

**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY  
Regular Audit  
For the Years Ended December 31, 2011 and 2010**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Board of Trustees  
Indian Joint Fire District  
P. O. Box 61  
Russells Point, Ohio 43348

We have reviewed the *Independent Accountants' Report* of the Indian Joint Fire District, Logan County, prepared by Perry & Associates, Certified Public Accountants, A. C., for the audit period January 1, 2010 through December 31, 2011. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 17, 2012

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**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

June 20, 2012

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, Ohio, (the District) as of and for the years ended December 31, 2011 and 2010. 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 require 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 the State permits, but does not require Districts 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, 2011 and 2010 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, 2011 and 2010 or its changes in financial position for the years then ended.

Indian Joint Fire District  
Logan County  
Independent Accountants' Report  
Page 2

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of Indian Joint Fire District, Logan County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011, the Indian Joint Fire District, Logan County, adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2012, 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.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

**Perry and Associates**  
Certified Public Accountants, A.C.

**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, 2011**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 107,987	\$ 142,478	\$ 250,465
Intergovernmental	30,416	-	30,416
Payments in Lieu of Taxes	12,643	-	12,643
Earnings on Investments	619	-	619
Miscellaneous	707	-	707
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	152,372	142,478	294,850
<b>Cash Disbursements:</b>			
Current:			
Salaries	10,719	-	10,719
Retirement	569	-	569
Workers Compensation	1,405	-	1,405
Volunteer Fund	300	-	300
Equipment	37,352	-	37,352
Utilities	7,754	-	7,754
Tools and Equipment	19,514	-	19,514
Supplies	4,927	-	4,927
Repairs	312	-	312
Fire Contracts	2,395	-	2,395
Training	1,912	-	1,912
Insurance	13,658	-	13,658
Petty Cash	500	-	500
Miscellaneous	20,844	-	20,844
Debt Service:			
Principal Retirement	-	133,059	133,059
Interest and Other Fiscal Charges	-	9,419	9,419
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	122,161	142,478	264,639
Excess of Receipts over Disbursements	30,211	-	30,211
<b>Other Financing Receipts:</b>			
Sale of Fixed Assets	500	-	500
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	500	-	500
Net Change in Fund Cash Balances	30,711	-	30,711
Fund Cash Balances, January 1	394,370	-	394,370
	<hr/>	<hr/>	<hr/>
Unassigned	425,081	-	425,081
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$ 425,081</b>	<b>\$ -</b>	<b>\$ 425,081</b>

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, 2010**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 100,520	\$ 118,481	\$ 219,001
Intergovernmental	127,828	-	127,828
Payments in Lieu of Taxes	8,859	-	8,859
Earnings on Investments	614	-	614
	<u>237,821</u>	<u>118,481</u>	<u>356,302</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Salaries	9,578	-	9,578
Retirement	1,386	-	1,386
Workers Compensation	1,992	-	1,992
Volunteer Fund	150	-	150
Equipment	260,329	-	260,329
Utilities	8,240	-	8,240
Tools and Equipment	99,366	-	99,366
Supplies	6,484	-	6,484
Repairs	1,272	-	1,272
Fire Contracts	2,395	-	2,395
Training	1,000	-	1,000
Insurance	13,687	-	13,687
Audit Costs	2,082	-	2,082
Petty Cash	1,000	-	1,000
Miscellaneous	8,537	-	8,537
Debt Service:			
Principal Retirement	-	113,632	113,632
Interest and Other Fiscal Charges	-	4,849	4,849
	<u>417,498</u>	<u>118,481</u>	<u>535,979</u>
<b>Total Cash Disbursements</b>			
Excess of Receipts over Disbursements	(179,677)	-	(179,677)
<b>Other Financing Receipts:</b>			
Debt Proceeds	250,000	-	250,000
Sale of Fixed Assets	4,347	-	4,347
	<u>254,347</u>	<u>-</u>	<u>254,347</u>
<b>Total Other Financing Receipts</b>			
Net Change in Fund Cash Balances	<u>74,670</u>	<u>-</u>	<u>74,670</u>
Fund Cash Balances, January 1	<u>319,700</u>	<u>-</u>	<u>319,700</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 394,370</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 394,370</b></u>

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

**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Indian Joint Fire District, Logan County, Ohio (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio, Ohio Revised Code, Sections 505.371 and 505.71. The District was formed 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 three-member Board of Trustees governs the District. The Board is responsible for employing a fiscal officer who is responsible for fiscal controls over the resources and assets of the District. The District's management believes these financial statements present all activities for which the District is financially accountable.

