



Mary Taylor, CPA  
Auditor of State



**CLINTON-WARREN JOINT FIRE AND RESCUE DISTRICT  
CLINTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2009.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2008.....	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
Schedule of Prior Audit Findings.....	19

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

Clinton-Warren Joint Fire and Rescue District  
Clinton County  
P.O. Box 211  
82 Springhill Road  
Clarksville, Ohio 45113

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

November 16, 2010

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Clinton-Warren Joint Fire and Rescue District  
Clinton County  
P.O. Box 211  
82 Springhill Road  
Clarksville, Ohio 45113

To the Board of Trustees:

We have audited the accompanying financial statements of the Clinton-Warren Joint Fire and Rescue District, Clinton County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008. 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.

Instead of the combined funds the accompanying financial statements present, 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 statements referred to above for the years ended December 31, 2009 and 2008 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, 2009 and 2008, 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 and reserves for encumbrances of the Clinton-Warren Joint Fire District, Clinton County, as of December 31, 2009 and 2008, and its combined 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 November 16, 2010, 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

November 16, 2010



**CLINTON-WARREN JOINT FIRE AND RESCUE DISTRICT  
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$249,092	\$0	\$249,092
Charges for Services	0	95,455	95,455
Intergovernmental	37,869	3,557	41,426
Nongovernmental Grants	10,000	0	10,000
Earnings on Investments	1,144	0	1,144
Miscellaneous	8,968	0	8,968
Total Cash Receipts	307,073	99,012	406,085
<b>Cash Disbursements:</b>			
Current Disbursements:			
Security of Persons and Property:			
General Government	79,616	65,194	144,810
Public Safety	35,960	9,547	45,507
Other	833		833
Capital Outlay	22,579		22,579
Debt Service:			
Redemption of Principal	62,143		62,143
Interest and Other Fiscal Charges	70,416		70,416
Total Cash Disbursements	271,547	74,741	346,288
Total Receipts Over/(Under) Disbursements	35,526	24,271	59,797
<b>Other Financing Receipts / (Disbursements):</b>			
Other Debt Proceeds	1,000		1,000
Total Other Financing Receipts / (Disbursements)	1,000	0	1,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	36,526	24,271	60,797
Fund Cash Balances, January 1	127,063	85,531	212,594
<b>Fund Cash Balances, December 31</b>	<b>\$163,589</b>	<b>\$109,802</b>	<b>\$273,391</b>
Reserve for Encumbrances, December 31	\$54,942	\$6,287	\$61,229

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

**CLINTON-WARREN JOINT FIRE AND RESCUE DISTRICT  
CLINTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$241,509	\$0	\$241,509
Charges for Services	0	119,527	119,527
Intergovernmental	38,147	0	38,147
Nongovernmental Grants	25,000	0	25,000
Earnings on Investments	3,625	0	3,625
Miscellaneous	2,291	0	2,291
 Total Cash Receipts	 310,572	 119,527	 430,099
<b>Cash Disbursements:</b>			
Current Disbursements:			
Security of Persons and Property:			
General Government	72,314	57,966	130,280
Public Safety	51,033	11,881	62,914
Materials and Supplies	0		0
Equipment	0		0
Other	184		184
Capital Outlay	32,259		32,259
Debt Service:			
Redemption of Principal	54,892		54,892
Interest and Other Fiscal Charges	77,524		77,524
 Total Cash Disbursements	 288,206	 69,847	 358,053
 Total Receipts Over/(Under) Disbursements	 22,366	 49,680	 72,046
<b>Other Financing Receipts / (Disbursements):</b>			
Sale of Bonds			0
Other Debt Proceeds	8,623		8,623
 Total Other Financing Receipts / (Disbursements)	 8,623	 0	 8,623
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 30,989	 49,680	 80,669
 Fund Cash Balances, January 1	 96,074	 35,851	 131,925
 <b>Fund Cash Balances, December 31</b>	 <b>\$127,063</b>	 <b>\$85,531</b>	 <b>\$212,594</b>
 Reserve for Encumbrances, December 31	 \$3,958	 \$6,962	 \$10,920

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

**CLINTON-WARREN JOINT FIRE AND RESCUE DISTRICT  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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 Clinton-Warren Joint Fire and Rescue District, Clinton County, Ohio (the District), as a body corporate and politic. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Each year, a member-at-large is appointed by the political subdivisions within the District. The authority to appoint the member-at-large is rotated annually between the political subdivisions within the District. Those subdivisions are the Village of Clarksville; Vernon Township; Adams Township of Clinton County, and Washington Township, Warren County. 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. Accounting Basis**

These financial statements follow 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).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits 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 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.

**2. Special Revenue Funds**

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

**CLINTON-WARREN JOINT FIRE AND RESCUE DISTRICT  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

Rescue and Fire Billing Fund – This fund receives billing collections for services provided and is utilized to support the fire protection and rescue services provided by the District.

