

**WESTERN HOLMES COUNTY
FIRE DISTRICT
HOLMES COUNTY
Agreed-Upon Procedures
For the Years Ended December 31, 2012 and 2011**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Western Holmes County Fire District
P.O. Box 370
Nashville, Ohio 44661

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of the Western Holmes County Fire District, Holmes County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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 Western Holmes County 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

June 13, 2013

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**WESTERN HOLMES COUNTY FIRE DISTRICT
HOLMES COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

May 22, 2013

Western Holmes County Fire District
Holmes County
P.O. Box 370
Nashville, Ohio 44661

To the Board of Trustees:

We have performed the procedures enumerated below, with which the Board of Trustees and the management of the **Western Holmes County Fire District**, Holmes County, Ohio (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, 2012 and 2011, 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, 2012 and December 31, 2011 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2011 beginning fund balance recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balance to the December 31, 2010 balance in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2012 beginning fund balance recorded in the Combined Statement of Receipts, Disbursements and Changes in Fund Balance to the December 31, 2011 balance in the Combined Statement of Receipts, Disbursements and Changes in Fund Balance. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2012 and 2011 fund cash balances reported in the Combined Statement of Receipts, Disbursements and Changes in Fund Balance. The amounts agreed.
4. We confirmed the December 31, 2012 bank account balances with the District's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2012 bank reconciliation without exception.

Cash and Investments (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2012 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.
6. We tested investments held and December 31, 2012 and December 31, 2011 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, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2012 and one from 2011:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Ledger. It was noted that the amounts were posted at net rather than at gross. We recommend that the entity post the tax receipts at gross and then post a "memo" expenditure for the county auditor/treasurer fees.
 - b. We determined whether the receipt was 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 receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Ledger to determine whether it included two real estate tax receipts for 2012 and 2011. We noted the Receipt Ledger included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2012 and all from 2011. We also selected five receipts from the County's Appropriation History Report from 2012 and five from 2011.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Ledger. The amounts agreed.
 - 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.

Charges for Services

1. We haphazardly selected five receipts recorded in the cash receipts records from the year ended December 31, 2012 and five from the year ended December 31, 2011. We compared the receipt to the amount credited in the bank statement. We also compared the date the payment was recorded in the cash receipts records to the date deposited per the bank statement. Per the table below, the amounts agreed, and the cash was deposited timely.

Charges for Services (Continued)

2012

	Amount Recorded in Cash Receipts Records, 2012	Amount Deposited per Bank Statement	Date Recorded in Cash Receipts Records	Date Deposited per Bank Statement
1.	\$ 1,345.89	\$ 1,345.89	2/27/2012	2/28/2012
2.	\$ 723.65	\$ 723.65	4/21/2012	4/24/2012
3.	\$ 149.80	\$ 149.80	7/14/2012	7/16/2012
4.	\$ 180.05	\$ 180.05	9/24/2012	9/25/2012
5.	\$ 759.40	\$ 759.40	12/24/2012	12/24/2012

2011

	Amount Recorded in Cash Receipts Records, 2011	Amount Deposited per Bank Statement	Date Recorded in Cash Receipts Records	Date Deposited per Bank Statement
1.	\$ 1,447.33	\$ 1,447.33	5/18/2011	5/19/2011
2.	\$ 1,134.83	\$ 1,134.83	6/7/2011	6/9/2011
3.	\$ 2,480.53	\$ 2,480.53	8/23/2011	8/23/2011
4.	\$ 2,008.35	\$ 2,008.35	9/24/2011	9/26/2011
5.	\$ 1,795.23	\$ 1,795.23	11/7/2011	11/8/2011

2. We confirmed the amounts paid from Ohio Billing, the service organization that performs the emergency medical billings, to the District during 2012 and 2011 with Ohio Billing. We noted the service organization bills for the services; however, all payments for these services are made directly to the District. We determined the District does not perform a reconciliation between amounts billed versus amounts collected. We recommend the District reconcile each month between amounts billed versus amounts collected. The District should also receive a detailed accounts receivable report to review each month and implement procedures for collecting these amounts.
 - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
 - b. 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, 2010.
2. We inquired of management, and scanned the Receipt Ledger and Expense Ledger for evidence of debt issued during 2012 or 2011 or debt payment activity during 2012 or 2011. We noted no debt payment activity during 2012 or 2011. However, we did note a new debt issuance during 2012.
3. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the General Fund per the Receipt Ledger. The amounts agreed.

