
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

GREAT TRAIL FIRE DISTRICT

CARROLL COUNTY, OHIO

AAAA
REGULAR AUDIT

For the Years Ended

December 31, 2017 and 2016

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Dave Yost • Auditor of State

Fire District Board
Great Trail Joint Fire District
130 West Water Street
Malvern, Ohio 44644

We have reviewed the *Independent Auditor's Report* of the Great Trail Joint Fire District, Carroll County, prepared by Alger & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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 Great Trail Joint Fire District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

May 31, 2018

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**GREAT TRAIL FIRE DISTRICT
CARROLL COUNTY**

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Great Trail Joint Fire District
Carroll County
120 W Water Street
Malvern, OH 44644

To the Fire District Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Great Trail Joint Fire District, Carroll County, Ohio (the District) as of and for the years ended December 31, 2017 and December 31, 2016.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the District prepared these 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), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

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Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2017 and December 31, 2016, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Great Trail Joint Fire District, Carroll County as of December 31, 2017 and December 31, 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2018 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Alger and Associates Inc 
Digitally signed by Alger and Associates Inc
DN: cn=Alger and Associates Inc, o, ou,
email=alger@algerand.com, c=US
Date: 2018.05.15 18:51:24 -0400

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

May 1, 2018

**GREAT TRAIL JOINT FIRE DISTRICT
CARROLL COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2017**

	General
Cash Receipts:	
Property Tax Levy	\$235,618
Fire Contracts	2,000
Intergovernmental	131,369
Interest	3
Miscellaneous	2,596
<i>Total Cash Receipts</i>	371,586
Cash Disbursements:	
Current Disbursements:	
Security of Persons and Property:	
Salaries & Benefits	27,738
Materials and Supplies	11,565
Equipment	36,751
Insurance	20,580
Other	30,348
Capital Outlay	531,513
Debt Service:	
Principal Retirement	18,507
Interest and Fiscal Charges	3,683
<i>Total Cash Disbursements</i>	680,685
<i>Excess Receipts Over (Under) Disbursements</i>	(309,099)
Other Financing Receipts:	
Sale of Capitals Assets	412
<i>Total Other Financing Receipts</i>	412
<i>Net Change in Fund Cash Balance</i>	(308,687)
<i>Fund Cash Balances, January 1</i>	636,185
Fund Cash Balances, December 31	
Assigned	1,089
Unassigned	326,409
<i>Fund Cash Balances, December 31</i>	\$327,498

The notes to the financial statements are an integral part of this statement.

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Great Trail Joint Fire District
Carroll County

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Great Trail Joint Fire District, Carroll County, (the District) as a body corporate and politic. A five-member Board governs the District. Board Members are made up of one Malvern Village Councilman appointed by the Malvern Village Council, one Brown Township Trustee appointed by Brown Township, one Malvern Village citizen who volunteers, one Brown Township Citizen who volunteers, and the fifth Board member rotates every 2nd and 3rd year between as Malvern Village Citizen and a Brown Township Citizen. The subdivisions that make up the District are Malvern Village and Brown Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes this financial statement present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and change in fund balance (regulatory cash basis) for the General fund. The General Fund balance is available to the District for any purpose provided it is expended according to the general laws of Ohio.

Basis of Accounting

The financial statement follows 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). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires the General fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 4.

Great Trail Joint Fire District
Carroll County

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies *(continued)*

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund for the year ended December 31, 2017.

Great Trail Joint Fire District
Carroll County

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$371,998	\$371,998

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$680,685	(\$680,685)

Note 5 – Deposits

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2017
Demand deposits	\$322,486
Other time deposits (savings and NOW accounts)	5,012
Total deposits	\$327,498

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

The District's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution joined OPCS on December 6, 2017, the financial institution still maintained its own collateral pool.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

Great Trail Joint Fire District
Carroll County

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Fiscal Officer and Fire Chief belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

Social Security

Remaining District's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2017.

