



Mary Taylor, CPA
Auditor of State

**INDIAN JOINT FIRE DISTRICT
LOGAN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15

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Mary Taylor, CPA
Auditor of State

Indian Joint Fire District
Logan County
P.O. Box 61
Russells Point, Ohio 43348

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 6, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Indian Joint Fire District
Logan County
P.O. Box 61
Russells Point, Ohio 43348

To the Board of Trustees:

We have audited the accompanying financial statements of the Indian Joint Fire District, Logan County, (the District), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Indian Joint Fire District, Logan County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 6, 2008

**INDIAN JOINT FIRE DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:				
General Property Tax	\$114,195	\$90,741		\$204,936
Intergovernmental	32,215			32,215
Earnings on Investments	4,793			4,793
Total Cash Receipts	<u>151,203</u>	<u>90,741</u>		<u>241,944</u>
Cash Disbursements:				
Current Disbursements:				
General Government	4,547			4,547
Contract Services	15,266			15,266
Salaries	10,981			10,981
Retirement	2,584			2,584
Workers Compensation	2,973			2,973
Volunteer Fund	150			150
Utilities	7,704			7,704
Furninshings, Equipment & Repairs	27,489			27,489
Advertising & Printing	262			262
Miscellaneous	498			498
Capital Outlay	71,018		\$10,000	81,018
Debt Service:				
Redemption of Principal		74,466		74,466
Interest and Other Fiscal Charges		16,275		16,275
Total Cash Disbursements	<u>143,472</u>	<u>90,741</u>	<u>10,000</u>	<u>244,213</u>
Total Receipts Over/(Under) Disbursements	<u>7,731</u>		<u>(10,000)</u>	<u>(2,269)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In			10,000	10,000
Transfers-Out	(10,000)			(10,000)
Total Other Financing Receipts / (Disbursements)	<u>(10,000)</u>		<u>10,000</u>	
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(2,269)			(2,269)
Fund Cash Balances, January 1	<u>250,528</u>			<u>250,528</u>
Fund Cash Balances, December 31	<u>\$248,259</u>	<u>\$0</u>	<u>\$0</u>	<u>\$248,259</u>

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

**INDIAN JOINT FIRE DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	All Fund Types			Totals (Memorandum Only)
	General	Debt Service	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$215,564	\$4,820		\$220,384
Intergovernmental	25,069			25,069
Earnings on Investments	5,355			5,355
Miscellaneous	2,019			2,019
Total Cash Receipts	248,007	4,820		252,827
Cash Disbursements:				
Current Disbursements:				
General Government	11,382			11,382
Contract Services	1,650			1,650
Salaries	11,439			11,439
Retirement	1,734			1,734
Workers Compensation	2,531			2,531
Volunteer Fund	380			380
Utilities	5,327			5,327
Furnishings, Equipment & Repairs	33,682			33,682
Advertising & Printing	555			555
Miscellaneous	1,004			1,004
Capital Outlay	22,771		\$508,460	531,231
Debt Service:				
Interest and Other Fiscal Charges		4,820		4,820
Total Cash Disbursements	92,455	4,820	508,460	605,735
Total Receipts Over/(Under) Disbursements	155,552		(508,460)	(352,908)
Other Financing Receipts / (Disbursements):				
Sale of Bonds			358,460	358,460
Transfers-In			150,000	150,000
Transfers-Out	(150,000)			(150,000)
Advances-In				
Total Other Financing Receipts / (Disbursements)	(150,000)		508,460	358,460
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	5,552			5,552
Fund Cash Balances, January 1	244,976			244,976
Fund Cash Balances, December 31	\$250,528	\$0	\$0	\$250,528

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

**INDIAN JOINT FIRE DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Indian Joint Fire District, Logan County, (the District), as a body corporate and politic. The District was formed on June 6, 1988, from the merger of the Fire Districts of Washington Township and the Village of Russells Point. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. These two members then appoint a third member. The District provides fire protection within the District and by contract to areas outside the District.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash 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 values certificates of deposit at cost.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Debt Service Funds

These funds account for resources the District accumulates to pay bond and note debt. The District had the following Debt Service Fund:

Bond Retirement Fund – This Fund accounts for the proceeds of the tax levy used to retire bond debt issued for the renovation of the fire station building.