Debt (Continued)

4. For new debt issued during 2012, we inspected the debt legislation, noting the District must use the proceeds to purchase a fire truck. We scanned the Expense Ledger and noted the District purchased a fire truck in November of 2012.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2012 and one payroll check for five employees from 2011 from the Cash Journal and:
 - a. We compared the hours and pay rate, or salary recorded in the Cash Journal to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found that timecards are not maintained and pay rates and salaries are not legislatively or statutorily documented.
 - b. We recomputed gross and net pay and agreed it to the amount recorded in the payroll vouchers. We found no exceptions. We noted the District did not maintain a Payroll Register. We recommend the District keep a Payroll Register to document computations of gross to net pay.
 - 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 or as required by statute. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department to which the check should be charged.
 - d. Retirement system participation and payroll withholding
 - e. Federal, State, & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found that the District does not maintain personnel files for any employees. However, withholding authorizations are maintained separately by the Fiscal Officer. We recommend the District create personnel files to keep all documentation to support wages paid and deductions withheld.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2012 to determine whether the remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employers share, where applicable, during the final withholding period of 2012.

Payroll Cash Disbursements (Continued)

3. (Continued) We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2013	December 14, 2012	\$ 1,348.24	\$ 1,542.74
State income taxes	January 31, 2013	December 26, 2012	\$ 239.61	\$ 239.61
OPERS retirement	January 30, 2013	December 26, 2012	\$ 1,183.20	\$ 1,183.20

As noted above, the District overpaid Federal income taxes by \$194.50 for December 2012. This amount was repaid to the District on March 6, 2013.

Non-Payroll Cash Disbursements

1. From the Expense Ledger, we re-footed checks recorded as General Fund disbursements for *public safety*, for 2012. We found no exceptions.
2. We haphazardly selected ten disbursements from the Expense Ledger for the year ended December 31, 2012 and ten from the year ended 2011 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 Expense Ledger 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 Section 5705.41(D). We found no exceptions.

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 Comparison of Budgeted and Actual Receipts for the years ended December 31, 2012 and 2011. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for 2011. The Comparison of Budgeted and Actual Receipts was not completed in 2011. However, the final *Amended Official Certificate of Estimated Resources* reflected \$308,265. The fiscal officer should periodically compare amounts recorded in the Comparison of Budgeted and Actual Receipts to amounts recorded on *the Amended Official Certificated of Estimated Resources* to assure they agree. If they amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2012 and 2011 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 Section 5705.38(C). We found no exceptions.

Compliance – Budgetary (Continued)

3. We compared total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40, to the amounts recorded in the Comparison of Cash Disbursements and Encumbrances for 2012 and 2011. The amounts on the appropriation resolutions agreed to the amounts recorded in the Comparison of Cash Disbursements and Encumbrances, except for 2011. The Comparison of Cash Disbursements and Encumbrances was not completed in 2011. However, the appropriation resolution reflected \$416,000. The fiscal officer should periodically compare amounts recorded in the Comparison of Cash Disbursements and Encumbrances to the amounts recorded on the appropriation resolution to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
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 years ended December 31, 2012 and 2011. 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, 2012 and 2011 as recorded in the Comparison of Cash Disbursements and Encumbrances and Combined Statement of Receipts, Disbursements, and Changes in Fund Balance. We noted that expenditures for 2012 exceeded total appropriations by \$18,481, contrary to Ohio Rev. Code Section 5705.41(B). The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Treasurer 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 Receipt Ledger for evidence of new restricted receipts requiring a new fund during December 31, 2012 and 2011. 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 2012 and 2011 Comparison of Budgeted and Actual Receipts and Comparison of Cash Disbursements and Encumbrances for evidence of interfund 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 Comparison of Cash Disbursements and Encumbrances 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.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

WESTERN HOLMES COUNTY FIRE DISTRICT

HOLMES 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 25, 2013**