



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Garrettsville-Freedom-Nelson Joint Fire District
Portage County
8035 Elm Street
Garrettsville, Oh 44231

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Garrettsville-Freedom-Nelson Joint Fire District (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

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 Monthly Transaction and Treasury Balance Report to the December 31, 2009 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the fund cash balances reported in the December 31, 2010 and 2011 Monthly Transaction and Treasury Balance Report. The amounts agreed.
4. We confirmed the December 31, 2011 bank account balance with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2011 bank reconciliation. We found no exceptions.
5. We selected five outstanding checks haphazardly from the December 31, 2011 bank reconciliation:
 - a. We traced each check to the debit appearing in the subsequent January bank statement. We found no exceptions.
 - 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.

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 2011 and one from 2010.
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Monthly Transactions and Treasury Balance Report. The amounts agreed.
 - b. We determined whether the receipts were 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 receipts were recorded in the proper year. We found no exceptions.
2. We scanned the Transaction Detail by Account Report for 2011 and 2010 to determine whether it included two real estate tax receipts for 2011 and 2010. We found no exceptions.
3. We selected all receipts from the State Distribution Transaction List (DTL) from 2011 and five from 2010. We will also select five receipts from the County Auditor Vendor Payment Report from 2011 and five from 2010.
 - a. We compared the amount from the above report(s) to the amount recorded in the Monthly Transactions and Treasury Balance Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper fund(s). 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 agreed-upon procedures documentation, we noted the following capital lease outstanding as of December 31, 2009. This amount agreed to the District's January 1, 2010 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2009:
Capital Lease	\$202,690

2. We inquired of management, reviewed the prior audit report, and scanned the Monthly Transactions and Treasury Balance Report for 2011 and 2010 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 below.
3. We obtained a summary of the capital lease activity for 2011 and 2010 and agreed principal and interest payments from the amortization schedules and related invoices to payments reported in the Monthly Transactions and Treasury Balance 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 YTD Employee Journal by Check Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Payroll Transaction Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.

Payroll Cash Disbursements – (Continued)

- b. We determined whether the account code(s) 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 that the amounts paid agreed to the amounts withheld during the appropriate withholding period during 2011. We noted the following:

Withholding	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & medicare	January 31, 2012	12/30/11	\$1,585	\$1,585
State income taxes	January 15, 2012	12/24/11	\$250	\$250
Local income tax	March 1, 2012	1/1/12	\$528	\$528
OPFPF retirement – employee contribution	January 30, 2012	1/10/12	\$406	\$406
OPFPF retirement – employer contribution	March 31, 2012	3/13/12	\$2,923	\$2,923
OPERS retirement	January 30, 2012	1/8/12	\$607	\$607

No exceptions were noted.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the bank statements and vouchers for the year ended December 31, 2011 and ten from the year ended 2010 and determined whether:
- The disbursements were for a proper public purpose. We found no exceptions.
 - The check number, date, payee name and amount recorded on the imaged checks on the bank statements agreed to the check number, date, payee name and amount recorded on the voucher packet and Check Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - 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.
 - 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 one instance where the date of obligation was prior to the fiscal certification on the purchase order. 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. We also found one instance where blanket purchase orders were written for the same financial statement line item. ORC 5705.41(D) states that "only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation." We recommend that the District implement adequate procedures and controls over purchase order procedures to ensure compliance with budgetary laws. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred. 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 from the Amended *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, 2011 and the District minutes for December 31, 2010. The amounts agreed.
2. We scanned the appropriation measures adopted for 2011 and 2010 to determine whether the District 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 2011 and the Appropriation Ledger for 2010. The amounts agreed.
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, 2011 and 2010. We noted no funds for which appropriations exceeded 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, 2011 and 2010 as recorded in the Profit & Loss Budget vs Actual Report. We noted no funds for which expenditures exceeded appropriations.
6. We inquired of management and scanned the Profit & Loss Budget vs Actual Report for 2011 and the Appropriations Ledger for 2010, 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 Monthly Transaction and Treasury Balance 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 a building alterations project exceeding \$50,000, subject to Ohio Rev. Code Section 505.37. For this project, we noted that the Board advertised the project in a local newspaper, and selected the lowest responsible bidder.
2. For the project described in step 1 above, we read the contract and noted that it did not contain the determination of prevailing wages nor did it require the contractor to pay prevailing wages to their employees as required by Ohio Rev. Code Sections 4115.04 and 4115.05. The contract did not include the Ohio Department of Commerce's schedule of prevailing rates, nor did the contractor submit certified payrolls during the contract period.

Officials' Response: We did not receive a response from Officials to the exceptions reported above.

Compliance – Contracts & Expenditures

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 "D" and "Y".

Dave Yost
Auditor of State

June 28, 2012

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GARRETTSVILLE FREEDOM NELSON JOINT FIRE DISTRICT

PORTAGE 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 21, 2012**