



OHIO AUDITOR OF STATE
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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Fredericktown Recreation District
Knox County
PO Box 86
Fredericktown, Ohio 43019

We have performed the procedures enumerated below on the Fredericktown Recreation District (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 were unable to agree the January 1, 2019 beginning fund balances for each fund recorded in the manual Cash Journal to the December 31, 2018 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We were unable to agree the January 1, 2020 beginning fund balances for each fund recorded in the manual Cash Journal to the December 31, 2019 balances in the manual Cash Journal due to the manual Cash Journal lacking sufficient detail to track individual fund balances.

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 manual Cash Journal. We found no exceptions.

We were unable to agree the totals per the bank reconciliations to the total of the December 31, 2020 and 2019 fund cash balances reported in the financial statements filed by the District in the Hinkle system because beginning fund balances were not reported on the 2019 or 2020 financial statements. Furthermore, the District's accounting records lacked sufficient detail to track individual fund balances as discussed in Step 2 above.

4. We confirmed the December 31, 2020 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, 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 February bank statements. We found no exceptions.
 - b. We traced the amounts and dates to the manual Cash Journal 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 and Intergovernmental Receipts

1. We selected a total of five receipts from the State Distribution Transaction Lists (DTL) and the County Auditor's Detail Expense Transactions by Fund report from 2020 and a total of five from 2019:
 - a. We compared the amounts from the State DTL and the County Auditor's Detail Expense Transactions by Fund report to the amount recorded in the manual Cash Journal. The amounts agreed.
 - b. We inspected the manual Cash Journal to determine these receipts were allocated to the proper fund as required by Ohio Rev. Code §§ 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the manual Cash Journal to determine whether the receipt was recorded in the proper year. The receipt was recorded in the proper year. We found no exceptions.
2. We inspected the manual Cash Journal to determine whether it included two real estate tax receipts for 2020 and 2019. The manual Cash Journal included the proper number of tax receipts for each year.

Other Receipts

We selected 10 other receipts from the year ended December 31, 2020 and 10 other receipts from the year ended 2019:

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

Debt

1. From the prior agreed-upon procedures documentation, we observed the following loan was outstanding as of December 31, 2018. This amount agreed to the District's January 1, 2019 balance on the summary we used in procedure 3.

Issue	Principal outstanding as of December 31, 2018:
Tractor Loan	\$23,852

2. We inquired of management, and inspected the manual Cash Journal for evidence of debt issued during 2020 or 2019 or debt payment activity during 2020 or 2019. All debt agreed to the summary we used in procedure 3. There were no new debt issuances during 2020 or 2019.
3. We obtained a summary of loan debt activity for 2019 and agreed principal and interest payments from the related debt document to General fund payments reported in the manual Cash Journal. 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 selected one payroll check for five employees from 2020 and one payroll check for five employees from 2019 from the Payroll Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Register to supporting documentation (timecard or legislatively-approved rate or salary).
 - i. We inspected the minute record 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 no exceptions.
 - 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 minute record. The District's accounting records did not have sufficient detail to support fund and account code postings; therefore, we were unable to determine whether the payroll checks were posted to an allowable fund.
 - 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 whether 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	January 31, 2021	January 27, 2021	\$3,428.49	\$3,428.49
State income taxes	January 15, 2021	July 6, 2021	\$165.66	\$2,986.09
Local income tax	January 31, 2021	n/a - not paid	\$65.19	n/a - not paid
OPERS retirement	January 30, 2021	January 5, 2021	\$1,735.86	\$1,735.86

As stated above, as of the date of this report, the District has not paid the local income tax amount due as required by local statute.

Additionally, the District paid the state incomes tax due past the deadline of January 15, 2021 as required by Ohio Rev. Code § 5747.07(B). The \$2,986.09 paid includes withholdings for the year 2020, plus a \$37.34 interest penalty.

Non-Payroll Cash Disbursements

1. From the manual Cash Journal, we were unable to re-foot checks recorded as General Fund disbursements for *general government* or checks recorded as *capital outlay* in the Community Center Fund for 2020, due to the District's accounting records being insufficient to support amounts reported on the financial statements.
2. We selected 10 disbursements from the manual Cash Journal 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 manual 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 § 5705.41(D). We found no exceptions.

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 and 2019 for the General fund and Kokosing Campground fund. There were no funds for which expenditures exceeded appropriations.
2. We inspected the manual Cash Journal for the years ended December 31, 2020 and 2019 for negative cash fund balances. Ohio Rev. Code § 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. We were unable to inspect the manual Cash Journal for negative cash fund balances due to the Cash Journal lacking sufficient detail to track individual 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, denied, or redacted public records requests during the engagement period.
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 noted 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 inquired with District management and determined that the District did not have a policy manual during the engagement period therefore the public records policy could not be included as required by Ohio Rev. Code § 149.43(E)(2).
6. We observed that a poster describing the Public Records Policy was not 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 inspected the public notices for the public meetings held during the engagement period and determined the District notified the general public and news media of when and where meetings during the engagement period were to be held as required by Ohio Rev. Code § 121.22(F). We found no exceptions.
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 these 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. Financial information for 2019 and 2020 was filed on April 7, 2021, which was not within the allotted timeframe.

2. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) 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 no exceptions.
- b. We selected one credit card transaction from each credit card account for testing. For selected transactions we inspected documentation to determine that:
 - i. Use was by an authorized user within the guidelines established in the policy, and
 - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.
- c. We selected three 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.



Keith Faber
Auditor of State
Columbus, Ohio

March 8, 2022

OHIO AUDITOR OF STATE KEITH FABER



FREDERICKTOWN RECREATION DISTRICT

KNOX 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 3/29/2022

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This report is a matter of public record and is available online at
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