FEMA Fund – This fund receives money from FEMA

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted 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. Unencumbered 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 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. Equity in Pooled Deposits and Investments**

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$176,206	\$79,863
Sweep Money Market Savings	\$97,185	\$132,731
Total deposits and investments	<u>\$273,391</u>	<u>\$212,594</u>

**CLINTON-WARREN JOINT FIRE AND RESCUE DISTRICT  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. Equity in Pooled Deposits and Investments (Continued)**

**Deposits:** Deposits in the checking account are insured by the Federal Depository Insurance Corporation up to \$250,000. Amounts in the Sweep Money Market Savings Fund are also covered by FDIC, up to \$250,000. The remainder of the deposit is collateralized by pooled securities of the financial institution up to a total of \$500,000 of active deposits, and \$500,000 of interim deposits for a total of \$1,000,000, including the funds covered by the total FDIC amount.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$375,283	\$308,073	(\$67,210)
Special Revenue	93,136	99,012	5,876
Total	\$468,419	\$407,085	(\$61,334)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$368,295	\$326,489	\$41,806
Special Revenue	87,990	81,028	6,962
Total	\$456,285	\$407,517	\$48,768

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$333,676	\$319,195	(\$14,481)
Special Revenue	117,023	119,527	2,504
Total	\$450,699	\$438,722	(\$11,977)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$341,155	\$292,164	\$48,991
Special Revenue	86,512	76,809	9,703
Total	\$427,667	\$368,973	\$58,694

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the FEMA fund by \$3,557 for the year ended December 31, 2009.

**CLINTON-WARREN JOINT FIRE AND RESCUE DISTRICT  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**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.

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

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, 2009 was as follows:

	Principal	Interest Rate
Certificates of Participation	\$1,157,000	4.7-4.9%
Pumper Truck Lease Purchase (Spartan)	106,681	4.34%
Summit Fire Apparatus (Chevy pumper)	151,327	5.40%
Total	\$1,415,008	

On December 28, 2003, the District accepted the assignment of a lease-purchase agreement, held by Kansas State Bank of Manhattan, from the Village of Clarksville. The lease-purchase agreement is for the use and acquisition of a Fire Pumper Truck. Expenditures related to the lease-purchase agreement for the Fire Pumper Truck are classified as Debt Service on the accompanying financial statements.

The District entered into a Renewable Lease-Purchase agreement for the construction and use of a new Fire House. The agreement was dated October 1, 2005 and is between the District, as the lessee, and Ohio Township Association Leasing, as the initial lessor. The lessor subsequently assigned all rights, title and interests to the Bank of New York Trust Company as the trustee. The Lease-Purchase agreement and the financing by the lessor of the Project is a part of a financing program utilizing Certificates of Participation, Series 2005E, which were issued simultaneously with the agreement. These obligations are issued under the authority of Chapter 505 of the Ohio Revised Code, particularly Sections 505.267 and 505.375.

**CLINTON-WARREN JOINT FIRE AND RESCUE DISTRICT  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**5. Debt (Continued)**

The total principal payments due on the Lease-Purchase agreement for the construction and use of a new Fire House as of December 31, 2005, totals \$1,245,000. As of December 31, 2007, the construction of the Fire House was complete. The unused proceeds from the lease-purchase acquisition fund were applied to the debt in 2008. These proceeds are reflected on the accompanying financial statements as Other Financing Sources- Debt Proceeds. The acquisition fund held by the custodian is discussed further in Note 6. Expenditures related to repayment of the Certificates of Participation are classified as Debt Service on the accompanying financial statements.

On February 8, 2007, the District accepted the assignment of a lease-purchase agreement, held by Baystone Financial Group. The lease-purchase agreement is for the use and acquisition of a Fire Truck. Expenditures related to the lease-purchase agreement for the Fire Truck are classified as Debt Service on the accompanying financial statements.

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

Year ending December 31:	Certificates of Participation	Pumper Truck	
		Lease Purchase	Summit Fire Apparatus
2010	\$79,753	\$29,627	\$15,927
2011	79,818	29,627	16,701
2012	79,755	29,627	17,512
2013	79,650	29,627	18,364
2014	80,503	0	19,256
2015-2019	400,416	0	69,567
2020-2024	400,879	0	0
2025-2029	399,289	0	0
2030-2034	400,056	0	0
2035	79,925	0	0
Total	<u>\$2,080,043</u>	<u>\$118,508</u>	<u>\$157,327</u>

**6. Debt Service Trust Funds**

The fire house construction Lease-Purchase trust agreement required the District to establish a debt service fund to be maintained by a custodian bank. The District has established this fund. At December 31, 2009, the custodian held \$259 in District assets.

