



Mary Taylor, CPA
Auditor of State

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2006.....	5
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
Schedule of Prior Year Findings	24

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Mary Taylor, CPA
Auditor of State

West Licking Joint Fire District
Licking County
851 East Broad Street
Pataskala, Ohio 43062

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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your District 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 adverse 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 30, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

West Licking Joint Fire District
Licking County
851 East Broad Street
Pataskala, Ohio 43062

To the Board of Trustees:

We have audited the accompanying financial statement of West Licking Joint Fire District, Licking County, Ohio (the District) as of and for the year ended December 31, 2006. This financial statement is the responsibility of the District's management. Our responsibility is to express an opinion on this financial statement 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 this financial statement 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.

GAAP require presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require Districts to reformat their statements. The District has elected not to follow GAAP statement formatting requirements. 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 statement referred to above for the year ended December 31, 2006 does 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, 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the fund cash balances of West Licking Joint Fire District, Licking County, Ohio, as of December 31, 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 September 30, 2008, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 30, 2008

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 5,692,740	\$ 375,613	\$ 6,068,353
Intergovernmental	987,105	43,535	1,030,640
Earnings on Investments	207,403	-	207,403
Donations	29,520	-	29,520
Miscellaneous	85,074	-	85,074
	<u>7,001,842</u>	<u>419,148</u>	<u>7,420,990</u>
Total Cash Receipts			
	<u>7,001,842</u>	<u>419,148</u>	<u>7,420,990</u>
Cash Disbursements:			
Current:			
Salaries and Fringe Benefits	5,038,644	-	5,038,644
Repairs and Maintenance	89,099	22,710	111,809
Insurance	41,579	-	41,579
Supplies	157,945	62,164	220,109
Utilities	66,857	26,060	92,917
Other	175,243	29,900	205,143
Debt Service:			
Redemption of Principal	-	148,878	148,878
Interest	-	7,685	7,685
Capital Outlay	-	3,692	3,692
	<u>5,569,367</u>	<u>301,089</u>	<u>5,870,456</u>
Total Disbursements			
	<u>5,569,367</u>	<u>301,089</u>	<u>5,870,456</u>
Total Receipts Over Disbursements	1,432,475	118,059	1,550,534
Other Financing Receipts/(Disbursements):			
Transfers-In	-	25,809	25,809
Transfers-Out	(25,809)	-	(25,809)
	<u>(25,809)</u>	<u>25,809</u>	<u>-</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(25,809)</u>	<u>25,809</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,406,666	143,868	1,550,534
Fund Cash Balances, January 1	<u>3,410,182</u>	<u>10,788</u>	<u>3,420,970</u>
Fund Cash Balances, December 31	<u><u>\$ 4,816,848</u></u>	<u><u>\$ 154,656</u></u>	<u><u>\$ 4,971,504</u></u>

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

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**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006**

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 West Licking Joint Fire District, Licking County, (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Etna Township, Jersey Township, Harrison Township, Village of Kirkersville, City of Reynoldsburg, and City of Pataskala. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

The District's management believes this financial statement presents all activities for which the District is financially accountable.

B. Accounting Basis

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District 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).

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) 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 reports all financial resources except those required to be accounted for in another fund.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund

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

1 Mil Operating Levy – This fund receives tax and intergovernmental revenue for equipment and capital outlay expenditures and debt service payments related to prior construction.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control 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 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not encumber all commitments required by Ohio law.

A summary of 2006 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 statement does not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

2. Equity in Pooled Cash and Investments

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

	2006
Demand deposits	\$338,814
Total deposits	338,814
STAR Ohio	4,632,690
Total investments	4,632,690
Total deposits and investments	\$4,971,504

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

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending 2006 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$7,569,140	\$7,001,842	(\$567,298)
Special Revenue	465,431	444,957	(20,474)
Total	\$8,034,571	\$7,446,799	(\$587,772)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$5,587,840	\$5,595,176	(\$7,336)
Special Revenue	411,369	301,089	110,280
Total	\$5,999,209	\$5,896,265	\$102,944

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following General Fund's function (legal level of control); Salaries, Disability and Pension, and Other by \$28,873, \$75,422 and \$59,556 respectively.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. 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.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

4. Property Tax (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property 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 Township.

5. Debt

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$89,977	4.49%
Total	\$89,977	

The District issued general obligations bonds to finance the construction of a new fire station. The bonds were issued on July 26, 2002 for \$700,000, maturing through July 26, 2007. The bonds are collateralized by the District's taxing authority.