Note 9 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OP&F contributes 0.5 percent of the employer contribution to fund these benefits. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Great Trail Joint Fire District
Carroll County

Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 – Debt

Debt outstanding at December 31, 2017, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2009 Toyne Pumper Truck Loan	<u>\$101,499</u>	3%

The District obtained a loan to finance the purchase of a 2009 Toyne Pumper Truck. The District collateralized the note with the aforementioned motor vehicle.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	2009 Toyne Pumper Truck Loan
2018	\$22,190
2019	22,190
2020	22,190
2021	22,190
2022	22,190
Total	<u>\$110,950</u>

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**GREAT TRAIL JOINT FIRE DISTRICT
CARROLL COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016**

	General
Cash Receipts:	
Property Tax Levy	\$234,478
Fire Contracts	2,000
Intergovernmental	16,477
Grants	115,185
Interest	2
	368,142
<i>Total Cash Receipts</i>	
Cash Disbursements:	
Current Disbursements:	
Security of Persons and Property:	
Salaries & Benefits	30,585
Materials and Supplies	4,375
Equipment	116,143
Insurance	16,251
Other	56,981
Debt Service:	
Principal Retirement	17,991
Interest and Fiscal Charges	4,199
	246,525
<i>Total Cash Disbursements</i>	
<i>Excess Receipts Over Disbursements</i>	121,617
Other Financing Receipts:	
Sale of Capitals Assets	10,900
	10,900
<i>Total Other Financing Receipts</i>	
<i>Net Change in Fund Cash Balance</i>	132,517
<i>Fund Cash Balances, January 1</i>	503,668
Fund Cash Balances, December 31	
Assigned	2,867
Unassigned	633,318
	\$636,185
<i>Fund Cash Balances, December 31</i>	

The notes to the financial statements are an integral part of this statement.

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Great Trail Joint Fire District
Carroll County

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Great Trail Joint Fire District, Carroll County, (the District) as a body corporate and politic. A five-member Board governs the District. Board Members are made up of one Malvern Village Councilman appointed by the Malvern Village Council, one Brown Township Trustee appointed by Brown Township, one Malvern Village citizen who volunteers, one Brown Township Citizen who volunteers, and the fifth Board member rotates every 2nd and 3rd year between as Malvern Village Citizen and a Brown Township Citizen. The subdivisions that make up the District are Malvern Village and Brown Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes this financial statement present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a statement of receipts, disbursements and change in fund balance (regulatory cash basis) for the General fund. The General Fund balance is available to the District for any purpose provided it is expended according to the general laws of Ohio.

Basis of Accounting

The financial statement follows 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). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires the General fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 4.

Great Trail Joint Fire District
Carroll County

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies *(continued)*

Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The District's funds are deposited in a checking account with a local commercial bank.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statement do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund for the year ended December 31, 2016.

Great Trail Joint Fire District
Carroll County

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$379,042	\$379,042

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$246,525	(\$246,525)

Note 5 – Deposits and Investments

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2016
Demand deposits	\$631,176
Other time deposits (savings and NOW accounts)	5,009
Total deposits	636,185

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Note 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

Great Trail Joint Fire District
Carroll County

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Fiscal Officer and Fire Chief belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

Social Security

Remaining District's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2016.

Note 9 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

Great Trail Joint Fire District
Carroll County

Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 10 – Debt

Debt outstanding at December 31, 2016, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2009 Toyne Pumper Truck Loan	\$120,006	3%

The District obtained a loan to finance the purchase of a 2009 Toyne Pumper Truck. The District collateralized the note with the aforementioned motor vehicle.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	2009 Toyne Pumper Truck Loan
2017	\$22,190
2018	\$22,190
2019	\$22,190
2020	\$22,190
2021	\$22,190
2022	\$22,190
Total	<u>\$133,140</u>

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Great Trail Joint Fire District
Carroll County
120 W Water Street
Malvern, OH 44644

To the Fire District Board:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the cash balances, receipts, and disbursements by fund type of the Great Trail Joint Fire District, Carroll County, (the District) as of and for the years ended December 31, 2017 and December 31, 2016, and the related notes to the financial statements and have issued our report thereon dated May 1, 2018 wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-002.

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District's Response to Findings

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance.

Accordingly, this report is not suitable for any other purpose.