**INDIAN JOINT FIRE DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following Capital Project Fund:

Firehouse Renovation Fund – This fund accounts for the proceeds of bonds and the transfers from the General Fund used to renovate the fire station building.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	\$145,994	\$152,411
Certificates of deposit	102,265	98,117
Total deposits	<u>248,259</u>	<u>250,528</u>

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

**INDIAN JOINT FIRE DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$114,259	\$151,203	\$36,944
Debt Service	90,741	90,741	
Capital Projects	10,000	10,000	
Total	<u>\$215,000</u>	<u>\$251,944</u>	<u>\$36,944</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$185,254	\$153,472	\$31,782
Debt Service	90,741	90,741	
Capital Projects	10,000	10,000	
Total	<u>\$285,995</u>	<u>\$254,213</u>	<u>\$31,782</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$210,180	\$248,007	\$37,827
Debt Service	4,820	4,820	
Capital Projects	550,000	508,460	(41,540)
Total	<u>\$765,000</u>	<u>\$761,287</u>	<u>(\$3,713)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,250	\$242,455	(\$163,205)
Debt Service	4,820	4,820	
Capital Projects	545,180	508,460	36,720
Total	<u>\$629,250</u>	<u>\$755,735</u>	<u>(\$126,485)</u>

Contrary to Ohio law, 2006 budgetary expenditures exceeded appropriation in the General Fund for 2006. The District failed to establish a debt service fund which violated Ohio Revised Code Section 5705.09(C).

**INDIAN JOINT FIRE DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. PROPERTY TAX

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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
General Obligation Bonds	283,994	5%

In 2006, the District approved the issuance of \$400,000 in general obligation bonds, to finance the construction and renovation of the fire station facilities. The actual bonds issued were in the amount of \$358,460. Principal and interest are due monthly and the debt matures on December 30, 2011. The District made interest payments only in 2006 since the construction project was not completed and the actual amount of bonds to be issued had not been determined.

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

Year ending December 31:	General Obligation Bonds
2008	\$90,741
2009	90,741
2010	90,741
2011	37,700
Total	\$309,923

6. RETIREMENT SYSTEMS

Ohio Public Employees Retirements System

The District's employees and eligible firefighters 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.

**INDIAN JOINT FIRE DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the District contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2007.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by Ohio Public Employees Retirement System have an option to choose Social Security. As of December 31, 2007, ten volunteer firefighters are members of Social Security. The Board's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

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

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Mary Taylor, CPA

Auditor of State

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

Indian Joint Fire District
Logan County
P.O. Box 61
Russells Point, Ohio 43348

To the Board of Trustees:

We have audited the financial statements of the Indian Joint Fire District, Logan County, (the District), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated November 6, 2008, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2007-001 and 2007-002 are also 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, providing an opinion 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2007-002 through and 2007-004.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 6, 2008.

We intend this report solely for the information and use of the management and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 6, 2008

**INDIAN JOINT FIRE DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Material Weakness

Preparing Accounting Records and Financial Statements

To assist in the effective management and reporting of financial resources, an entity should have procedures in place to help assure the proper recording of financial activity in the accounting records and financial statements. The District's annual financial statements did not include the beginning 2006 and 2007 General Fund balances, in the amount of \$244,976 and \$250,528, respectively, or the ending 2006 and 2007 General Fund balances in the amount of \$250,528 and \$248,259, respectively. The District's 2007 accounting records and financial statements had revenue classification errors of \$32,215 and expenditure classification errors of \$71,018, in the General Fund. The District's 2006 accounting records and financial statements had revenue classification errors of \$26,932 in the General Fund. The classification errors consisted of but were not limited to the recording of homestead and rollback revenue, tangible personal property loss, kilowatt tax reimbursements, exempt personal property tax reimbursements as general property tax instead of intergovernmental revenue, the recording of donations as general property tax instead of miscellaneous revenue, and the classification of capital outlay expenditures as contractual services.

In 2007, accounting record and financial statement errors in the amount of \$110,148 in the General Fund were identified to record interest income, to record bank charges, to agree the bank balance to the book balance, to record property taxes at the gross amount and to record the related auditor and treasurer fees, to record a transfer to the Capital Projects Fund, and to remove debt payments. In 2007, accounting record and financial statement errors in the amount of \$10,000 in the Capital Projects Fund were identified to record a transfer from General Fund. In 2006, accounting record and financial statement errors in the amount of \$518,760 were identified in the General Fund to record interest income, to agree expenditures per the appropriation ledger to the financial statements, to record property taxes at the gross amount and to record the related auditor and treasurer fees, to remove the proceeds from the sale of bonds, to record bank charges, to record a transfer to Capital Projects Fund, and to increase the ending fund balance as a result of a stop payment on a check. In 2006, accounting record and financial statement errors in the amount of \$508,460 in the Capital Projects Fund were identified to record a transfer from General Fund and to record proceeds from sale of bonds.