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

	General Obligation Bonds
Year ending December 31: 2006	\$91,329
Total	\$91,329

6. Retirement Systems

The District's full-time Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006, OP&F participants contributed 10% of their wages. For 2006, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2006, OPERS members contributed 9%, respectively, of their gross salaries and the District contributed an amount equaling 13.7%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2006.

7. Risk Management

Risk Pool Membership

The District belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006
(Continued)**

7. Risk Management (Continued)

Risk Pool Membership (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available).

	2006	2005
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members' Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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Mary Taylor, CPA

Auditor of State

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

West Licking Joint Fire District
Licking County
851 East Broad Street
Pataskala, Ohio 43062

To the District Board of Trustees:

We have audited the financial statement of the West Licking Joint Fire District, Licking County, Ohio, (the District) as of and for the year ended December 31, 2006, and have issued our report thereon dated September 30, 2008, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-009 and 2006-010.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe finding number 2006-009 and 2006-010 are also material weaknesses.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated September 30, 2008.

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 2006-001 through 2006-008.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 30, 2008.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management, and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

September 30, 2008

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2006-001
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Non-compliance

**Finding for Recovery Repaid Under Audit
Overpayment of Pager Pay**

As part of the administrative contract the Fire Chief and two Assistant Fire Chief's rotate on-call duty for non-business hours. In exchange for this duty they are to receive a once yearly lump-sum payment called pager pay. Pager pay is eighty hours of pay at regular hourly rate. Hourly rate is calculated using base salary plus longevity amount, medic/pager pay, and holiday bump (if applicable). Administrative personnel are not to receive a holiday bump to their hourly rate of pay. The administrative employees receive holidays off and do not receive a holiday bump. Two administrative employees had a holiday bump included in their hourly rate calculation, resulting in the following overpayments:

<u>Name</u>	<u>Amount Paid</u>	<u>Amount Due</u>	<u>Amount Over Paid</u>
James Weber	\$ 3,640.56	\$ 3,310.30	\$ 330.26
Kenneth Matthews	3,278.88	2,980.99	297.89
Total	\$ 6,919.44	\$ 6,291.29	\$ 628.15

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended would have been issued against James Weber and Kenneth Matthews, in the amounts of \$330.26 and \$297.89, respectively, and in favor of West Licking Joint Fire District's General Fund.

Mr. Weber and Mr. Matthews repaid \$330.26 and \$297.89 respectively on January 23, 2009 by means of reduction of sick leave balances.

Officials Response:

The Administrative employees referenced herein have repaid the District their respective amounts with Board-approved leave paybacks. Corroborating documentation of same was provided to the State Auditor. As of 4-16-2007, Holiday Pay is no longer included in the calculation of Administrative employees' hourly rates for annual lump sum payments such as Pager Pay.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2006-002
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Non-compliance

Finding for Recovery Repaid Under Audit

Overpayment of Payroll

The District has an agreement with the International Association of Firefighters Local 3025 establishing firefighter pay rates. Ronald Crawford received the incorrect base pay on a bi-weekly basis for 16 pay periods resulting in the following overpayment of \$2,006.08:

Base Paid	Correct Base Pay	Overpayment
\$ 32,407.36	\$ 30,401.28	\$ 2,006.08

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended would have been issued against Ronald Crawford, in the amount of \$2,006.08, and in favor of West Licking Joint Fire District's General Fund.

Mr. Crawford repaid \$2,006.08 on January 23, 2009 by means of reduction of sick leave balance.

Officials' Response:

Ronald Crawford has repaid the District for incorrect base pay received for 16 pay periods during 2006 with a Board-approved leave payback totaling \$2,006.08. Corroborating documentation of same was provided to the State Auditor. As of 1-1-2007, annual STEP Schedules reflecting current contract wages, and formula calculation worksheets for each employee were created to ensure the accuracy of all employees' base wages.

Finding Number	2006-003
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Non-compliance

Finding for Recovery Repaid Under Audit

Overpayment of Longevity Pay

The District has an agreement with the International Association of Firefighters Local 3025 establishing pay rates and a longevity bonus each full time firefighter and administrative officer is to receive on a yearly basis. The amount of the longevity pay is \$110 for every year of service paid once yearly in a lump sum. In 2006 three individuals received the following overpayment of longevity.

Name	Years	Per Year	Amnt Due	Amnt Pd	Variance
Richard Sellers	21	\$ 110	\$ 2,310	\$ 4,620	\$ 2,310
Jerre West	18	110	1,980	3,960	1,980
Gregory Reese	18	110	1,980	3,960	1,980
				Total	\$ 6,270

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2006-003 (Continued)
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Non-compliance (Continued)

**Finding for Recovery Repaid Under Audit (Continued)
Overpayment of Longevity Pay (Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended would have been issued against the employees listed above, individually, in the corresponding dollar amounts, and in favor of the West Licking Joint Fire District's General Fund.

