



**Auditor of State
Betty Montgomery**

**SRWW #2 JOINT FIRE DISTRICT NAME
CLINTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - General and Fiduciary Funds - For the Year Ended December 31, 2004.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

SRWW # 2 Joint Fire District
Clinton County
179 S. Jackson Street
Sabina, Ohio 45169

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

December 12, 2006

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

SRWW #2 Joint Fire District
Clinton County
179 S. Jackson Street
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the accompanying financial statements of SRWW #2 Joint Fire District, Clinton County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The District has elected not to reformat its statements. Since this District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of SRWW #2 Joint Fire District, Clinton County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

December 12, 2006

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$161,819	\$0	\$0	\$161,819
Intergovernmental	15,477			15,477
Charges for Services	7,000	96,431		103,431
Earnings on Investments	380		310	690
Miscellaneous	351		10,384	10,735
Total Cash Receipts	<u>185,027</u>	<u>96,431</u>	<u>10,694</u>	<u>292,152</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	35,652	9,198		44,850
General Government	34,636			34,636
Other			8,750	8,750
Debt Service:				
Redemption of Principal	110,808			110,808
Interest	20,495			20,495
Capital Outlay	40,045			40,045
Total Disbursements	<u>241,636</u>	<u>9,198</u>	<u>8,750</u>	<u>259,584</u>
Total Receipts Over/(Under) Disbursements	<u>(56,609)</u>	<u>87,233</u>	<u>1,944</u>	<u>32,568</u>
Fund Cash Balances, January 1	<u>117,069</u>	<u>0</u>	<u>27,702</u>	<u>144,771</u>
Fund Cash Balances, December 31	<u><u>\$60,460</u></u>	<u><u>\$87,233</u></u>	<u><u>\$29,646</u></u>	<u><u>\$177,339</u></u>
Reserves for Encumbrances, December 31	<u><u>\$1,977</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,977</u></u>

The notes to the financial statements are an integral part of this statement.

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GENERAL AND FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>	<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$160,294	\$0	\$160,294
Intergovernmental	146,635		146,635
Charges for Services	7,000		7,000
Earnings on Investments	297	134	431
Miscellaneous		11,155	11,155
	<u>314,226</u>	<u>11,289</u>	<u>325,515</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	42,553		42,553
General Government	36,032		36,032
Other		10,183	10,183
Debt Service:			
Redemption of Principal	54,632		54,632
Interest	22,921		22,921
Capital Outlay	88,178		88,178
	<u>244,316</u>	<u>10,183</u>	<u>254,499</u>
Total Disbursements			
Total Receipts Over Disbursements	<u>69,910</u>	<u>1,106</u>	<u>71,016</u>
Fund Cash Balances, January 1	<u>47,159</u>	<u>26,596</u>	<u>73,755</u>
Fund Cash Balances, December 31	<u>\$117,069</u>	<u>\$27,702</u>	<u>\$144,771</u>
Reserves for Encumbrances, December 31	<u>\$1,857</u>	<u>\$0</u>	<u>\$1,857</u>

The notes to the financial statements are an integral part of this statement.

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the SRWW #2 Joint Fire District, Clinton County, Ohio (the District), as a body corporate and politic. A four-member Board of Trustees governs the District. One board member is appointed by each political subdivision within the District. Those subdivisions are the Village of Sabina, Richland Township, Wayne Township and Wilson Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits, which is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

The accounting basis includes investments as assets. Accordingly, investment purchases are not recorded as disbursements, and investment sales are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The accounting basis values common stock at cost or fair value when donated. Money market mutual funds are recorded at share values the mutual funds report.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the following types:

1. General Fund

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

This fund accounts for proceeds from specific sources (other than from trusts or for capital projects) restricted to expenditure for specific purposes. The District had the following Special Revenue Fund:

Ambulance and Emergency Medical Services Fund

This fund receives receipts from the billing of emergency runs. The District bills for emergency runs.

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds

These funds account for resources restricted by legally binding trust agreements and funds for which the District is acting in an agency capacity. The District had the following significant Fiduciary Fund:

Fire Trust Fund and Emergency Management Trust Fund

These funds are used to account for all balances of the trust funds that were maintained by the Village of Sabina, but given to the District upon their establishment in 1996. These funds are used to account for all gifts and/or donations received by the District.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	2005	2004
Demand deposits	\$174,409	\$141,997
Total deposits	174,409	141,997
Mutual Funds at fair market value	2,454	2,358
Common stock at fair market value	476	416
Total investments	2,930	2,774
Total deposits and investments	\$177,339	\$144,771

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The District was bequeathed stocks and mutual funds. Edwards Jones Investments holds the District's equity securities in book entry form in the District's name. At December 31, 2005, \$2,932 of deposits were not insured or collateralized.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$176,528	\$185,027	\$8,499
Special Revenue	40,000	96,431	56,431
Fiduciary	0	10,694	10,694
Total	\$216,528	\$292,152	\$75,624

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$321,464	\$243,613	\$77,851
Special Revenue	12,000	9,198	2,802
Fiduciary	23,535	8,750	14,785
Total	\$356,999	\$261,561	\$95,438

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$230,692	\$314,226	\$83,534
Fiduciary	0	11,289	11,289
Total	\$230,692	\$325,515	\$94,823

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$200,658	\$246,173	(\$45,515)
Fiduciary	26,596	10,183	16,413
Total	\$227,254	\$256,356	(\$29,102)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$45,515 for the year ended December 31, 2004.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State then pays the District amounts equaling the homestead and rollback deductions. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the District.