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

**B. Accounting Basis**

The financial statements follow the basis of accounting the Auditor of State prescribes or permits. The 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 prescribed or permitted by the Auditor of State.

**C. Deposits and Investments**

The District's accounting basis includes investments as assets. This basis of accounting does not record disbursements for investments purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The District maintained all money in deposit accounts with a local commercial bank and with certificates of deposit. The investment is valued at cost. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**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.

**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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. This fund is also used to retire debt issued for the purchase of a new tanker/pumper truck.

**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, and 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, 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:

**1. Nonspendable**

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

**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**2. 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 it is imposed by law through constitutional provisions.

**3. 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.

**4. 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.

**5. 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.

**G. 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.

**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS**

The District maintains a deposit pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2011	2010
Demand Deposits	\$ 315,118	\$ 285,077
Certificate of Deposits	109,963	109,293
Total Deposits	\$ 425,081	\$ 394,370

Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the District, or (3) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 215,390	\$ 152,872	\$ (62,518)
Debt Service	142,478	142,478	-
Total	\$ 357,868	\$ 295,350	\$ (62,518)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 188,417	\$ 122,161	\$ 66,256
Debt Service	142,478	142,478	-
Total	\$ 330,895	\$ 264,639	\$ 66,256

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 210,675	\$ 492,168	\$ 281,493
Debt Service	118,481	118,481	-
Total	\$ 329,156	\$ 610,649	\$ 281,493

**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 212,414	\$ 417,498	\$ (205,084)
Debt Service	118,481	118,481	-
Total	\$ 330,895	\$ 535,979	\$ (205,084)

The District failed to establish a debt service fund which violated Ohio Rev. Code Section 5705.09(C).

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the District.

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 District.

**5. DEBT**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Tanker/Pumper Truck Note	\$ 127,006	4.59%
Total	\$ 127,006	

The Township issued a note in 2010 for \$250,000 at an interest rate of 4.59% with semi-annual payments of \$28,263 for the purchase of a Smead Tanker/Pumper Truck. This note is backed by the full faith and credit of the District.

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 debts payment s are funded by tax levy proceeds. The debt was repaid in 2011.

**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. DEBT (Continued)**

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

<u>Year Ending December 31:</u>	<u>Tanker/Pumper Truck</u>
2012	55,480
2013	55,480
2014	<u>25,472</u>
Total	<u><u>\$ 136,432</u></u>

**6. RETIREMENT SYSTEMS**

The District's employees and appointed officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2011 and 2010, members of PERS contributed 10% of their gross salaries. The District contributed an amount equal to 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

Effective July, 1991, all employees not otherwise covered by Public Employees Retirement System have an option to choose Social Security. As of December 31, 2011, volunteer firefighters are members of Social Security. The District's liability is 6.2% of wages paid.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

- Commercial property and general liability;
- Vehicles;
- Errors and omissions;

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

June 20, 2012

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 Fired District**, Logan County, Ohio, (the District) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 20, 2012, 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 and has adopted Governmental Accounting Standards Board Statement No. 54. 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 Government's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Government's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Government'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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and another deficiency we consider a significant deficiency.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-001, 2011-002, and 2011-004 described in the accompanying schedule of audit findings to be material weaknesses.

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

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. We consider finding 2011-003 described in the accompanying schedule of audit findings to be a significant deficiency.

**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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated June 20, 2012.

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-001**

**Material Weakness**

**Preparing Accounting Records and Financial Statements**

The District should have procedures in place to help assure the proper recording of financial activity in the accounting records and financial statements to assist in the effective management and reporting of financial resources. The District's annual financial statements did not include the beginning 2011 and 2010 General Fund balances, in the amount of \$394,370 and \$319,700 respectively, or the ending 2011 and 2010 General Fund balances in the amount of \$425,081 and \$394,370, respectively.

