



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Northern Hardin County Fire District
Hardin County
12825 County Road 90
Kenton, Ohio 43326

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the Northern Hardin County Fire District (the District) and the Auditor of State 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, 2016 and 2015, 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, 2016 Reconciliation Report/Reconciliation Summary for the Fire District Fund (General Fund) and the Truck Levy Fund (Capital Projects Fund). We found no exceptions. We tested the mathematical accuracy of the December 31, 2015 Reconciliation Report/Reconciliation Summary for the Fire District Fund. We found no exceptions. A Reconciliation Report/Reconciliation Summary was not prepared at December 31, 2015 for the Truck Levy Fund.

The failure to prepare a bank to book reconciliation for all funds increases the risk of errors and/or irregularities not being detected in a timely manner. The Trustees should review the bank to book reconciliations to help assure one is completed for all funds.

2. We agreed the January 1, 2015 beginning fund balances recorded in the Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances to the December 31, 2014 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances to the December 31, 2015 balances in the Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances. We found no exceptions.

The District's accounting system did not show fund balances. The failure to maintain fund balances in the accounting system inhibits the ability to monitor the current financial situation of the District. The accounting system should include fund balances.

Cash (Continued)

3. We attempted to agree the totals per the Reconciliation Report/Reconciliation Summary for December 31, 2016 and December 31, 2015 to the total of the December 31, 2016 and December 31, 2015 fund cash balances reported in the Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances. The amounts did not agree for December 31, 2015 since a Reconciliation Report/Reconciliation Summary was not prepared for the Truck Levy Fund.
4. We confirmed the December 31, 2016 bank account balance with the District's financial institution. We found no exceptions. We also agreed the confirmed balance to the amounts appearing in the December 31, 2016 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 Reconciliation Report/Reconciliation Summary:
 - 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.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2016 and one from 2015.
 - a. We attempted to trace the gross receipts from the *Statement* to the amount recorded in the Itemized Categories report. The receipts were recorded at the net amount instead of the gross amount. The failure to record property tax receipts at the gross amount and to record the related fees understates the financial activity of the District. The Trustees should periodically review the accounting records and the Statements to help assure property tax receipts are being recorded at the gross amount.
 - b. We determined whether the receipt was allocated to the proper fund(s) 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 Itemized Categories report to determine whether it included two real estate tax receipts for 2016 and 2015. We noted the Itemized Categories report included the proper number of tax receipts for each year.

Debt

1. From the prior audit documentation, we noted the following loans outstanding as of December 31, 2014. These amounts agreed to the Districts January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
Truck Purchase	\$331,310.00

2. We inquired of management, and scanned the Itemized Categories report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in step 3.

Debt (Continued)

3. We obtained a summary of debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedule to the Capital Projects Fund payments reported in the Itemized Categories 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 2016 and one payroll check for five employees from 2015 from the Itemized Categories report and:
 - a. We compared the hours and pay rate, or salary recorded in the Itemized Categories 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.
 - 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 employees' personnel files. 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, 2016 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 2016. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2017	January 23, 2017	\$73.71	\$73.71
State income taxes	January 15, 2017	January 14, 2017	\$8.07	\$8.07
Local income tax	January 31, 2017	January 23, 2017	\$3.60	\$3.60
OPERS retirement	January 30, 2017	January 9, 2017	\$48.00	\$48.00

Non-Payroll Cash Disbursements

1. From the Itemized Categories report, we re-footed checks recorded as General Fund (Fire District Fund) disbursements for utilities, for 2016.
2. We haphazardly selected ten disbursements from the Itemized Categories report for the year ended December 31, 2016 and ten from the year ended 2015 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 Itemized Categories report and to the names and amounts on the supporting invoices. We found no exceptions.

Non-Payroll Cash Disbursements (Continued)

- 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 no exceptions.

Compliance – Budgetary

1. We attempted to compare 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 Districts accounting system. Estimated receipts were not entered into the accounting system for the years ended December 31, 2016 and 2015. We also noted that amounts per the Amended Official Certificate of Estimated Resources did not agree to the Estimated Budget report, used by the District for approving the budget, for the General and Capital Projects funds for the years ended December 31, 2016 and 2015. In 2016, the Estimate Budget report had budgeted (i.e. certified) resources for the General Fund of \$69,600 and the Capital Projects of \$130,000, however, the final *Amended Official Certificate of Estimated Resources* reflected \$70,435 and \$132,884. In 2015, the Estimate Budget report had budgeted (i.e. certified) resources for the General Fund of \$69,550 and the Capital Projects of \$130,412, however, the final *Amended Official Certificate of Estimated Resources* reflected \$70,391 and \$132,884.

The Trustees should periodically compare amounts recorded in the Estimated Budget 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. Also estimated receipts should be entered into the accounting system or included in another document that has actual receipts to allow for the monitoring of budget versus actual activity. If entered into a document outside the accounting system, the Trustees should periodically compare the amounts reported as budgeted to the approved budget and the amounts reported as actual to the accounting system.

2. We scanned the Estimate Budget adopted for 2016 and 2015 to determine whether, for the General and Capital Project 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 attempted to compare total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the accounting system for 2016 and 2015 for the following funds: General and Capital Projects. Appropriations were not entered into the accounting system. Appropriations should be entered into the accounting system or included in another document that has actual disbursements to allow for the monitoring of budget versus actual activity. If entered into a document outside the accounting system, the Trustees should periodically compare the amounts reported as budgeted to the approved budget and the amounts reported as actual to the accounting system.
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 and Capital Projects funds for the years ended December 31, 2016 and 2015. We noted no funds for which appropriations exceeded certified resources.

Compliance – Budgetary (Continued)

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, 2016 and 2015 for the General and Capital Projects funds, as recorded in the Estimated Budget and the Statements of Cash Receipts, Disbursements, and Changes in Fund Balances. We noted that the Capital Projects Fund expenditures for 2016 exceeded total appropriations by \$190,876.73, contrary to Ohio Rev. Code Section 5705.41(B).

The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if resources are available.

6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Itemized Categories report for evidence of new restricted receipts requiring a new fund during the years December 31, 2016 and 2015. We also inquired of management regarding whether the District received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the District to establish a new fund.
7. We scanned the 2016 and 2015 Itemized Categories report and Estimated Budgets for evidence of inter-fund transfers 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 Estimated Budget 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.
9. We scanned the Statements of Cash Receipts, Disbursements, and Changes in Fund Balances for the years ended December 31, 2016 and 2015 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

Other Compliance

1. Ohio Rev. Code Section 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, 2016 and 2015. The 2016 financial statements were filed timely but the notes to the financial statements were not filed until March 15, 2017 which was not within the allotted timeframe. A control, such as a reminder system, should be implemented by the District to help assure that complete financial information is filed timely.

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, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

April 27, 2017



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NORTHERN HARDIN COUNTY 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
MAY 18, 2017**