



OHIO AUDITOR OF STATE
KEITH FABER



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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Arrowhead Joint Fire District
Tuscarawas County
P.O. Box 693
Gnadenhutten, Ohio 44629

We have performed the procedures enumerated below on the Arrowhead Joint Fire District's, Tuscarawas County (the District), receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2020 and 2019 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, 2020 and 2019 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District.

The Board of Trustees and the management of the District have agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of providing 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, 2020 and 2019, and certain compliance requirements related to these transactions and balances. No other party acknowledged the appropriateness of the procedures. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. The sufficiency of the procedures is solely the responsibility of the parties specified in the 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.

For the purposes of performing these procedures, this report only describes exceptions exceeding \$10.

The procedures and the associated findings are as follows:

Cash

1. We recalculated the December 31, 2020 and December 31, 2019 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2019 beginning fund balances for each fund recorded in the Cash Summary by Fund Report to the December 31, 2018 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2020 beginning fund balances for each fund recorded in the Cash Summary by Fund Report to the December 31, 2019 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the Fund Status Report and the financial statements filed by the District in the Hinkle System. The amounts agreed.

Cash (Continued)

4. We confirmed the December 31, 2020 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, 2020 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) from the December 31, 2020 bank reconciliation:
 - a. We traced each debit to the subsequent January and March bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the check register and determined the debits were dated prior to December 31. There were no exceptions.
6. We traced interbank account transfers occurring in December of 2020 and 2019 to the accounting records and bank statements to determine if they were properly recorded. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a total of five receipt from the *Statement of Semiannual Apportionment of Taxes*, State Distribution Transaction Lists (DTL) and the County Auditor AP Disbursements with Description Report from 2020 and a total of five from 2019:
 - a. We compared the amount from the above named reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
 - b. We inspected the Receipt Detail Report to determine these receipts were allocated to the proper fund as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found 3 receipts from 2020 and 2 receipts from 2019 that were allocated to the Fire District fund instead of the General Fund.
Furthermore, we inspected the Revenue Ledger and identified additional real estate tax receipts and the corresponding homestead and rollback receipts in 2020 and 2019 improperly allocated to the Special Revenue Fire District Fund rather than the General Fund. These errors resulted in an understatement in the General Fund and an overstatement in the Special Revenue Fire District Fund of \$167,686 and \$170,685 in 2020 and 2019, respectively. We brought this to management's attention. They corrected the General and Special Revenue Fire District fund balances for this adjustment. However, because we did not inspect all property tax and intergovernmental receipts, our report provides no assurance regarding whether or not other similar errors occurred.
 - c. We inspected the Receipt Detail Report to determine whether the receipt was recorded proper year. The receipt was recorded in the proper year. No found no exceptions.
2. We inspected the Revenue Ledger Report to determine whether it included two real estate tax receipts for 2020 and 2019. The Revenue Ledger Report included the proper number of tax receipts for each year.
3. We confirmed the \$22,459 paid from the Reeves Foundation to the District during 2019 with the Foundation. We found no exceptions.
 - a. We inspected the Receipt Detail Report to determine whether this receipt was allocated to the proper fund. We found no exceptions.
 - b. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (Continued)

4. We confirmed the \$58,291 paid from Clay Township to the District during 2020 with the Township. We found no exceptions.
 - a. We inspected the Receipt Detail Report to determine whether this receipt was allocated to the proper fund. We found the District did not record the \$58,291 of COVID-19 subgrant receipt from the Township in a separate Coronavirus Relief Fund. We brought this to management's attention. They created a separate Coronavirus Relief Fund and corrected fund balances for this adjustment, including related grant disbursements.
 - b. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

5. We confirmed the \$55,021 paid from the Village of Gnadenhutten to the District during 2020 with the Village. We found no exceptions.
 - a. We inspected the Receipt Detail Report to determine whether this receipt was allocated to the proper fund. We found the District did not record the \$55,021 of COVID-19 subgrant receipt from the Village in a separate Coronavirus Relief Fund. We brought this to management's attention. They created a separate Coronavirus Relief Fund and corrected fund balances for this adjustment, including related grant disbursements.
 - b. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

6. We confirmed the \$172,391 paid from FEMA to the District during 2020 with FEMA. We found no exceptions.
 - a. We inspected the Receipt Detail Report to determine whether these receipts were allocated to the proper funds. We found the District did not record FEMA grant receipts within a separate Special Revenue FEMA Fund. However, the corresponding disbursement occurred in the same fiscal year and within the same fund, therefore no adjustment to the District's fund balance is necessary.
 - b. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Charges for Services

We confirmed the amounts paid from Smith Ambulance and Ohio Billing, the service organizations that perform the emergency medical billings, to the District during 2019 and 2020 with the organizations. We found no exceptions.