Alger and Associates Inc
Associates Inc
DN: cn=Alger and Associates Inc, o,
ou=email:kcalger@greattrail.net, c=US
Date: 2018.05.15 18:51:08 -0400

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

May 1, 2018

*Great Trail Joint Fire District
Carroll County
Schedule of Findings
December 31, 2017 and 2016*

Findings Related to the Financial Statements

Required to be Reported in Accordance with GAGAS

FINDING NUMBER 2017-001

Material Weakness – Financial Reporting:

Governments are required to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During our initial review of the financial statements (F/S) and the Profit & Loss (P&L) we noted the following:

- For calendar year ended December 31, 2017, total income from the P&L was \$362,318, however, total income from the F/S was \$369,090 for a difference of \$6,772. For 2016, the P&L reflects total income of \$360,323, however, the F/S reflected total income of \$371,380 for a difference of \$11,057.
- For calendar year ended December 31, 2017, the total expenses noted on the P&L provided was \$101,560, however, the total expenses per the F/S was \$124,076 for a difference of \$22,516. For 2016 total expenses on the P&L reflects \$210,317, however, the F/S reflects \$216,673 for a difference of \$6,356.
- The Fiscal Officer did not establish any revenue accounts in their QuickBooks software. All revenues were booked as deposits.
- The Fiscal Officer only reconciles the bank account to the check register but does not reconcile to the P&L. The P&L was provided to the Board each month along with the reconciliation but according to the Fiscal Officer this was for informational purposes only. Because the reconciliation does not reconcile to the P&L the Board could be making decisions on inaccurate financial information.
- The capital outlay account was established as bank account within QuickBooks rather than a class of an account as this is not a bank account.
- The 2016 P&L from the system did not agree with the P&L attached to the reconciliation. The P&L from the system reflects total expenses of \$199,866, however the P&L from the reconciliation reflects \$210,317 for a difference of \$10,451.
- The 2017 P&L from the system did not agree with the P&L attached to the reconciliation. The P&L from the system reflects total expenses of \$106,712, however the P&L from the reconciliation reflects \$101,560 for a difference of \$5,152.
- The 2016 P/L reflects an expenditure account for Levy Fees from Receipts of Real Estate, however, for 2017 this account was eliminated.

Great Trail Joint Fire District
Carroll County
Schedule of Findings
December 31, 2017 and 2016

FINDING NUMBER 2017-001 *(continued)*

Material Weakness – Financial Reporting: *(continued)*

Because the Fiscal Officer did not set up the appropriate revenue accounts and did not reconcile to the P&L additional audit time and audit costs was required in order to insure the financial statements are not materially misstated. During the course of the audit for 2016, the Fiscal Officer was able to reconcile the P&L to the bank and all adjustments/reclassifications were properly made. However, for 2017 the reconciliation between the books and the bank indicate a difference \$6,810. This is due to the Fiscal Officer recording the Property Taxes at Gross and not recording any fees for the property tax collections. The \$6,810 was deemed immaterial to the financial statements as a whole.

The following audit adjustments and reclassifications were made to the District's financial statements, where applicable, to properly reflect receipts and expenditures:

2017 Incorrect postings resulting in financial statement adjustments and reclassifications:

- Interest payment of \$3,683 was improperly recorded as Debt Principal rather than Interest and Fiscal Charges.
- Proceeds of \$412 from sale of equipment were misposted as operating receipts rather than as Other Financing Sources – Sale of Assets.
- Homestead receipts totaling \$81,982 were improperly recorded as Property Tax rather than as Intergovernmental.
- Miscellaneous revenue totaling \$2,596 were posted as negative expenditures understating the District's receipt and expenditures. A total adjustment of \$2,596 was made to increase Miscellaneous Revenue with the following increases to expenditure accounts; \$940 to Insurance, \$900 Materials and Supplies, and \$756 to Other Expenditures.

2016 Incorrect postings resulting in financial statement adjustments and reclassifications:

- Interest payment of \$4,199 was improperly recorded as Debt Principal rather than Interest and Fiscal Charges.
- Proceeds of \$10,900 from sale of equipment were misposted as operating receipts rather than as other financing sources – sale of assets.
- Homestead receipts totaling \$16,477 were improperly recorded as Property Tax rather than as Intergovernmental.
- The District posted the property tax receipts net of all related fees instead of gross. As a result, the District's receipt and expenditures were understated. An adjustment was made to increase property tax receipts by \$7,662 to properly record the related fees and the corresponding increase to the General Government expenditures.