The District's accounting records and the accompanying financial statements have been adjusted to properly reflect the financial activity and balances of the District.

The failure to maintain accounting records and to prepare financial statements that correctly classify and include all revenues and expenditures and that are consistent with the presentation used by governmental entities, not only inhibits the user's ability to fully understand the results of operations but may also result in material financial statement reporting errors.

The District should utilize governmental accounting resources such as those provided on the Auditor of State website to assist in preparing accounting records and annual financial statements. The District's Clerk and Board should also perform a periodic review of the accounting records and review the annual financial statements to help identify recording errors and omissions.

FINDING NUMBER 2007-002

Material Weakness / Noncompliance Citation

Ohio Rev. Code Section 5705.09(C) requires each subdivision to establish a bond retirement fund into which it must pay sufficient revenues to retire serial bonds, notes and certificates of indebtedness at maturity. **Indian Joint Fire District, Ohio \$400,000 Fire Station Bonds, Series 2006, Section 6** states that the funds derived from said tax levies hereby required shall be placed in a separate and distinct fund, which, together with all interest collected on the same, shall be irrevocably pledged for the payment of the interest on and the principal of the bonds when and as the same shall fall due. The District failed to establish the required debt service fund.

The failure to establish the required debt service fund not only inhibited the user's understanding of the financial statements but also resulted in material misstatement of the 2007 and 2006 financial statements. The District's accounting records and accompanying financial statements have been adjusted to reflect a portion of the 2001 tax levy, which is a continuing levy that is allowed to fund this bond issuance, along with the principal and interest payments on this bond issue in the Debt Service Fund.

The District should notify the county budget commission of the requirements to retire this bond debt, using a portion of the 2001 tax levy, in a 5705.09(C) debt service fund. The District should then record the tax levy proceeds as allocated by the county budget commission, along with the bond payments as they become due, in the Debt Service Fund.

FINDING NUMBER 2007-003

Noncompliance Citation

26 CFR 31.3101-2(c) requires the computation of the employee tax by applying to the wages received by the employee the rate in effect at the time such wages are received (1.45% and 6.2%). **26 CFR 31.3111-2(c)** requires the computation of the employer tax by applying to the wages paid by the employer the rate in effect at the time such wages are received (1.45% and 6.2%).

In 2008 the Clerk/Treasurer made a payment of \$963 to the Internal Revenue Service for 2007 social security taxes. However, the amount owed was \$377. This resulted in an overpayment in the amount of \$586.

In 2007 the Clerk/Treasurer made two payments to the Internal Revenue Service for 2006 Medicare taxes in the amount of \$481 and in the amount of \$1,251 for social security taxes. However, the amount owed for Medicare was \$265 and \$326 for social security taxes. This resulted in an overpayment in the amount of \$216 for Medicare and \$925 for social security taxes for a total overpayment in the amount of \$1,732.

The Clerk/Treasurer and Board should consult with the IRS regarding how to obtain a credit or refund for the overpayment of 2007 social security taxes and 2006 Medicare and social security taxes. In addition, the Clerk/Treasurer and Board should review Form 941s and the supporting payroll records to help identify errors prior to the payment of employee and employer contributions.

FINDING NUMBER 2007-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Additionally, OAC Section 117-2-02 (C)(1) states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on remaining uncommitted balances of appropriations. The legal level of control is the level (E.G., fund, program or function, department, or object) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates.

During 2006, the appropriation ledger was not maintained at the account basis level of appropriation that was established by the board.

At December 31, 2006, the District's General Fund had the following violation of this requirement:

<u>Appropriations</u>	<u>Disbursements</u>	<u>Amount of Excess</u>
\$79,250	\$242,455	(\$163,205)

The failure to maintain expenditures within the current level of appropriation and to maintain the appropriation level at the level established by the Board may result in deficit spending by the District.

The District's Board should monitor financial activity to help ensure that expenditures do not exceed appropriations at the fund level or the legal level of control.

Officials Response: Officials did not respond to the findings noted above.



Mary Taylor, CPA
Auditor of State

INDIAN JOINT FIRE DISTRICT

LOGAN 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
DECEMBER 31, 2008