1. We inspected the Revenue Ledger Report to determine whether these receipts were allocated to the proper fund. We found no exceptions.
2. We inspected the Revenue Ledger Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2018.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. There were no new debt issuances, nor any debt payment activity during 2020 or 2019.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 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).
 - i. We inspected the employees' personnel files for the Retirement system, Federal, State & Local income tax withholding authorization.
 - ii. We agreed these items to the information used to compute gross and net pay related to this check.

We found that the personnel file of each employee selected for 2020 and 2019 did not contain State tax withholding authorization forms. Because we did not inspect all employee personnel files, our report provides no assurance whether or not other similar errors occurred.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was allowable based on the employees' duties as documented in the employees' personnel files. We found no exceptions.
 - c. We 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, 2020 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 2020. 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 31, 2021	December 31, 2020	\$4,397	\$4,397
State income taxes	January 15, 2021	December 31, 2020	\$60	\$60
Local income tax	January 15, 2021	December 31, 2020	\$119	\$119
OPERS retirement	January 30, 2021	December 31, 2020	\$90	\$90

Non-Payroll Cash Disbursements

- We selected 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2020 and 10 from the year ended 2019 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 payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.

Non-Payroll Cash Disbursements (Continued)

- d. The Fiscal Officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code § 5705.41(D). We found two instances where disbursements requiring certification were not certified and 17 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 § 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. For one of these transactions, we found the disbursement requiring certification was certified through a *Then and Now Certificate* exceeding \$3,000, however the Board did not approve this certificate as required by Ohio Rev. Code § 5705.41(D). Because we did not inspect all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance – Budgetary

1. Ohio Rev. Code § 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total approved appropriations (Ohio Rev. Code §§ 5705.38 and 5705.40) plus any carryover appropriations for the years ended December 31, 2020 for the General, Fire District, and Capital Projects Funds and 2019 for the Fire District, Fire and Rescue, Ambulance and EMS, and Capital Projects Funds. We found in 2020 the Special Revenue Fire District Fund expenditures exceeded appropriations by \$109,970. We found no other exceptions. However, because we did not compare all budgetary amounts for all funds, our report provides no assurance regarding whether or not other similar errors occurred.
2. We inspected the 4 transfers from 2020 and 2019 Revenue Status Reports and Appropriation Status Reports for compliance with Ohio Rev. Code §§ 5705.14 - .16. The District did not obtain Board approval for the 4 transfers to occur, as required by Ohio Rev. Code § 5705.14. Additionally, we found the District incorrectly transferred \$88 of excess BWC premium refunds from the Special Revenue Fire District Fund to the General Fund as this amount related to premiums originally paid from the Special Revenue Fire District Fund. Furthermore, we found the District incorrectly transferred \$113,312 from the Special Revenue Fire District Fund to the General Fund. This \$113,312 transfer was comprised of the COVID-19 subgrant revenue addressed in procedures 4 and 5 in the Property Taxes, Intergovernmental and Other Confirmable Cash Receipts, wherein adjustments were documented.
3. We inspected the Cash Summary by Fund Report for the years ended December 31, 2020 and 2019 for negative cash fund balances. Ohio Rev. Code § 5705.10(l) 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.

Sunshine Law Compliance

1. We obtained and inspected the District's Public Records Policy to determine the policy was in accordance with Ohio Rev. Code §§ 149.43(E)(2) and 149.43(B)(7)(c) and did not limit the number of responses that may be made to a particular person, limit the number of responses during a specified period of time, or establish a fixed period of time before it will respond unless that period is less than eight hours. We found no exceptions.
2. We inquired with District management and determined that the District did not have any completed public records requests during the engagement period.

