



OHIO 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, which were agreed to by the Board of Trustees and the management of the Northern Hardin County Fire District (the District), on the receipts, disbursements and balances recorded in the District's cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the District. The District is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the District. 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 recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances to the December 31, 2016 balances in the documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances to the December 31, 2017 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.

3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Statement of Cash Receipts, Disbursements, and Changes in Fund Cash Balances. The amounts agreed.
4. We confirmed the December 31, 2018 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, 2018 bank reconciliation without exception.

5. We selected all three reconciling debits (such as outstanding checks) haphazardly from the December 31, 2018 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. There were 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 2018 and one from 2017.
  - 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 2018 and 2017. We noted the Itemized Categories report included the proper number of tax receipts for each year.
3. We confirmed the amounts paid from the FEMA Assistance to Firefighters Grant Program to the District during 2017 with FEMA. We agreed the amount paid by the Ohio Department of Commerce for the Equipment Grant to the District during 2017 to documentation from the Ohio Department of Commerce. We confirmed the amounts paid from the Hardin Community Foundation to the District during 2017 with the Hardin Community Foundation. We found no exceptions.
  - a. We inspected the Itemized Categories Report to determine whether these receipts were allocated to the proper fund. We found no exceptions.
  - b. We inspected the Itemized Categories Report to determine 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 loan outstanding as of December 31, 2016.

Issue	Principal outstanding as of December 31, 2016:
Truck Loan	\$210,175

We also noted that the debt listed in the table below was issued during 2016 and outstanding as of December 31, 2016 but was not included in the prior year agreed-upon procedures documentation:

Issue	Principal outstanding as of December 31, 2016:
PXP Pumper Loan	\$96,677

2. We inquired of management, and scanned the Itemized Categories report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. All debt noted agreed to the summary we used in step 3
3. We obtained a summary of debt activity for 2018 and 2017 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 selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 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 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 inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm 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 2018. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare	January 31, 2019	January 22, 2019	\$73.71	\$73.71
State income taxes	January 15, 2019	January 14, 2019	\$8.07	\$8.07
Local income tax	January 31, 2019	January 14, 2019	\$17.31	\$17.31
OPERS retirement	January 30, 2019	January 18, 2019	\$48.00	\$48.00

**Non-Payroll Cash Disbursements**

1. We selected a sample (agreed upon) of 10 disbursements from the Itemized Categories Report for the year ended December 31, 2018 and 10 from the year ended 2017 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.
  - 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 for the General Fund for the year ended December 31, 2018 and both the General Fund and Capital Projects Fund for the year ended December 31, 2017. Estimated receipts were not entered into the accounting system for the years ended December 31, 2018 and 2017. We also noted that amounts per the Amended Official Certificate of Estimated Resources did not agree to the Estimated Budget report, which is a spreadsheet used by the District for approving the budget, for the General Fund for the year ended December 31, 2018 and the General and Capital Projects Fund for the year ended December 31, 2017. In 2018, the Estimate Budget report had budgeted (i.e. certified) resources for the General Fund of \$68,035, however, the final *Amended Official Certificate of Estimated Resources* reflected \$75,561. In 2017, the Estimate Budget report had budgeted (i.e. certified) resources for the General Fund of \$68,050 and the Capital Projects of \$130,000, however, the final *Amended Official Certificate of Estimated Resources* reflected \$75,331 and \$135,587. The FEMA grant fund estimated receipts were not included on the *Amended Official Certificate of Estimated Resources* or the Estimated Budget Report for the year ended December 31, 2017.

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 inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General and Capital Projects 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 the General Fund for the year ended December 31, 2018 and both the General Fund and Capital Projects Fund for the year ended December 31, 2017. 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 fund for the year ended December 31, 2018 and the General and Capital Projects Fund for the year ended December 31, 2017. There were 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 year ended December 31, 2018 for the General and FEMA Grant Funds and for the year ended December 31, 2017 for the General, Capital Projects, and FEMA Grant funds,

as recorded in the Estimated Budget Report approved by the Board. The FEMA Grant Fund had expenditures that exceeded total appropriations by \$22,577 for 2018 and by \$92,949 in 2017, 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 Fiscal Officer 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 inspected the Itemized Categories Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the District received new restricted receipts. The District established the FEMA Grant fund during 2017 to segregate Federal Emergency Management Agency receipts and disbursements, in compliance with Section 5705.09.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances and Estimated Budgets 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Itemized Categories Reports and Estimated Budgets to determine whether the District elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The District did not establish these reserves.
10. We inspected the Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances for the years ended December 31, 2018 and 2017 for negative cash fund balances. 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. There were no funds having negative cash fund balances.

#### **Other Compliance**

1. Ohio Rev. Code Section 117.38 requires Districts to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the District filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. There were no exceptions.
2. For all credit card accounts we obtained:
  - copies of existing internal control policies,
  - a list of authorized users, and
  - a list of all credit card account transactions.

- a. We inspected the established policy obtained above and determined it is:
  - i. in compliance with the HB 312 statutory requirements, and
  - ii. implemented by the entity.We found no exceptions.
- b. We selected 3 credit card transactions for testing. For selected transactions we inspected documentation to determine that:
  - i. Use was by an authorized user within the guidelines established in the policy, and
  - ii. Each transaction was supported with original invoices and for a proper public purpose.We found no exceptions.

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*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the District's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is to provide assistance in it's the evaluation of the District's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

July 31, 2019



# OHIO AUDITOR OF STATE KEITH FABER



**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  
SEPTEMBER 5, 2019**