



**WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY**

AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009



Dave Yost • Auditor of State

**WYANDOT EAST FIRE DISTRICT
WYANDOT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Applying Agreed-Upon Procedures.....	1

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Wyandot East Fire District
Wyandot County
8512 State Route 231
Nevada, OH 44849

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Wyandot East Fire District, Wyandot 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 and Investments

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 balance recorded in the General Ledger to the December 31, 2008 balance in the prior year audited statements. We noted in the prior year audited statements that the December 31, 2008 reconciliation was off by \$663.97 so the beginning fund balance as of January 1, 2009 was also off by \$663.97. However, this variance was due to unposted interest, which was posted in January 2009.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2010 and 2009 fund cash balance reported in the Balance Sheet. We noted a variance of \$57.44 from the 12/31/10 bank reconciliation to the 12/31/10 Balance Sheet. The variance is due to interest from the Savings Account not being posted to the Balance Sheet, in the amount of \$59.07.
4. We confirmed the December 31, 2010 bank account balances with the District's financial institutions. We found no exceptions.
5. We selected all outstanding checks from the December 31, 2010 bank reconciliation:
 - a. We attempted to trace each check to the debit appearing in the subsequent January and February bank statement. We noted that 3 out of the 4 checks were still outstanding after review of the January and February bank statements. We noted that 2 of the outstanding checks are older than 6 months and the Clerk should determine if the checks need to be voided and reissued.

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Cash and Investments (Continued)

- 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
6. We tested investments held at December 31, 2010 and December 31, 2009 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Tax and Intergovernmental 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 General Ledger. We noted the receipts were recorded at gross but the fees were recorded as negative receipts, rather than expenditures.
 - b. We determined whether the receipt was allocated to the proper fund as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the General Ledger 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 General Ledger included the proper number of tax settlement receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2010 and five from 2009.
 - a. We compared the amount from the DTL to the amount recorded in the General Ledger. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Officials Response

Concerning reporting fees from tax distributions as a negative deposit, Wyandot East Fire District will continue to improve said procedure to comply with the Auditor's suggestion.

Debt

1. We inquired of management, and scanned the General Ledger for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009. All debt noted agreed to the summary we used in step 2.

Debt (Continued)

2. We obtained a summary of debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule to General Fund payments reported in the General Ledger. We also compared the date the debt service payments were due to the date the District made the payments. We found no exceptions.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2010 from the Expenses by Vendor Detail report and:
 - a. We compared the hours and pay rate, or salary recorded in the Expenses by Vendor Detail report 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.
2. We determined whether the following information in the minute record and run sheets 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.)

We found no exceptions related to the steps above, except the District only withheld taxes and retirement from the Clerk's paycheck but not from the Chief or volunteer EMT's and Firefighters. 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 Fire Chief, Volunteer Firefighters and EMT's 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, Firefighter, EMT's 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.

Payroll Cash Disbursements (Continued)

3. 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 if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2010. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2011	January 13, 2011	\$180	\$180
State income taxes	January 31, 2011	January 13, 2011	\$12	\$12
School district tax	January 31, 2011	January 13, 2011	\$19	\$19
OPERS retirement	January 30, 2011	January 13, 2011	\$124	\$124

As noted above in step 2, as of the date of this report, the District has not withheld or paid Federal or State income taxes as required by IRS Publication 963, Chapter 4.

Officials Response

The Board will research and confirm which form is the correct way for tax reporting for volunteers (1099 vs. W-2). Wyandot East Fire District will utilize the proper procedure to begin in the year of 2012. The Board and Clerk of Wyandot East Fire District strive to comply with all ORC and State of Ohio rules to correctly manage Wyandot East Fire District.

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the General 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 General 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 no exceptions.

Compliance – Budgetary

1. We compared the total amounts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Profit & Loss Budget vs. Actual Report for the years ended December 31, 2010 and 2009. The Profit & Loss Budget vs. Actual Report recorded budgeted (i.e. certified) resources of \$108,283.04 for 2010. However, the final *Amended Official Certificate of Estimated Resources* reflected \$107,295.66. The Profit & Loss Budget vs. Actual Report recorded budgeted (i.e. certified) resources of \$87,650 for 2009. However, the final *Amended Official Certificate of Estimated Resources* reflected \$83,000. The fiscal officer should periodically compare amounts recorded in the Profit & Loss Budget vs. Actual Report 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 Profit & Loss Budget vs. Actual Report for 2010 and 2009. The Profit & Loss Budget vs. Actual Report recorded appropriations of \$122,710 for 2010. However, total appropriations approved by the Board were \$121,502. The Profit & Loss Budget vs. Actual report recorded appropriations of \$129,310 for 2009. However, total appropriations approved by the Board were \$156,031.
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 appropriations did not exceed 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 Profit & Loss Budget vs. Actual Report. We noted expenditures did not exceeded appropriations.
6. We inquired of management and scanned the Profit & Loss Budget vs. Actual Report 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.

Officials Response

After some research, the Clerk discovered she needs to print these reports to reflect the whole year, from January 1 to December 31 to get the report to print in a readable and understandable format.

Compliance – Contracts & Expenditures

1. We inquired of management and scanned the General Ledger report for the years ended December 31, 2010 and 2009 for procurements requiring competitive bidding under the following statute(s):
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 no purchases subject to the aforementioned bidding requirements.

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

July 26, 2011



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WYANDOT EAST FIRE DISTRICT

WYANDOT 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 30, 2011