The respective employees listed above repaid their respective amounts on January 23, 2009 by means of reduction of sick leave balances.

Officials Response:

The firefighters referenced herein have repaid the District their respective amounts with Board-approved leave paybacks. Corroborating documentation of same was provided to the State Auditor. An annual spreadsheet reflecting all employees' longevity dates was implemented on 1-1-2007, thereby reducing the probability of duplicating annual lump sum payments.

Finding Number	2006-004
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Non compliance

**Finding for Recovery Repaid Under Audit
Leave Buyout Overpayment**

Each year District employees are able to receive a payout for sick and vacation leave on their anniversary date. This payout is paid at their hourly rate prior to their longevity increase. Hourly rate is calculated using base salary plus longevity amount, medic/pager pay, and holiday bump (if applicable). Article 16, Section 2 of the Agreement between the District and the International Association of Firefighters Local 3025 provides that administrative officers receive holidays off instead of a holiday bump. Three administrative officers had a holiday bump included in their hourly rate calculation, resulting in the following overpayments:

<u>Name</u>	<u>Amount Paid</u>	<u>Amount Due</u>	<u>Amount Over Paid</u>
James Weber	\$ 3,450.35	\$ 3,310.30	\$ 140.05
Harold Williams	3,224.57	3,093.68	130.89
Kenneth Matthews	3,107.11	2,980.99	126.12
Total	\$ 9,782.03	\$ 9,384.97	\$ 397.06

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2006-004 (Continued)
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Non compliance (Continued)

**Finding for Recovery Repaid Under Audit (Continued)
Leave Buyout Overpayment (Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is would have been issued against the employees listed above, individually, in the corresponding dollar amounts, and in favor of the West Licking Joint Fire District's General Fund.

James Weber and Kenneth Matthews re-paid their respective amounts on January 23, 2009 by means of reduction of sick leave balances. Harold Williams re-paid his respective amount on January 14, 2009 by personal check.

Officials' Response:

The Administrative employees referenced herein have repaid the District their respective amounts with Board-approved leave paybacks. Corroborating documentation of same was provided to the State Auditor. As of 4-16-2007, Holiday Pay is no longer included in the calculation of Administrative employees' hourly rates for annual lump sum payments such as leave buyouts.

Finding Number	2006-005
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**Finding for Recovery Repaid Under Audit
Overpayment of Overtime**

The District has an agreement with the International Association of Firefighters Local 3025 establishing firefighter pay rates and overtime payments. Steve Wagner received the wrong overtime amount for pay period 2/10/2006 which resulted in an overpayment of 184.67:

Amount Paid	Correct Amount	Overpayment
\$ 554.00	\$ 369.33	\$ 184.67

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended would have been issued against Steve Wagner, in the amount of \$184.67, and in favor of West Licking Joint Fire District's General Fund.

Mr. Wagner repaid \$184.67 on January 23, 2009 by means of reduction of sick leave balance.

Officials' Response:

The firefighter referenced herein has repaid the District for an overpayment of overtime with a Board-approved leave payback. As of 1-1-2007, the Paychex payroll report, Register Prior to Processing, is reviewed with each payroll to ensure that correct hourly and overtime rates are being paid to employees.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2006-006
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**Finding for Recovery Repaid Under Audit
Unsupported Credit Card Transactions**

The District reimbursed Fire Chief James Weber for \$125 for a partner registration for his wife to attend the International Association of Fire Chiefs conference. The Fire Chief's wife is not an employee of the District. The Board did not approve this expenditure, nor do they have a policy permitting this type of expenditure.

Payment Date	Vendor	Amount
8/18/2006	International Association of Fire Chiefs	125
	Total expenditures	125

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended would have been issued against James Weber, Fire Chief, in the amount of \$125, and in favor of West Licking Joint Fire District's General Fund.

Mr. Weber repaid \$125 on February 25, 2009 by means of reduction of sick leave balance.

Officials' Response:

The Administrative employee referenced herein has repaid the District for an unsupported credit card transaction with a Board-approved leave payback. Corroborating documentation of same was provided to the State Auditor.

Finding Number	2006-007
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**Noncompliance
Certification of Funds**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2006-007 (Continued)
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**Noncompliance (Continued)
Certification of Funds (Continued)**

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Eighty-five percent of expenditures were not certified by the Fiscal Officer at the time the commitment was incurred. There was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2006-007 (Continued)
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**Noncompliance (Continued)
Certification of Funds (Continued)**

Officials' Response:

Prior certification of funds has been implemented by the current Fiscal Officer utilizing a combination of Purchase Orders, Then & Now Certificates, Blanket and Super Blanket Certificates. As of 1-1-2009, Then & Now Certificates are being issued correctly as per O.R.C. 5705.41(D)(1).