Sunshine Law Compliance (Continued)

3. We inquired with District management and determined that the District did not have a records retention schedule during the engagement period and therefore could not make it readily available to the public as required by Ohio Rev. Code § 149.43(B)(2).
4. We inquired with District management and determined that the District did not maintain written evidence that the public records policy was provided to the records custodian/manager as required by Ohio Rev. Code § 149.43(E)(2).
5. We inspected the District's policy manual and determined the public records policy was included as required by Ohio Rev. Code § 149.43(E)(2). We found no exceptions.
6. We observed that the District did not have a poster describing their Public Records Policy displayed conspicuously in all branches of the District as required by Ohio Rev. Code § 149.43(E)(2).
7. We inquired with District management and determined that the District did not have any applications for record disposal submitted to the Records Commission during the engagement period.
8. We inquired with District management and determined that the District did not have any elected officials subject to the Public Records Training requirements during the engagement period as required by Ohio Rev. Code §§ 149.43(E)(1) and 109.43(B).
9. We inquired with District management and determined the District did not adopt a reasonable method whereby any person may determine when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F).
10. We inspected the minutes of public meetings during the engagement period in accordance with Ohio Rev. Code § 121.22(C) and determined whether they were:
 - a. Prepared – a file is created following the date of the meeting
 - b. Filed – placed with similar documents in an organized manner
 - c. Maintained - retained, at a minimum, for the engagement period
 - d. Open to public inspection – available for public viewing or request.We found no exceptions.
11. We inspected the minutes from the engagement period in accordance with Ohio Rev. Code § 121.22(G) and determined the following:
 - a. Executive sessions were only held at regular or special meetings.
 - b. The purpose for the meetings and going into an executive session (when applicable) correlated with one of the matters listed in Ohio Rev. Code § 121.22(G).
 - c. Formal governing board actions were adopted in open meetings.We found no exceptions.

Other Compliance

1. Ohio Rev. Code § 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 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, 2020 and 2019 in the Hinkle system. There were no exceptions.

Other Compliance (Continued)

2. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list of authorized users, and
 - a list of all credit card account transactions.
- a. We inspected the established policy obtained above and determined it is:
 - i. in compliance with the HB 312 statutory requirements, and
 - ii. implemented by the entity.

We found that the District's credit card policy does not comply with HB 312 as the following elements were not addressed:

- The officers or positions authorized to use a credit card account;
- The procedure for acquisition, use, and management of a credit card account and presentation instruments related to the account including cards and checks;
- The procedure for submitting itemized receipts to the fiscal officer or the fiscal officer's designee;
- The procedure for credit card issuance, credit card reissuance, credit card cancellation, and the process for reporting lost or stolen credit cards;
- The political subdivision's credit card account's maximum credit limit or limits;
- The actions or omissions by an officer or employee that qualify as misuse of a credit card account.

We also found the District has not adopted the Compliance Officer model or the Custody and Control model. We found no evidence the legislative authority, at least quarterly, reviewed the number of cards and accounts issued, the number of active cards and accounts issued, the cards' and accounts' expiration dates, and the cards' and accounts' credit limits. Additionally, we found no evidence the Fiscal Officer or the Fiscal Officer's designee filed a report with the legislative authority detailing all rewards received based on the use of the District's credit card accounts.

- iii. We selected 1 credit card transaction from each credit card account for testing. For selected transactions, we inspected documentation to determine that each transaction was supported with original invoices and for a proper public purpose. We found no exceptions.
- b. We selected 3 credit card statements from each credit card account for testing. For selected statements we inspected documentation to determine that:
 - i. No unpaid beginning balance was carried forward to the current billing cycle,
 - ii. Ending statement balance was paid in full, and
 - iii. Statement contained no interest or late fees.

We found no exceptions.

We were engaged by the District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with the attestation standards established by the AICPA and the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review engagement, 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.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the ethical requirements established by the Comptroller General of the United States' *Government Auditing Standards* related to our agreed upon procedures engagement.

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

February 15, 2022

OHIO AUDITOR OF STATE KEITH FABER



ARROWHEAD JOINT FIRE DISTRICT

TUSCARAWAS 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 3/1/2022

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