



**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT
HARDIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31 2005 AND 2004



**Auditor of State
Betty Montgomery**

**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT
HARDIN COUNTY**

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**Auditor of State
Betty Montgomery**

Southeast Hardin Northwest Union Joint Fire District
Hardin County
P.O. Box 123
Mt. Victory, Ohio 43340

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

September 11, 2006

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Southeast Hardin Northwest Union Joint Fire District
Hardin County
P.O. Box 123
Mt. Victory, Ohio 43340

To the Board of Trustees:

We have audited the accompanying financial statements of the Southeast Hardin Northwest Union Joint Fire District, Hardin County, (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.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the District, 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 September 11, 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

September 11, 2006

**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT
HARDIN COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$34,280	\$123,000	\$157,280
Intergovernmental	16,652	16,264	32,916
Interest - Checking	641		641
Interest - STAR Ohio	1,517		1,517
Interest - Certificates of Deposit	450		450
FEMA Grant		2,728	2,728
Miscellaneous	3,720	700	4,420
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	57,260	142,692	199,952
Cash Disbursements:			
Administrative			
Salary - Clerk	1,872		1,872
Travel & Other Expenses	1,344		1,344
Supplies	1,025		1,025
Equipment		406	406
Insurance	1,655		1,655
Workers Compensation	3,348		3,348
Auditor's & Treasurer's Fees	885	3,241	4,126
Assessments & Contributions	150		150
Other Expenses	2,864	318	3,182
State Auditor's Fee		94	94
Building			
Salary	636		636
Maintenance Supplies & Materials	55	9,918	9,973
Utilities		11,003	11,003
Other Expenses		69	69
Public Safety			
Salaries - Firemen	21,718		21,718
Insurance		10,624	10,624
Equipment Purchases & Replacements		10,971	10,971
Supplies		5,713	5,713
Repairs		7,299	7,299
Other Expenses		3,318	3,318
Fire Equipment Lease		64,185	64,185
Debt Service:			
Redemption of Principal		28,865	28,865
Interest		7,887	7,887
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	35,552	163,911	199,463
Total Receipts Over/(Under) Disbursements	21,708	(21,219)	489
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	54,116	98,734	152,850
Fund Cash Balances, December 31	<hr/> <u>\$75,824</u>	<hr/> <u>\$77,515</u>	<hr/> <u>\$153,339</u>

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

**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT
HARDIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$34,596	\$126,231	\$160,827
Intergovernmental	4,058	16,804	20,862
Interest - Checking	978		978
Interest - STAR Ohio	690		690
Interest - Certificates of Deposit	239		239
FEMA Grant		92,474	92,474
Miscellaneous	3,912		3,912
Total Cash Receipts	44,473	235,509	279,982
Cash Disbursements:			
Administrative			
Salary - Clerk	1,988		1,988
Travel & Other Expenses	1,546		1,546
Supplies	837		837
Equipment	477		477
Insurance	11,924		11,924
Workers Compensation	4,731		4,731
Auditor's & Treasurer's Fees	1,879	3,254	5,133
Assessments & Contributions	300		300
Other Expenses	1,316		1,316
State Auditor's Fee	2,791		2,791
Building			
Salary	681		681
Maintenance Supplies & Materials	434		434
Utilities	7,887		7,887
Other Expenses	2,278		2,278
Public Safety			
Salaries - Firemen	13,115		13,115
Equipment Purchases & Replacements	20,873		20,873
Supplies	3,713		3,713
Repairs	876	4,130	5,006
Other Expenses	2,665		2,665
Fire Equipment Lease		64,185	64,185
FEMA Grant		95,160	95,160
Debt Service:			
Redemption of Principal		27,504	27,504
Interest		9,527	9,527
Total Cash Disbursements	80,311	203,760	284,071
Total Receipts Over/(Under) Disbursements	(35,838)	31,749	(4,089)
Other Financing Receipts:			
Loan Repayment	12,276		12,276
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(23,562)	31,749	8,187
Fund Cash Balances, January 1	77,678	66,985	144,663
Fund Cash Balances, December 31	\$54,116	\$98,734	\$152,850

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

**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT
HARDIN 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 Southeast Hardin Northwest Union Joint Fire District, Hardin County, (the District), as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Dudley Township and Hale Township in Hardin County, Washington Township in Union County, and the Village of Mount Victory in Hardin County. The District provides fire protection within 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.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 type:

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

These funds account for proceeds from specific sources (other than from trusts or for capital projects) restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Capital Improvement Levy Fund - This fund is used to account for the proceeds of a tax levy that is restricted to purchasing and maintaining fire apparatus, appliances, buildings, or sites.

**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT
HARDIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FEMA Fund – This fund was used to account for the receipt and expenditure of a grant for the purchase of equipment.

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 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 canceled, and reappropriated in the subsequent year. The District did not encumber all commitments required by Ohio law.

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.

2. 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:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$83,578	\$19,606
Certificates of deposit	30,000	30,000
Total deposits	<u>113,578</u>	<u>49,606</u>
STAR Ohio	39,761	103,244
Total deposits and investments	<u><u>\$153,339</u></u>	<u><u>\$152,850</u></u>

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

**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT
HARDIN COUNTY**

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

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	\$53,207	\$57,260	\$4,053
Special Revenue	140,017	142,692	2,675
Total	\$193,224	\$199,952	\$6,728

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,794	\$35,552	\$63,242
Special Revenue	236,054	163,911	72,143
Total	\$334,848	\$199,463	\$135,385

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,072	\$56,749	\$6,677
Special Revenue	237,710	235,509	(2,201)
Total	\$287,782	\$292,258	\$4,476

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$218,176	\$80,311	\$137,865
Special Revenue	207,440	203,760	3,680
Total	\$425,616	\$284,071	\$141,545

During 2004, the District recorded various receipts and expenditures in the wrong fund, which violated Ohio Rev. Code Section 5705.10.