The District's 2011 accounting records and financial statements had revenue classification errors as follows: a) unrecorded/unreported property and other taxes; b) tax receipts were not allocated to the Debt Service Fund but were instead reported in the General Fund; c) tax settlements were recorded at net rather than gross and this resulted in the understatement of revenue; c) intergovernmental revenue receipts were reported as taxes on the financial statements; and d) payments in lieu of taxes receipts were reported as taxes on the financial statements; e) unreported miscellaneous revenue and unrecorded sale of fixed asset revenue. The District's 2011 accounting records and financial statements had expenditure classification errors as follows: a) debt payments were recorded in the General Fund as "New Equipment and Renovation Fund" instead of in the Debt Service Fund as Debt Service – Principal and Debt Service – Interest; b) tax settlements were recorded at net rather than gross and this resulted in the understatement of expenditures; and c) bank reconciliations were not completed during the audit period.

The District's 2010 accounting records and financial statements had revenue classification errors as follows: a) unrecorded/unreported property and other taxes; b) tax receipts were not allocated to the Debt Service Fund but were instead reported in the General Fund; c) tax settlements were recorded at net rather than gross and this resulted in the understatement of revenue; d) intergovernmental revenue receipts were reported as taxes on the financial statements; and e) payments in lieu of taxes receipts were reported as taxes on the financial statements. The District's 2010 accounting records and financial statements had expenditure classification errors as follows: a) debt payments were recorded in the General Fund as "new equipment and renovation fund" instead of in the Debt Service Fund as Debt Service – Principal and Debt Service – Interest; and b) tax settlements were recorded at net rather than gross and this resulted in the understatement of expenditures.

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 inhibited 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 when preparing annual financial statements. In addition, a review should be performed of the financial statements and supporting records to help assure they are accurate, properly classified, and complete.

**Management's Response** – We did not receive a response from officials to this finding.

**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</b>
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**FINDING NUMBER 2011-002**

**Material Weakness/Noncompliance Finding**

**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 2011 and 2010 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.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2011-003**

**Significant Deficiency**

**Detailed Payroll Records**

Payroll records should be maintained in a detailed payroll journal. There is an absence of a payroll journal for the District. In the absence of a payroll journal, we were required to use Forms W-2's to verify payroll compensation, matching it back to total pay issued to the District employees.

The absence of a payroll journal for 2011 and 2010 makes it difficult to determine the gross pay for the fiscal year. A payroll journal should record, assemble and classify by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay, and other compensation paid to an employee, and the fund and account charged for the payments.

During testing of payroll, employee timesheets or run sheet were not provided with record of hours worked and approved by the Fire Chief or by District Board Members prior to submission and payment. This condition could result in employees being inaccurately paid.

We recommend that all employees provide payroll timesheets or run sheets and they be reviewed and approved by a Fire Chief and the District's Board Members on a monthly basis, even though the compensation is not disbursed to employees until December of each year. This approval should be indicated by the Fire Chief and Board Members initialing the timesheet or run sheet. We recommend the District either maintain a detailed payroll journal.

**Management's Response** – We did not receive a response to this finding from officials.

**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</b>
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**FINDING NUMBER 2011-004**

**Material Weakness**

**Posting Receipts**

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts were not always posted correctly. For example;

- Several receipts were posted as Property and Other Local Taxes instead of Intergovernmental in the General Fund in 2011 and 2010.
- Receipts were posted as Property and Other Local Taxes Instead of Payment in Lieu of Taxes in the General Fund in 2011 and 2010.
- Levy tax receipts for debt service were posted as Property and Local Taxes in the General Fund instead of the Debt Service Fund in 2011 and 2010.
- Property and Other Local Taxes were not posted in 2011 and 2010.  
The sale of fixed assets were posted as Property and Other Local Taxes instead of sale of fixed assets in 2011 and 2010.
- Insurance claim receipts and private donations were posted as Property and Other Local Taxes instead of Miscellaneous in 2011.
- Debt proceeds were not recorded in 2010.

Not posting receipts accurately resulted in the financial statements requiring several adjustments and reclassification entries. The District recorded all adjustments in its records. The financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 for guidance to determine the proper establishment of receipt accounts and posting of receipts.

**Management's Response** – We did not receive a response from officials to this finding.

**INDIAN JOINT FIRE DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2009-001	Preparing Accounting Records and Financial Statements	No	Repeated as 2011-001
2009-002	Ohio Rev. Code Section 5705.09(C) – Establishment of a Debt Service Fund	No	Repeated as 2011-002
2009-003	Ohio Rev. Code 135.13 – Interim Deposits with a maturity date of more than one year from date of deposit	Yes	



# Dave Yost • 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  
SEPTEMBER 27, 2012**