*Great Trail Joint Fire District
Carroll County
Schedule of Findings
December 31, 2017 and 2016*

FINDING NUMBER 2017-001 *(continued)*

Material Weakness – Financial Reporting: *(continued)*

We recommend the following:

- The audit adjustments and reclassifications identified above should be reviewed by the Fiscal Officer to prevent similar errors from being reported improperly on the financial statements in subsequent years.
- The reconciliation should tie in total to the Profit and Loss statements provided by their system. The Fiscal Officer should include all bank accounts on the P&L to show that the system agrees with the bank. Revenue accounts should be established to account for the various types of revenue the District receives.
- The bank account for the Capital Outlay account should be eliminated on the system and these transactions should be included as a separate class within Quickbooks as these transactions do not run through a separate bank account.
- In addition, the Board should review the reconciliations to ensure they tie to the Profit and Loss statements on a monthly basis. Any adjustments to the reconciliation should be thoroughly documented and reviewed.
- Also the District utilizes QuickBooks for accounting purposes. QuickBooks was not set up as a fund accounting system which includes the appropriate built in controls. The District may want to consider utilizing a system setup for fund accounting which would help to separate their funds into a General Fund and Capital Project Fund along with establishing budgetary accounts such as the UAN system provided by the Auditor of State's Office. There are other fund accounting systems available, however, the current system does not properly account for the types of transactions the District utilizes.

By implementing these recommendations this will help eliminate the possibility of errors and irregularities from occurring. This will also provide the Board with more accurate financial information for their decision making process.

FINDING NUMBER 2017-002

Noncompliance Citation and Material Weakness:

Ohio Rev. Code, Section 5705.38(A), requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Ohio Rev. Code, Section 5705.39 requires that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.

As indicated in the prior two audit reports, the District did not file the 2016 or 2017 Official Certificate of Estimated Resources or an Appropriation measure with the County Auditor and therefore the appropriation measure was not in effect.

*Great Trail Joint Fire District
Carroll County
Schedule of Findings
December 31, 2017 and 2016*

FINDING NUMBER 2017-002 *(continued)*

Noncompliance Citation and Material Weakness: *(continued)*

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision from making expenditure unless it has been properly appropriated.

Because the appropriation measure was not in effect, the General Fund for both years had expenditures and outstanding encumbrances that exceeded appropriations.

The Board should insure the Official Certificate of Estimated Resources and the Appropriation measure is filed with the County Auditor as required.

Great Trail Joint Fire District

PO Box 736 Malvern, OH 44644

Opinions of the Great Trail Fire District in response to the findings of the 2016-2017 Audit.

The Great Trail Joint Fire District has operated and recorded financials with QuickBooks Software since the establishment of the District in 2012. All reporting and accounting practices have continually followed the same manner since 2012. Accounts were created at that time to best reflect the needs of the District. At no time during those six years did the District balance to the Profit and Loss statement considering we are a non-profit organization. Our only profit consists of levy proceeds or an occasional grant. With the notion that we are a non-profit, all balancing took place during bank reconciliation feature of the software. To report findings based on a report that the District did not utilize provides an unjust calculation of our financial processes.

In regards to revenue accounts and capital outlay accounts, these accounts were created in QuickBooks to reflect the needs of the District in a manner that would make such postings easily identifiable within the software. QuickBooks is not intended for governmental entities, such as the Great Trail Fire District. We utilized the software to the best of our ability, and as accurately as possible considering the software may have not been the best fit for the District. Moving forward, the District has agreed to transition to UAN software to be compliant with the State of Ohio governmental reporting standards. This transition should prevent the current findings from future occurrence.

In response to the passage of annual appropriations, the Board had approved all appropriations in January of each fiscal year. The appropriations were then sent on to the County Auditor. However, due to miscommunication, those appropriations were never recorded. Moving forward, I have worked with the Carroll County Auditor to ensure our appropriations are recorded, and we have received an Official Certificate of Estimated Resources.

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Great Trail Joint Fire District
Carroll County
Schedule of Prior Year Findings
December 31, 2017 and 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2015-001	Misclassification of funds in the accounting system resulted in a few required adjustments and reclassifications to accurately present the District's financial activity.	No	Repeated as 2017-001

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Dave Yost • Auditor of State

GREAT TRAIL JOINT FIRE DISTRICT

CARROLL 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
JUNE 12, 2018**