**7. Retirement Systems**

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 these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**CLINTON-WARREN JOINT FIRE AND RESCUE DISTRICT  
CLINTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**7. Retirement Systems (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

**8. Risk Management**

**Commercial Insurance**

The District has obtained commercial insurance for the following risks:

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





# 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*

Clinton-Warren Joint Fire and Rescue District  
Clinton County  
P.O. Box 211  
82 Springhill Road  
Clarksville, Ohio 45113

To the Board of Trustees:

We have audited the financial statements of the Clinton-Warren Joint Fire and Rescue District, Clinton County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated November 16, 2010 wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-002 described in the accompanying schedule of findings to be a material weakness.

### **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 2009-001 through 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 16, 2010.

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

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

**Mary Taylor, CPA**  
Auditor of State

November 16, 2010

**CLINTON-WARREN JOINT FIRE AND RESCUE DISTRICT  
CLINTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2009-001**

**Noncompliance Citation**

**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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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.

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.

In 2008 and 2009, the clerk stamped a "Then and Now" certificate on all bills presented for approval by the Board. However, 20 of the 25 items tested either could not be traced to a purchase order, or the purchase order was less than the expenditure. None of the commitments were recorded in the accounting records as encumbered. Additionally, no records were maintained to demonstrate that funds were appropriated and free from encumbrance at the time of the commitment.

**FINDING NUMBER 2009-001  
(Continued)**

Unless the District uses the exceptions noted above, prior certification is not only required by statute but also 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 Fiscal Officer certify that the funds are or will be available prior to an obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend that the District officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. 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 District should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**FINDING NUMBER 2009-002**

**Material Noncompliance Citation / Material Weakness**

**Ohio Administrative Code, Section 117-2-02(A)**, states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code

**Ohio Administrative Code, Section 117-2-02(C) (1)**, states that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

**Ohio Administrative Code, Section 117-2-02(C) (2)**, Purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation account(s), as required by section 5705.41 (D) of the Revised Code.

**Ohio Administrative Code, Section 117-2-02(D)**, states all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. Such records should in part include the following:

- Cash journal, which typically contains the following information: The amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
- Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.

**FINDING NUMBER 2009-002  
(Continued)**

- Appropriation ledger, which may assemble and classify disbursements or expenditure/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

The Fire District is using an accounting system that does not operate on a fund accounting basis and does not have a revenue or appropriations ledger to provide ongoing and timely information for unrealized budgetary receipts and remaining uncommitted balances of appropriations. Purchase orders are not used for all expenditures and the purchases orders that are issued are not integrated into the accounting system. There is no way to identify the purchase order number that belongs to a check without viewing each check or bill in the accounting system. Because the encumbrances are not recorded in the accounting records when the District identifies outstanding encumbrances at year end, the amount is not system generated and the items without purchase orders had not been properly encumbered by year end. Tax settlements were not properly posted resulting in line item reclassifications amounting to \$23,029 and \$37,848 in 2008 and 2009 respectively.

We recommend that the Fire District implement the use of an accounting system that maintains records on a fund accounting basis and integrates a revenue and appropriations ledger to provide ongoing and timely information for unrealized budgetary receipts and remaining uncommitted balances of appropriations. This will allow the District to recognize budgetary variances and take appropriate action in a timely manner. We also recommend that the District show revenues at the proper valuation. This will help prevent the District from over or understating the revenues and disbursements of the District.

**FINDING NUMBER 2009-003**

**Noncompliance**

**Ohio Rev. Code, 5705.36(A)(3)**, states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting such excess.

**Ohio Rev. Code, Section 5705.39**, requires in part that the total appropriation from each fund shall not exceed the estimated revenue available for expenditure therefrom as certified by the county budget commission, or in case of appeal, by the board of tax appeals.

The District's certificate of estimated resources did not include \$3,557 in FEMA fund revenue. When the District received a FEMA grant in 2009, the district amended the appropriations without obtaining an amended certificate which caused the appropriations to exceed the estimated resources.

We recommend that the District implement a system to track budgetary data and make comparisons of budgeted amounts. This will allow the District recognize when an amended certificate of estimated resources or other budgetary amendment is needed.

**We did not receive a response from officials to the findings reported above.**

**This page intentionally left blank.**

**CLINTON-WARREN JOINT FIRE AND RESCUE DISTRICT  
CLINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	The fire district did not have controls over the EMS billing that was contracted to MBI	Yes	
2007-002	5705.41(D) availability of funds was not certified before the commitments were made.	No	Repeated as Finding 2009-001
2007-003	5705.41 (B) citation for expenditures exceeding appropriations	Yes	

**This Page is Intentionally Left Blank.**





**Mary Taylor, CPA**  
Auditor of State

**CLINTON WARREN JOINT FIRE AND RESCUE 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 7, 2010**