Finding Number	2006-008
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**Material Noncompliance
Expenditures Exceeding Appropriations**

Ohio Revised Code Section 5705.41(B) states in part that no subdivision or taxing unit is to make any expenditure of money unless it has been appropriated. As of December 31, 2006, the District had expenditures exceeding appropriations at the legal level of control as follows:

<u>Account</u>	<u>Final Appropriations</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund			
Salaries	\$ 3,435,178	\$3,464,051	(\$28,873)
Disability and Pension	830,692	906,114	(75,422)
Other	-	59,556	(59,556)

The Board should compare actual expenditures plus outstanding encumbrances to appropriations to avoid overspending. The Clerk should deny payment requests lacking sufficient appropriations.

Officials' Response:

The District implemented UAN accounting methods on 1-1-2007. The current Fiscal Officer reviews an Appropriation Status report monthly to ensure expenditures do not exceed appropriations.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2006-009
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**Material Weakness
Bank Reconciliations**

The District Clerk should perform a monthly bank to book reconciliation to ensure all receipts and expenditures have been appropriately recorded to the District's ledgers. Reconciling items, including deposits in transit, outstanding checks, or unposted interest, should be considered in the reconciliation to ensure that the District's ledgers are reconciled to the bank balances.

Throughout 2006 the accounting ledgers were not reconciled to the bank statements. These reconciliations consisted of inaccurate outstanding checklists and other reconciling items. There were unrecorded receipt amounts as well as inaccurate accounting adjustments.

The following adjustments were required to properly reflect beginning and ending fund balance:

- The January 1, 2006 fund balance for the General Fund increased by \$22,295 and the Special Revenue Fund decreased by \$22,295 due to unrecorded accounting adjustments from 2005.
- Transfers in and out were adjusted due to unrecorded transfers, resulting in the December 31, 2006 fund balance for the General Fund decreasing by \$25,809, the Special Revenue increasing by \$13,047 for 2006.

The District has posted these adjustments to their financial statements and accounting records.

Failure to properly record required accounting adjustments and prepare accurate bank reconciliations that are not reviewed by management could result in inappropriate use of District funds.

We recommend all required accounting adjustments be posted to the accounting records. In addition, we recommend complete and accurate monthly bank reconciliations be prepared. Once completed the board should review and attest to the accuracy. All formal approvals should be documented in the minutes.

Officials Response:

The District implemented UAN accounting methods on 1-1-2007. From that date forward, bank reconciliations are reconciled in UAN on a monthly basis to ensure that the District's funds are reconciled to the bank balances. The monthly bank reconciliation is presented to the Board for review and approval at the next month's Board meeting. As of 1-1-2009, formal approval of the monthly bank reconciliation is documented in the official meeting minutes.

**WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2006-010
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**Material Weakness
Financial Reporting**

The District utilized manual accounting records and had very limited monitoring controls over daily cash basis transactions entered into the ledgers. At year-end, the cash basis information from the manual ledgers was converted into financial statements reported under Auditor of State Regulatory Cash Basis of Accounting. The District Clerk prepared the financial statements.

In addition to those errors noted in Finding 2006-010, 12 audit adjustments and reclassifications were necessary to accurately reflect receipts and expenditures on the financial statements. These adjustments and reclassifications ranged in dollar amount from \$5,700 to \$980,105 including mis-posting of taxes, intergovernmental receipts and transfers. Other corrections included mis-posting of debt principal and other expenditures.

The District has posted these adjustments and reclassifications to their financial statements and accounting records.

We recommend the District implement additional procedures to provided assurance over the completeness and accuracy of information reported within the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

Officials' Response:

The District implemented UAN accounting methods on 1-1-2007. From that date forward, all financial statements were prepared according to the State Auditor's requirements. The current Fiscal Officer reviews all transactions with the Cash Journal prior to completing the monthly bank reconciliation. Appropriations and expenditures are closely monitored, and revenues are reviewed to ensure all monies have been deposited and receipted. Utilizing the UAN system, along with increased monitoring and reviews will help to assure the completeness and accuracy of the fiscal data reported within the District's financial statements.

WEST LICKING JOINT FIRE DISTRICT
LICKING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Certification of Funds	No	Repeated as Finding 2006-007
2005-002	Expenditures exceeding Appropriations	No	Repeated as Finding 2006-008



Mary Taylor, CPA
Auditor of State

WEST LICKING JOINT FIRE DISTRICT

LICKING 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
MARCH 31, 2009**