



Dave Yost • Auditor of State



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Cardinal Joint Fire District
Mahoning County
104 Lisbon Street
Canfield, Ohio 44406

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Cardinal 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, 2014 and 2013, 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, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Balance Sheet to the December 31, 2012 balances in the prior year documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Balance Sheet to the December 31, 2013 balances in the Balance Sheet. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Balance Sheets. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balances with the Fire District's financial institutions (Huntington National Bank). We also observed the year-end bank balances on the financial institution's (Farmers National Bank) website. The balances agreed. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation without exception.

Cash and Investments – (Continued)

5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statements on the financial institutions website. 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 interbank account transfers occurring in December of 2013 to determine if they were properly recorded in the accounting records and on the bank reconciliation. We found no exceptions.
7. We tested investments held at December 31, 2014 and December 31, 2013 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 2014 and one from 2013.
 - a. We traced the gross receipts from the Statement to the amount recorded in the Profit and Loss Detail Report. We also traced the advances noted on the Statement to the Profit and Loss Detail Report. The amounts agreed.
 - 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 Profit and Loss Detail Report to determine whether it included two real estate tax receipts, plus eleven advances for 2014 and 2013. We noted the Profit and Loss Detail Report included the proper number of tax receipts for each year.
3. We selected all three receipts from the State Distribution Transaction Lists (DTL) from 2014 and all three from 2013. We also selected five receipts from the Mahoning County Auditor's Vendor Activity by Budget Year listing from 2014 and five from 2013.
 - a. We compared the amount from the above reports to the amount recorded in the Profit and Loss Detail 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. The prior audit agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2012.
2. We inquired of management, and scanned the Profit and Loss Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. We noted no new debt issuances, nor any debt payment activity during 2014 or 2013.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Payment Register and:
 - a. We compared the hours and pay rate, or salary recorded in the Payment Register to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found an instance where an employee's salary was calculated using 24 pays instead of 26 pays and as a result the employee was overpaid in 2012 by \$4,977, in 2013 by \$5,608 and in 2014 by \$5,775. We brought this to management's attention, and they compiled a repayment plan in which an amount will be deducted from subsequent payments to this employee. All full time employees were included in the testing. No additional exceptions were noted.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued Fire Chief, Donald Hutchison in the amount of \$16,360 in favor of the District's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code §9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

The Township Fiscal Officer signed the warrants resulting in improper payments. Fiscal Officer Joe Sosnowski, will be jointly and severally liable in the amount of \$16,360 and in favor of the General Fund to the extent that recovery is not obtained from Donald Hutchison.

The Fire District has set up a payment plan with the Chief and is withholding \$150 each pay, over 110 pay periods. He has paid back \$3,750 as of March 25, 2016.

- b. 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, 2014 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 2014. We noted the following:

Payroll Cash Disbursements- (Continued)

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2015	December 19, 2014	\$5,891	\$5,891
State income taxes	January 15, 2015	December 17, 2014	\$1,392	\$1,392
Local income tax	January 1, 2015	December 19, 2014	\$689	\$689
OPERS retirement	January 30, 2015	December 10, 2014	\$2,335	\$2,335
OP&F retirement	January 31, 2015	December 10, 2014	\$10,104	\$10,104

Non-Payroll Cash Disbursements

We haphazardly selected ten disbursements from the Payment Register for the year ended December 31, 2014 and ten from the year ended 2013 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 Payment Register 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 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 Profit and Loss Budget vs. Actual All Funds report for the General, Equipment funds for the years ended December 31, 2014 and 2013 and the Building fund for the year ended 2014. The amounts on the *Certificate* did not agree to the amount recorded in the accounting system for the General, Equipment, and Building funds for either year.

		Estimated Receipts on Certificate	Estimated Receipts on Profit & Loss	Variance
2013	General	1,339,396	1,339,496	100
	Equipment (SR)	539,984	538,234	(1,750)
	Building (SR)	500,000	-	(500,000)
2014	General	1,352,533	1,352,133	(400)
	Equipment (SR)	545,046	543,296	(1,750)
	Building (SR)	1,000	-	(1,000)

Compliance – Budgetary – (Continued)

The fiscal officer should periodically compare amounts recorded in the Profit and Loss Budget vs. Actual All Funds reports 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.

2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Equipment and Building 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 Profit and Loss Budget vs. Actual All Funds report for 2014 and 2013 for the following funds: General, Equipment and Building funds. The amounts on the appropriation resolutions agreed to the amounts recorded in the Profit and Loss Budget vs. Actual All Funds report.
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, Equipment and Building funds for the years ended December 31, 2014 and 2013. 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, 2014 and 2013 for the General, Equipment and Building funds, as recorded in the Profit and Loss Budget vs. Actual All Funds 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 Profit and Loss Detail Report for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. 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 2014 and 2013 Profit and Loss Budget vs. Actual All Funds 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 Profit and Loss Budget vs. Actual All Funds 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.
9. We scanned the Profit and Loss Budget vs. Actual All Funds reports for the years ended December 31, 2014 and 2013 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.

Compliance – Budgetary – (Continued)

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

March 25, 2016



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CARDINAL JOINT FIRE DISTRICT

MAHONING 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
APRIL 26, 2016**