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.

**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT
HARDIN COUNTY**

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

4. PROPERTY TAX (Continued)

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
General Obligation Bonds	\$130,472	4.95%

The District issued fire district improvement bonds to finance the construction of a new building. The bonds were issued on August 23, 2001 in the amount of \$235,000 and have maturities through December 1, 2009. Annual principal payments are due on December 1 and interest payments are due semi annually on June and December 1 starting in 2002. The bonds are collateralized solely by the District's taxing authority.

The District was required to pass a tax levy to fund this debt and to establish a fund to service the debt. The District established a Special Revenue Fund to record the proceeds of the required levy and to make the debt payments

	Principal	Interest Rate
Lease Purchase Agreement	\$251,778	5.47%

On March 15, 2001 the District entered into a lease purchase agreement, in the amount of \$426,606, for a new fire truck. The final payment is due in 2010.

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

	Fire District Improvement Bonds	Lease Purchase Agreement
Year ending December 31:		
2006	\$36,752	\$64,185
2007	36,752	57,409
2008	36,752	57,409
2009	36,752	57,409
2010	57,409	57,409
Total	\$147,008	\$293,821

6. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System

The District's 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.

**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT
HARDIN COUNTY**

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

6. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, 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. The District has paid all contributions required through December 31, 2005.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by Ohio Public Employees Retirement System have an option to choose Social Security. As of December 31, 2005, thirty-five volunteer firefighters have elected Social Security. The Board's liability is 6.2 percent of wages paid.

7. LOAN REPAYMENT

On November 17, 2003, the District loaned the Hardin County Firefighters Association \$12,276 to help this organization obtain a grant to purchase firefighting equipment. The repayment of this loan was made on March 17, 2004 and is reported as Loan Repayment on the financial statements.

8. RISK MANAGEMENT

The Southeast Hardin Northwest Union Joint Fire District has obtained commercial insurance for the following risks:

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

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**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***

Southeast Hardin Northwest Union Joint Fire District
Hardin County
P.O. Box 123
Mt. Victory, Ohio 43340

To the Board of Trustees:

We have audited the financial statements of the Southeast Hardin Northwest Union Joint Fire District, Hardin County, (the District), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 11, 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 to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. 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. A reportable condition is described in the accompanying schedule of findings as item 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. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the District's management dated September 11, 2006, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

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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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2005-001 and 2005-002. In a separate letter to the District's management dated September 11, 2006, we reported other matters related to noncompliance we deemed immaterial.

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



Betty Montgomery
Auditor of State

September 11, 2006

**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT
HARDIN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2005-001

Noncompliance Citation - Finding for Adjustment

Ohio Rev. Code Section 5705.10 states, in part, that all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. During 2004, the District recorded homestead and rollback receipts in the amount of \$527, belonging to the Special Revenue Capital Improvement Levy Fund, in the General Fund.

Ohio Rev. Code Section 5705.10 further states, that "...money that is paid into a fund must be used only for the purposes for which such fund has been established". During 2004, the District recorded auditor and treasurer fees in the amount of \$3,254, withheld from the Special Revenue Capital Improvement Levy Fund tax receipts in the General Fund. The District has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts in the funds. The required adjustments had the following effect upon the respective funds:

	General	Capital Improvement Levy
2004	(\$2,727)	\$2,727

The District's Board should periodically review recorded revenue and expenditure transactions to help assure they have been recorded in the correct fund and the correct line item account.

OFFICIAL'S RESPONSE

We did not receive a response from Officials to this finding.

FINDING NUMBER 2005-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) 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.

**FINDING NUMBER 2005-002
(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 not exceeding an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account over a period not running beyond the end of the 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 one line item appropriation.

During 2005 and 2004, the Clerk did not properly certify the availability of funds for 18% of the expenditures in 2005 and 12% in 2004. Failure to properly certify the availability of funds can result in overspending fund 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, the District’s Fiscal Officer should certify that the funds are or will be available prior to the obligation by the District. When prior certification is not possible, “then and now” certification should be used.

The District should 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.

OFFICIAL’S RESPONSE

. We did not receive a response from Officials to this finding.

FINDING NUMBER 2005-003

Reportable Condition

Review of Budget versus Actual Reports

To assist in the effective management of financial resources a governing body should periodically review financial reports that present budget versus actual revenues and expenditures. The District's Board did not receive budget versus actual reports during 2005 and 2004. The failure to review budget versus actual activity inhibits the Board's ability to identify negative financial trends, could result in deficit spending, or noncompliance with the budgetary requirements of the Ohio Revised Code.

The Board should periodically review and approve monthly budget versus actual reports. Evidence of the review and approval of budget versus actual reports and other reports should be documented in the minutes and/or on the reports.

OFFICIAL'S RESPONSE

We did not receive a response from Officials to this finding.

**SOUTHEAST HARDIN NORTHWEST UNION JOINT FIRE DISTRICT
HARDIN COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	ORC Sec. 5705.10 – The District failed to establish and record revenues from a restricted levy into a separate fund	Yes	
2003-002	Proper Use of Public Money - The District had loaned money to a local firefighters association	Yes	



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

SOUTHEAST HARDIN NORTHWEST UNION JOINT 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
OCTOBER 12, 2006**