



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Southeast Hardin Northwest Union Joint Fire District  
Hardin County  
P.O. Box 123  
Mt. Victory, Ohio 43340

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Southeast Hardin Northwest Union Joint Fire District, Hardin County (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, 2011 and 2010, 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, 2011 and December 31, 2010 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2010 beginning fund balances recorded in the Cash Journal Report to the December 31, 2009 balances 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, 2011 and 2010 fund cash balances reported in the Cash Journal Reports. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balances with the District's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2011 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

**Cash and Investments (Continued)**

6. We tested investments held at December 31, 2011 and December 31, 2010 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 Taxes and Intergovernmental Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2011 and one from 2010 from Hardin County and Union County.
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Cash Journal Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper funds 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 Cash Journal Report to determine whether it included two real estate tax receipts for 2011 and 2010. We noted the Cash Journal Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2011 and five from 2010. We also selected three receipts from the Hardin County Expenditure History by Vendor Report for 2011 and five from 2010.
  - a. We compared the amount from the above reports to the amount recorded in the Cash Journal Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

**Debt**

1. From the prior audit documentation, we noted the following loan and lease purchase agreement outstanding as of December 31, 2009. These amounts agreed to the Districts January 1, 2010 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2009:
Fire Apparatus Loan	\$242,122
Lease Purchase Agreement	54,431

2. We inquired of management, and scanned the Cash Journal Report for evidence of debt issued during 2011 or 2010 or debt payment activity during 2011 or 2010. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of note debt activity for 2011 and 2010 and agreed principal and interest payments from the related loan activity statements to special revenue fund payments reported in the Cash Journal Report. 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 2011 and one payroll check for five employees from 2010 from the Payroll Ledger and:
  - a. We compared the hours and pay rate, or salary recorded in the Payroll Ledger 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 ledger. We found no exceptions.
  - c. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the minute record. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2011 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 2011. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare & Social Security	January 31, 2012	December 28, 2011	\$2,567.87	\$2,567.87
State income taxes	January 15, 2012	December 28, 2011	\$ 75.17	\$ 75.17
School District Income Tax	January 17, 2012	December 28, 2011	\$ 183.12	\$ 183.12
OPERS retirement	January 30, 2012	January 5, 2012	\$ 60.00	\$ 60.00

**Non-Payroll Cash Disbursements**

1. From the Appropriation Ledger Report, we re-footed checks recorded as General Fund disbursements for *Salary-Clerk*, for 2011. We found no exceptions.
2. We haphazardly selected ten disbursements from the Cash Journal Report for the year ended December 31, 2011 and ten from the year ended 2010 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 Cash Journal Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. 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 thirteen instances 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 assurance whether or not additional similar errors occurred.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Ledger Report for the General, Special Revenue I, and Special Revenue II Funds for the years ended December 31, 2011 and 2010. The District did not record budgeted receipt amounts in the Revenue Ledger Report for 2011 or 2010.

By not recording budgeted receipts in the Revenue Ledger the Trustees' cannot easily determine whether or if actual receipts are in-line with budgeted receipts. The Fiscal Officer should record budgeted receipt amounts in the Revenue Ledger Report.

2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether, for the General, Special Revenue I, and Special Revenue II funds, 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 Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger Report for 2011 and 2010 for the following funds: General, Special Revenue I, and Special Revenue II Funds. The District did not record appropriations in the Appropriation Ledger Report for 2011 or 2010.

By not recording appropriations in the Appropriation Ledger the Trustees' cannot easily determine whether or if actual disbursements are in-line with budgeted disbursements. The Fiscal Officer should record approved appropriations in the Appropriation Ledger.

The Fiscal Officer should record appropriation amounts in the Appropriation Ledger Report. Without this information the Trustees cannot monitor budgeted versus actual expenditures.

4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Special Revenue I, and Special Revenue II funds for the years ended December 31, 2011 and 2010. We noted no funds for which appropriations exceeded certified resources for 2010. We noted the following for 2011: General Fund appropriations exceeded certified resources by \$3,051; Special Revenue I Fund appropriations exceeded certified resources by \$7,547; and Special Revenue II Fund appropriations exceeded certified resources by \$787, contrary to Ohio Rev. Code Section 5705.39. The Trustees should not approve appropriations exceeding certified resources. Allowing this to occur could result in deficit spending.
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, 2011 and 2010 for the General, Special Revenue I, and Special Revenue II fund, as recorded in the Cash Journal Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Cash Journal Report for evidence of new restricted receipts requiring a new fund during December 31, 2011 and 2010. We also inquired of management regarding whether the District received new restricted receipts. In 2010, the District received a Federal Emergency Management Agency Assistance to Firefighters Grant, however, a separate fund was not established to account for this grant. Ohio Rev. Code Section 5705.09 requires that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

**Compliance – Budgetary (Continued)**

The failure to establish a separate fund for restricted resources increases the risk of the improper use of the resources. The District should establish a separate fund for all restricted resources.

7. We scanned the 2011 and 2010 Revenue Ledger Reports and Appropriation Ledger Reports for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 -- .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Ledger Reports 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 Cash Journal report for the years ended December 31, 2011 and 2010 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 \$50,000. We identified no purchases subject to the aforementioned bidding requirements.

**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, those charged with governance, and others within the District, and is not intended to be, and should not be used by anyone other than these specified parties.



**Dave Yost**  
Auditor of State

May 8, 2012







# Dave Yost • Auditor of State

**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT**

**HARDIN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 21, 2012**