

**FREDERICKTOWN RECREATION DISTRICT  
KNOX COUNTY**

**AGREED UPON PROCEDURES**

**FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
Fredericktown Recreation District  
P.O. Box 86  
Fredericktown, Ohio 43019

We have reviewed the *Independent Accounts' Report on Applying Agreed-Upon Procedures* of the Fredericktown Recreation District, Knox County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the period January 1, 2017 through December 31, 2018. 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 Fredericktown Recreation District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 24, 2019

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES**

Fredericktown Recreation District  
Knox County  
P.O. Box 86  
Fredericktown, Ohio 43019

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Fredericktown Recreation District, Knox County, Ohio (the District) and the Auditor of State, on the receipts, disbursements and balances recorded in the Districts 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**

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 balances recorded in the Annual Report to the December 31, 2016 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Annual Report to the December 31, 2017 balances in the Annual Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances in the Annual Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balances with the District's financial institutions. 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 all reconciling debits (such as outstanding checks) haphazardly from the December 31, 2018 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.
6. We traced interbank account transfers occurring in December 31, 2018 and 2017 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 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 Cash Journal. The amounts agreed.
  - b. We inspected the Cash Journal to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Cash Journal to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Receipts Register to determine whether it included two real estate tax receipts for 2018 and 2017. The Revenue Receipts Register included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2018 and five from 2017. We also haphazardly selected five receipts from the County Auditor's Audit Trail Report from 2018 and five from 2017:
  - a. We compared the amount from the above reports to the amount recorded in the Cash Journal. The amounts agreed.
  - b. We inspected the Cash Journal to determine that these receipts were allocated to the proper funds. We found no exceptions
  - c. We inspected the Cash Journal to determine whether the receipts were recorded in the proper year. We found no exceptions.

**Over-The-Counter-Receipts**

We selected a sample (agreed upon) of 10 over-the-counter cash receipts from the year ended December 31, 2018 and 10 over-the-counter cash receipts from the year ended December 31, 2017 recorded in the duplicate cash receipts book and determined whether the:

- a. Agreed the receipt amount to the amount recorded in the Cash Journal. The amounts agreed.
- b. Confirmed the amounts charged complied with rates in force during the period. We found no exceptions.
- c. Inspected the Cash Journal to determine the receipt was posted to the proper fund and was recorded in the proper year. We found no exceptions.

**Debt**

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2016.
2. We inquired of management, and inspected the Cash Journal for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. There were no new debt issuances, nor any debt payment activity during 2018 or 2017.

**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 Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Register Report to supporting documentation (timecard, legislatively approved rate or salary). We found no exceptions.
  - b. We inspected the fund and account code(s) to which the check was posted to determine the posting was reasonable based on the employee's duties as documented in the employees' personnel files. We also confirmed the payment was posted to the proper year. We found no exceptions.
  
2. For any new employees selected in procedure 1 we inspected the employees' personnel files for the following information and compared it with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Department and fund to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State & Local income tax withholding authorization and withholding
  - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to procedures a. – f. above.

3. 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>Due Date</b>	<b>Date Paid</b>	<b>Amount W/H</b>	<b>Amount</b>
Federal Income Taxes	January 31, 2019	December 21, 2018	\$ 7,322.92	\$ -
State Income Taxes	January 31, 2019	December 21, 2018	2,599.34	-
Local Income Tax	January 31, 2019	December 21, 2018	1,108.48	-
OPERS Retirement	January 31, 2019	December 27, 2018	1,885.01	1,885.01

As noted above, as of the date of this report, the District has not paid Federal, State and Local income taxes as required by ITC Chapter 26 and USC Sections 3401-3406, ORC 5747.06 and local tax ordinances. The tax collecting agencies will be notified.

### Non-payroll Cash Disbursements

1. From the Cash Journal Report, we re-footed checks recorded as General Fund disbursements for general government and checks recorded as park operations in the Kokosing Campground fund for 2018. We found no exceptions.
2. We selected a sample (agreed upon) of 10 disbursements from the Cash Journal for the year ended December 31, 2018 and 10 from the year ended 2017 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 Cash Journal 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 five 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 *Certificate of Total Amount Available For Expenditures and Balances*, required by Ohio Revised Code Section 5705.36 (A)(1), to the amounts recorded in the Internal Budget Report for the General Fund, Community Building Fund, and Kokosing Campground Fund. 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 the General Fund and Kokosing Campground Fund. The Internal Budget Report recorded budgeted (i.e. certified) resources for the General Fund and Kokosing Campground Fund of \$268,720 and \$72,100, respectively for 2018. However, the final *Amended Official Certificate of Estimated Resources* reflected \$288,800 and \$52,250. The Internal Budget Report recorded budgeted (i.e. certified) resources for the General Fund and Kokosing Campground Fund of \$260,520 and \$0, respectively for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$296,200 and \$49,920. The fiscal officer should periodically compare amounts recorded in the Internal Budget Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* 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, for the General Fund, Community Building Fund and the Kokosing Campground Fund, the Board appropriated separately for "each office, department, and division, and within each, the amount appropriated for personal services," as is required by Ohio Revised Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Revised Code Section 5705.38 and 5705.40, to the amounts recorded in the Expense Report for 2018 and 2017 for the following funds: General Fund, Community Building Fund and Kokosing Campground Fund. The amounts on the appropriation resolutions agreed to the amounts recorded in the Internal Budget Report.



4. Ohio Revised Code Section 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 Fund, Community Building Fund and the Kokosing Campground Fund for the years ended December 31, 2018 and 2017. Kokosing Campground Fund appropriations for 2018 and 2017 exceeded certified resources by \$7,637 and \$19,740 for 2018 and 2017, respectively, contrary to ORC Section 5705.39. The Board should not pass appropriations exceeding certified resources. Allowing this to occur could cause the District to incur fund balance deficits.
5. Ohio Revised 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, 2018 and 2017 for the General Fund, Community Building Fund and Kokosing Campground Fund, as recorded in the Internal Budget Report. There were no funds for which expenditures exceeded appropriations.
6. For funds 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. All the required funds were established and no new funds for which the statutorily approved purpose was no longer valid included on the accounting records.
7. We inspected the 2018 and 2017 Revenue Report and Expense Report for evidence of interfund transfers exceeding \$5,000 which Ohio Revised 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 Expense Report to determine whether the District elected to establish reserve accounts permitted by Ohio Revised Code Section 5705.13. The District did not establish these reserves.
9. We inspected the Cash Summary Report for the years ended December 31, 2018 and 2017 for negative cash fund balance. Ohio Revised Code Section 5701.10(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. No funds had a negative cash fund balances.

#### **Other Compliance**

1. Ohio Revised Code Section 117.38 requires these district's 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 years ended December 31, 2018 and 2017 in the Hinkle system. 2018 and 2017 financial information was filed respectively on 9/20/19 and 11/13.19 which was not in the allotted time frame.

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 selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
  - i. Each transaction was supported with original invoices and for a proper public purpose.We found 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 the evaluation of the District's receipts, disbursements and balances recorded in their 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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
December 16, 2019

# OHIO AUDITOR OF STATE KEITH FABER



**FREDERICKTOWN RECREATION DISTRICT**

**KNOX 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  
JANUARY 9, 2020**