



Dave Yost • Auditor of State



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West Elkton-Gratis Township Fire District
Preble County
Camden, Ohio

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the West Elkton-Gratis Township Fire District, Preble County, (the District) for the years ended December 31, 2013 and 2012.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the District's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the District's financial statements, transactions or balances for the years ended December 31, 2013 or 2012.

The District's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Current Year Observations

1. We noted that the District did not utilize purchase orders, blanket certificates, or then and now certificates on expenditures. Ohio Revised 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. Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances. The District should utilize certifications of availability of funds.
2. We noted that the District failed to certify their available revenues to the County Auditor during the year ended December 31, 2012. Ohio Revised Code Section 5705.36(A)(1), provides that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units shall certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. Failure to prepare documentation showing total amount available from all sources available for expenditures could result in overspending and negative fund cash balances. The District should prepare all required documentation.
3. We noted that the District failed to account for grant monies in a separate fund. The monies were accounted for in the General Fund of the District. The District additionally did not separately identify these monies on their Certificate of Estimated Resources from the County Budget Commission. Ohio Revised Code, Section 5705.09(F), requires the District to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditure and anticipated expenditures should be included in the District's appropriations. The District should record these monies in a separate fund.

Current Status of Matters We Reported in our Prior Engagement

1. Our prior audit of the years ended December 31, 2011 and 2010 reported that the District did not issue purchase orders, blanket certificates or "Then & Now" certificates on expenditures. The District does not utilize certifications as noted above in Current Year Observation #1.
2. Our prior audit of the years ended December 31, 2011 and 2010 indicated that the District did not maintain a Receipt Ledger or an Appropriations Ledger. The District corrected this in the current audit period and now maintains these ledgers as required.
3. The prior audit of the years ended December 31, 2011 and 2010, noted that the District did not certify available revenues to the County Auditor. Our review of the budgetary documentation from the County Auditor showed the District certified the available revenues for 2013. We did not find any indication that they certified their available revenues to the County Auditor for 2012. See Current Year Observation #2
4. The prior audit of the years ended December 31, 2011 and 2010, reported that the District did not pass an Appropriations Resolution. The District passed Appropriations resolutions for both 2012 and 2013.
5. The prior audit indicated that the Fiscal Officer failed to establish a separate fund to account for a grant received from FEMA. These monies were not separately classified and accounted for during 2012 and 2013 on their ledgers, financial reports or budgetary documents. See Current Year Observation #3
6. During the prior audit the District failed to appropriate expenditures for 2010 or 2011. The District did properly pass appropriations for 2012 and 2013.
7. The prior audit of the years ended December 31, 2011 and 2010 reported that the District had failed to pass an operating budget as required. The District did properly pass an operating budget for both years of the current audit period.
8. The prior audit reported that there was a lack of internal controls in place. The monthly bank reconciliations were not approved by anyone on the Board or other supervisory official. The current bank reconciliations for 2012 and 2013 were reviewed by a member of the Board of Trustees.
9. During the prior audit the Fiscal Officer did not issue pre-numbered duplicate receipts. During the current audit period the Fiscal Officer purchased a receipt book and attached one copy to the receipt source documents and the duplicate remained in the Receipt book.
10. There was a lack of segregation of duties due to the small size of the District that could lead to the possible diversion of funds and alteration of source documents in the prior audit period. The Fiscal Officer indicated that she has been presenting financial reports to the Board during 2012 and 2013. Since the Board does not formally approve the bills paid, receipts or Bank reconciliations in the District's minutes there was no evidence that the Board did in fact approve financial reports. The Board should indicate such approval in the minutes' record.



Dave Yost
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February 21, 2014



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WEST ELKTON GRATIS TOWNSHIP FIRE DISTRICT

PREBLE 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 20, 2014**