



**PERRY CONGRESS JOINT FIRE DISTRICT
MORROW COUNTY**

AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009



Dave Yost • Auditor of State

**PERRY CONGRESS JOINT FIRE DISTRICT
MORROW COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Perry Congress Joint Fire District
Morrow County
P.O. Box 85
Shauck, Ohio 43349

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Perry Congress Joint Fire District, Morrow County, Ohio, (the District) agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2010 and 2009, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash

1. We tested the mathematical accuracy of the December 31, 2010 and December 31, 2009 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2009 beginning fund balance recorded in the Cash Journal to the December 31, 2008 balance in the prior year audited statements. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2010 and 2009 fund cash balances reported in the Cash Journals. We noted that the December 31, 2010 and 2009 bank reconciliations did not include the District's savings account in the amounts of \$225,127 and \$177,279, respectively. The District should account for all bank accounts on the monthly reconciliations in order to properly reconcile their account records to the bank.
4. We confirmed the December 31, 2010 bank account balances with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2010 bank reconciliation, except as noted above the reconciliation did not include the savings account. We found no other exceptions.
5. We selected five outstanding checks haphazardly from the December 31, 2010 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and date written to the check register, to determine the checks were dated prior to December 31. We noted no exceptions.

Property Taxes and Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2010 and one from 2009.
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Journal. We noted the August 26, 2009 property tax receipt selected was recorded at net (\$268) rather than gross (\$311), resulting in an understatement of receipts and disbursements in the amount of \$43. The Fiscal Officer should record property tax receipts at gross and the related fees as disbursements. Because we did not test all property tax receipts, our report provides no assurances whether or not additional similar errors occurred.
 - b. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Journal to determine whether it included the proper number of tax receipts for 2010 and 2009:
 - a. Two personal property tax receipts
 - b. Two real estate tax receiptsWe noted the Receipts Journal included the proper number of tax settlement receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2010 and all from 2009.
 - a. We compared the amount from the DTL to the amount recorded in the Receipt Journal. The amounts agreed.
 - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Debt

1. The prior audit report disclosed no debt outstanding as of December 31, 2008.
2. We inquired of management, and scanned the Receipt Journal and Appropriation Ledger for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. We noted no new debt issuances or any debt payment activity during 2010 or 2009.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2010 from the Cash Journal and determined whether the following information in the minute record was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Retirement system participation and payroll withholding.
 - d. Federal, State & Local income tax withholding authorization and withholding.
 - e. Any other deduction authorizations (deferred compensation, etc.).

Payroll Cash Disbursements (continued)

We found no exceptions related to the steps above, except the District did not withhold any taxes or retirement from the paychecks. In accordance with 26 U.S.C. Section 3121 (d)(2) Internal Revenue Service (IRS) Publication 963, Chap 4, explains that any individual will have the status of an employee if he or she meets the usual common-law rules applicable in determining the employer-employee relationship. The common-law rule for determining whether a worker is an employee is whether the service recipient (i.e., the government entity) has the right to direct and control the worker as to the manner and means of the worker's job performance. In addition, IRS Publication 963, Chap. 4 states:

When a worker who is termed a *volunteer* receives compensation, and there is an employer/employee relationship, that compensation is wages subject to FICA tax (unless an exclusion applies). The Clerk, Fire Chief and Volunteer Firefighters meet the definition of an employee; however, the District accounts for these individuals as contractors. As a result the District is not withholding or contributing to any taxes or retirement system for these individuals. We recommend the District re-evaluate the employee status as defined by the IRS and withhold taxes and contribute to the appropriate retirement systems for their Fire Chief, Firefighters, and any other "volunteer" they have employed.

Because we did not test all payroll cash disbursements, our report provides no assurances whether or not additional similar errors occurred.

2. We tested the checks we selected in step 1, as follows:
 - a. We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll register. We found no exceptions.
 - c. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2010 to determine whether remittances were timely paid, and that the amounts paid agreed to the amounts withheld during the final withholding period during 2010.

As noted above, as of the date of this report, the District has not withheld or paid any taxes or retirement contributions as required by IRS Publication 963, Chapter 4. We have issued a citation for this above in step 1.

Non-Payroll Cash Disbursements

1. For the Appropriation Ledger, we refooted checks recorded as General Fund disbursements for *Utilities*, for 2010. We found no exceptions.
2. We agreed total disbursements (nonpayroll and payroll) from the Appropriation Ledger for the years ended December 31, 2010 and 2009 to the total disbursements recorded in the Cash Journal. We found no exceptions.

Non-Payroll Cash Disbursements (continued)

3. We haphazardly selected ten disbursements from the Appropriation Ledger for the year ended December 31, 2010 and ten from the year ended 2009 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 Appropriation Ledger and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found one instance where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and Now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurances whether or not additional similar errors occurred.

Compliance – Budgetary

1. We compared the total from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Receipts Journals for the years ended December 31, 2010 and 2009. The Receipts Journal recorded budgeted (i.e. certified) resources of \$138,000 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$155,000. The fiscal officer should periodically compare amounts recorded in the Receipts Journal to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledgers for 2010 and 2009. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Ledgers.
4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the years ended December 31, 2010 and 2009. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2010 and 2009 as recorded in the Appropriation Ledgers. We noted no funds for which expenditures exceeded appropriations.

Compliance – Budgetary (continued)

6. We inquired of management and scanned the Appropriation Ledgers to determine whether the District elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the District did not establish these reserves.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2010 and 2009 for procurements requiring competitive bidding under the following statutes:

Ohio Rev. Code Sections 505.37 to 505.42 & 731.14 require a fire district to competitively bid purchases of fire apparatus, mechanical resuscitators, other fire equipment, appliances, materials, fire hydrants, buildings, or fire-alarm communications equipment or service costs exceeding \$25,000.

We identified a fill station purchase exceeding \$25,000, subject to Ohio Rev. Code Section 731.14. For this project, we noted that the Board did not advertise for bids for this purchase or follow competitive bidding procedures for the fire equipment purchase.

Officials' Response

We did not receive a response from Officials to the exceptions reported above.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and those charged with governance and is not intended to be, and should not be used by anyone other than these specified parties.



Dave Yost
Auditor of State

June 20, 2011

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PERRY CONGRESS JOINT FIRE DISTRICT

MORROW 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
AUGUST 2, 2011**