as original,

detailed invoices) is obtained and retained for all disbursements. We also found one instance in 2018 where the where the check number on the returned, canceled check did not agree with the check number recorded in the Payment Register Detail Report and one instance in 2017 where the date on the returned, canceled check did not agree with the date recorded in the Payment Register Detail Report. The failure to ensure information is properly entered to the accounting system could result in reconciling errors and improper payments to go undetected. The District should implement controls to help ensure payment information is properly entered to the accounting system. Finally, we found one instance in 2017 where the image of the returned, canceled check could not be provided by the bank, as the District's bank indicated it did not have an image for this check. The lack of returned, canceled check images prohibits determination of whether or not the check was properly recorded in the accounting system and redeemed by the intended payee. The District should implement controls to help ensure that all returned, canceled checks are available for inspection. Because we did not inspect all disbursements, our report provides no assurance whether or not additional similar errors occurred.

- 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 no exceptions.

### **Compliance – Budgetary**

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources* (the *Certificate*), 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, 2018 and 2017. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for 2017. The Revenue Status Report recorded budgeted (i.e. certified) resources of \$100,000 for 2017. However, the final *Certificate* reflected \$137,961. The Clerk should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Certificate* to assure they agree. If the amounts do not agree, the Board may be using inaccurate information for budgeting and monitoring purposes.
2. We inspected the appropriation measures adopted for 2018 and 2017 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 Appropriation Status Report for 2018 and 2017. The amounts on the appropriation measures agreed to the amounts recorded in the Appropriation Status Report except for 2018. The Appropriation Status Report recorded appropriations of \$180,500 for 2018. However, the appropriation measure reflected \$160,500. The Clerk should periodically compare amounts recorded in the Appropriation Status Report to amounts approved by the Board in the appropriation measures to assure they agree. If the amounts do not agree, the Board may be using inaccurate information for budgeting and monitoring purposes.
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, 2018 and 2017. 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 for the years ended December 31, 2018 and 2017, as recorded in the Appropriation Status Report, to total Board approved appropriations. Expenditures for 2018 exceeded total appropriations by \$527, 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 Board 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 Register Report for evidence of new restricted receipts requiring a new fund during the years ended December 31, 2018 and 2017. 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. 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 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.
8. 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.
9. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for evidence of a negative cash fund balance. 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. The District's fund did not have a negative cash fund balance.

#### **Other Compliance**

1. 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, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the HINKLE System. 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 year ended December 31, 2017 in the HINKLE system. For the year ended December 31, 2018 financial information was filed on August 28, 2019 which was not within the allotted timeframe.
2. For all credit card accounts we obtained a list of all credit card account transactions. We selected three credit card transactions for testing. For selected transactions we inspected documentation to determine that each transaction was supported with original invoices and for a proper public purpose. None of the transactions selected contained were supported with detailed invoices. For these exceptions, only the vendor name and amount on the credit card summary statement. We were able to determine that \$124 of the \$398 in unsupported purchases served a proper public purpose. Of the remaining \$274, \$67 represents late fees and interest, which do not serve a proper public purpose. The District should implement controls to help ensure adequate supporting documentation (such as original, detailed invoices) is obtained and retained for all credit card



disbursements and that credit card disbursements are paid timely. Because we did not inspect all credit card disbursements, our report provides no assurance whether or not additional similar errors occurred.

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 its the evaluation of the District's receipts, disbursements and balances recorded in its cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

January 15, 2020

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# OHIO AUDITOR OF STATE KEITH FABER



**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 4, 2020**