



Dave Yost • Auditor of State

HILL VALLEY FIRE DISTRICT #3
BELMONT COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Hill Valley Fire District #3
Belmont County
P.O. Box 133
Colerain, Ohio 43916

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Hill Valley Fire District #3, Belmont 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, 2015 and 2014, 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, 2015 and December 31, 2014 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2014 beginning cash balance recorded in the Cash Journal to the December 31, 2013 balance in the prior year audited statements. We noted an exception as the January 1, 2014 balance in the Cash Journal exceeded the amount in the prior year audited statements by \$159. We also agreed the January 1, 2015 beginning cash balance recorded in the Cash Journal to the December 31, 2014 balance in the Cash Journal.
3. We agreed the totals per the bank reconciliation to the total of the December 31, 2015 and 2014 fund cash balances reported in the Cash Journal. The amounts agreed.
4. We confirmed the December 31, 2015 bank account balance with the District's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2015 bank reconciliation without exception.
5. We selected all reconciling debits (such as outstanding checks) from the December 31, 2015 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.

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Property Taxes and Intergovernmental Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2015 and one from 2014.
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Cash Journal. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper fund as required by Ohio Rev. Code §§ 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 to determine whether it included two real estate and two manufactured home tax receipts for 2015 and 2014. We noted the Cash Journal included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2015 and 2014. We also selected all non-real estate tax receipts from the Belmont County Auditor's Cross Reference Report by Vendor Number from 2015 and 2014.
 - a. We compared the amounts from the above reports to the amounts recorded in the Cash Journal. The amounts agreed with one exception in 2015. The Ohio Department of Commerce awarded the District a 2015 MARCS Radio Grant in the amount of \$14,303. The grant was for equipment and services for the Colerain Volunteer Fire Company. Instead of the District posting the grant receipt to the District's Cash Journal, and disbursing the funds, the Fiscal Officer forwarded the check directly to the Colerain Volunteer Fire Company for deposit. We confirmed the check was deposited directly into the Colerain Volunteer Fire Company's bank account.
 - 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.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2013.
2. We inquired of management, and scanned the Cash Journal for evidence of debt issued during 2015 or 2014 or debt payment activity during 2015 or 2014. We noted no new debt issuances nor any debt payment activity during 2015 or 2014.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for all employees from 2015 and one payroll check for all employees from 2014 from the Appropriation Ledger and:
 - a. We compared the salary recorded in the Appropriation Ledger to supporting documentation (legislatively approved rate). We found no exceptions.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the Appropriation Ledger. We found no exceptions.
 - c. We determined whether the account code to which the check was posted was 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.

Payroll Cash Disbursements (Continued)

2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2015 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 2015. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal Medicare taxes	1/31/16	1/10/16	\$196.62	\$196.62
OPERS retirement	1/30/16	12/13/15	\$134.40	\$134.40

Non-Payroll Cash Disbursements

1. From the Cash Journal, we re-footed checks recorded as Fire Fund disbursements for *security of persons and property*, for 2015. We found no exceptions.
2. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2015 and all non-payroll cash disbursements from the year ended December 31, 2014 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 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 § 5705.41(D). We found four instances in 2014 and two instances in 2015 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 § 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 in 2015, 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*, which are required by Ohio Rev. Code § 5705.36(A)(1), to the amounts recorded in the Cash Journal for the years ended December 31, 2015 and 2014. The amounts on the Certificate did not agree to the amounts recorded in the Cash Journal. The Cash Journal did not reflect any budgeted receipts for 2015. However, the final *Amended Official Certificate of Estimated Resources* reflected \$166,500. For 2014, the Cash Journal did not reflect any budgeted receipts. However, the final *Amended Official Certificate of Estimated Resources* reflected \$161,200. The Fiscal Officer should record budgeted receipts in the Cash Journal and agree those amounts to the *Amended Official Certificate of Estimated Resources*. If the amounts do not agree or budgeted receipts are not posted at all to the accounting records, the Trustees may be using inaccurate information for budgeting and monitoring purposes.

Compliance – Budgetary (Continued)

2. We scanned the appropriation measures adopted for 2015 and 2014 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 § 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code §§ 5705.38 and 5705.40, to the amounts recorded in the Appropriation Ledger for 2015 and 2014. The amounts on the Appropriation Resolutions agreed to the amounts recorded in the Appropriation Ledger.
4. Ohio Rev. Code §§ 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the years ended December 31, 2015 and 2014. We noted that appropriations did not exceed certified resources.
5. Ohio Rev. Code § 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, 2015 and 2014 as recorded in the Appropriation Ledger. We noted expenditures did not exceed appropriations.
6. Ohio Rev. Code § 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Cash Journal for evidence of new restricted receipts requiring a new fund during December 31, 2015 and 2014. We also inquired of management regarding whether the District received new restricted receipts. The District failed to establish a separate fund for the State Fire Marshall Grant they received.
7. We inquired of management and scanned the Appropriation Ledger to determine whether the District elected to establish reserve accounts permitted by Ohio Rev. Code § 5705.13. We noted the District did not establish these reserves.
8. We scanned the Cash Journal for the years ended December 31, 2015 and 2014 for negative cash balances. We noted no negative cash balances.

Other Compliance

Ohio Rev. Code § 117.38 requires entities to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the District filed their financial information within the allotted timeframe for the years ended December 31, 2015 and 2014. No exceptions noted.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State
Columbus, Ohio

August 18, 2016

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HILL VALLEY FIRE DISTRICT #3

BELMONT 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 22, 2016**