Tangible personal property tax owners assess that property. The property owners must file a tangible property list to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

5. DEBT

Debt outstanding at December 31, 2005 was as follows:

	Principal	Interest Rate
Lease/Purchase	\$70,182	4.00%
Fire Building Loan	356,895	4.95%
Total	\$427,077	

A non-interest bearing loan of \$100,000 was received by the District in 2000 from the State Fire Marshal from the Small Government Fire Department Services Revolving Loan Program to purchase a combination Pumper/Rescue vehicle in accordance with the Ohio Administrative Code. The District paid the remaining balance in 2004.

The District entered into a lease/purchase agreement for a new ambulance in 2005. The lease was obtained in the amount of \$135,783, including interest. The District paid \$60,000 on the principal in 2005 and the balance will be paid in annual installments of \$25,261 over three years. The District has the option to purchase the ambulance on the anniversary of the commencement each year of the lease. The ambulance serves as the collateral.

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. DEBT (Continued)

In November 2001, the District approved and signed an agreement to obtain financing to construct a new fire building. National Bank and Trust loaned the District \$550,000 with an interest rate of 4.95% for a period of five years with annual payments of \$71,303. At the end of five years a balloon payment for the remaining balance is due. The District intends to refinance the remaining balance in 2006.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Fire Building Loan	Lease Agreement
2006	\$71,303	\$25,261
2007	303,028	25,261
2008	-	25,261
Total	\$374,331	\$75,783

6. RETIREMENT SYSTEMS

Employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS member employees contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries.

7. RISK MANAGEMENT

Commercial Insurance

The SRWW #2 Joint Fire District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

8. MATERIAL NONCOMPLIANCE

The District did not properly post receipts in 2005 and 2004 into the established funds as required by Ohio Revised Code Section 5705.09 and 5705.10.

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

SRWW # 2 Joint Fire District
Clinton County
179 S. Jackson Street
Sabina, Ohio 45169

To the Board of Trustees:

We have audited the financial statements of the SRWW #2 Joint Fire District, Clinton County, Ohio (the District), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated December 12, 2006, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2005-001, 2005-002, and 2005-003.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider the reportable conditions 2005-001, 2005-002 and 2005-003 listed above to be material weaknesses. In a separate letter to the District's management dated December 12, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-002 and 2005-003.

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 12, 2006

**SRWW #2 JOINT FIRE DISTRICT
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 2005-001

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider the following:

- Ensuring that all transactions are properly authorized in accordance with management's policies.
- Ensuring that accounting records are properly designed.
- Ensuring adequate security of assets and records.
- Verifying the existence and valuation of assets and liabilities and periodically reconciling them to the accounting records.
- Performing analytical procedures to determine the reasonableness of financial data.
- Monitoring activities performed by service organizations.

The SRWW #2 Joint Fire District entered into a contract with MBI to process bills for ambulance runs. Payments were sent directly to a lockbox maintained by National Bank and Trust. MBI received copies of remittance detail that was sent to the lockbox. MBI would then post this detail to their records. MBI invoiced the District ten percent of the amount collected. The District did not establish procedures to reasonably determine that ambulance billings have been completely and accurately processed and collected. There was no evidence that the District reconciles the amounts posted by MBI to the monies that were deposited into the District's bank account. As a result, the District was unaware that one thousand nine hundred and seventy five dollars that was due them was credited to another entity's account. The bank was notified and the money was deposited into the District's account in 2006.

We recommend the District establish procedures to reconcile the ambulance runs to the amounts invoiced by MBI. They should continue the process by reconciling the amount deposited to their account to the amount invoiced by MBI. By reconciling the billing and receipt cycle, the District can reduce the risk of duplicate invoices or missing invoices and nonpayment of invoices. In addition, the District should also recalculate the amount of the fee paid to MBI each month based on the amount of revenue that was collected from the services provided by MBI as outlined in the contract. By monitoring the fees the District will reduce the risk of over or under payments to MBI under the established contract.

Officials' Response

No response was received by officials.

FINDING NUMBER 2005-002

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 5705.09(F), provides that each subdivision shall establish a special fund for each source of revenue derived from a source other than the general property tax which the law requires to be used for a particular purpose. Monies were not always posted to the particular fund specified by their purpose. Ohio Rev. Code, Section 5705.10, provides that monies paid into any fund shall be used only for the purpose for which such fund is established. The District did not properly record Intergovernmental monies, Homestead/Rollback monies and Charges for Services monies in the various funds. Audit adjustments have been posted to the District's financial records and are reflected in the accompanying financial statements to properly reflect receipts and disbursements of the District.

	General Fund	Emergency Medical Services Fund	Expendable Trust Fund
Net Effect of Adjustments on Fund Balance	(\$87,233)	\$87,233	\$4,462

Clerk's Response

Finding Number 2005-002: As per Ohio Revised Code Section 5705.09 an account has been established for all monies received from transports as contracted with MBI Solutions. A monthly listing of transports is now being printed by the fire chief and after removing confidential information such as social security numbers, a copy is given to the clerk in order that she may monitor check deposits made by National Bank and Trust to the fire district's account.

FINDING NUMBER 2005-003

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. During 2004, General Fund expenditures of \$246,173 exceeded appropriations of \$200,658 by \$45,515. The management of the District should monitor the District's budgetary receipts and expenditures by having the clerk provide budgetary reports at least quarterly to be reviewed and approved by Board. By regularly monitoring its budgetary position throughout the year, the District will be better able to determine when amendments need to be made to original budgeted receipts thus avoiding negative fund/account code balances, and will be better prepared for making decisions which effect the overall cash position of the District.

Clerk's Response

Finding Number 2005-003: The clerk is aware that the board must approve any money above the appropriations and if necessary an amended certificate requested from the county auditor.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

SRWW #2 JOINT FIRE DISTRICT

CLINTON 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
DECEMBER 28, 2006**