



Dave Yost • Auditor of State

**CENTRAL JOINT FIRE AND EMS DISTRICT
CLERMONT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Central Joint Fire and EMS District
Clermont County
2401 Old State Route 32
Batavia, Ohio 45103

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Central Joint Fire and EMS District, Clermont County, Ohio (the District) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the District prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Though the District does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Central Joint Fire and EMS District, Clermont County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

February 2, 2015

**CENTRAL JOINT FIRE & EMS DISTRICT
CLERMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$2,661,667	\$0	\$2,661,667
Charges for Services	513,630	0	513,630
Licenses, Permits and Fees	120	0	120
Intergovernmental	388,605	2,500	391,105
Earnings on Investments	2,710	0	2,710
Miscellaneous	2,809	0	2,809
	<u>3,569,541</u>	<u>2,500</u>	<u>3,572,041</u>
Total Cash Receipts			
Cash Disbursements:			
Current Disbursements:			
General Government	70,113	0	70,113
Public Safety	2,896,687	0	2,896,687
Capital Outlay	123,875	212,767	336,642
Debt Service:			
Principal Retirement	52,161	0	52,161
Interest and Fiscal Charges	5,343	0	5,343
	<u>3,148,179</u>	<u>212,767</u>	<u>3,360,946</u>
Total Cash Disbursements			
Excess Receipts Over (Under) Disbursements	<u>421,362</u>	<u>(210,267)</u>	<u>211,095</u>
Other Financing Receipts (Disbursements):			
Other Financing Sources	3,790	0	3,790
Other Financing Uses	<u>(33,171)</u>	<u>0</u>	<u>(33,171)</u>
Total Other Financing Receipts (Disbursements)	<u>(29,381)</u>	<u>0</u>	<u>(29,381)</u>
Net Change in Fund Cash Balance	391,981	(210,267)	181,714
Fund Cash Balances, January 1	<u>2,590,583</u>	<u>210,267</u>	<u>2,800,850</u>
Fund Cash Balances, December 31			
Assigned	16,564	0	16,564
Unassigned (Deficit)	<u>2,966,000</u>	<u>0</u>	<u>2,966,000</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,982,564</u>	<u>\$0</u>	<u>\$2,982,564</u>

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

**CENTRAL JOINT FIRE & EMS DISTRICT
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$2,673,706	\$0	\$2,673,706
Charges for Services	442,665	0	442,665
Licenses, Permits and Fees	135	0	135
Intergovernmental	436,428	565,642	1,002,070
Earnings on Investments	2,642	0	2,642
Miscellaneous	9,425	0	9,425
	<u>3,565,001</u>	<u>565,642</u>	<u>4,130,643</u>
Total Cash Receipts			
Cash Disbursements:			
Current Disbursements:			
General Government	51,833	0	51,833
Public Safety	2,703,414	251,516	2,954,930
Capital Outlay	58,150	147,500	205,650
Debt Service:			
Principal Retirement	52,160	0	52,160
Interest and Fiscal Charges	20,566	0	20,566
	<u>2,886,123</u>	<u>399,016</u>	<u>3,285,139</u>
Total Cash Disbursements			
Excess Receipts Over (Under) Disbursements	<u>678,878</u>	<u>166,626</u>	<u>845,504</u>
Other Financing Receipts (Disbursements):			
Transfers In	207,000	250,641	457,641
Transfers Out	(250,641)	(207,000)	(457,641)
Other Financing Sources	20,597	0	20,597
Other Financing Uses	(36,212)	0	(36,212)
	<u>(59,256)</u>	<u>43,641</u>	<u>(15,615)</u>
Total Other Financing Receipts (Disbursements)			
Net Change in Fund Cash Balance	619,622	210,267	829,889
Fund Cash Balances, January 1	<u>1,970,961</u>	<u>0</u>	<u>1,970,961</u>
Fund Cash Balances, December 31			
Restricted	0	210,267	210,267
Assigned	80,410	0	80,410
Unassigned (Deficit)	2,510,173	0	2,510,173
	<u>2,590,583</u>	<u>210,267</u>	<u>2,800,850</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,590,583</u>	<u>\$210,267</u>	<u>\$2,800,850</u>

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

**CENTRAL JOINT FIRE AND EMS DISTRICT
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Central Joint Fire and EMS District, Clermont County, (the District) as a body corporate and politic. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. The other board member is an at large appointee. Those subdivisions are Batavia Township and the Village of Batavia. 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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Funds:

**CENTRAL JOINT FIRE AND EMS DISTRICT
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Federal Emergency Management Agency (FEMA) Fund - This fund was used to account for the receipt and disbursement of FEMA money granted by the Federal Government.

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. 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 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. The District did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**CENTRAL JOINT FIRE AND EMS DISTRICT
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. Accumulated Leave

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

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:

**CENTRAL JOINT FIRE AND EMS DISTRICT
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

	2013	2012
Total deposits	\$2,739,763	\$2,447,518
Other time deposits (Now Accounts)	242,801	353,332
Total deposits and investments	\$2,982,564	\$2,800,850

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,343,204	\$3,573,331	\$230,127
Special Revenue	0	2,500	2,500
Total	\$3,343,204	\$3,575,831	\$232,627

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,373,644	\$3,197,913	\$175,731
Special Revenue	210,267	212,767	(2,500)
Total	\$3,583,911	\$3,410,680	\$173,231

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,492,467	\$3,792,508	\$300,041
Special Revenue	351,000	816,283	465,283
Total	\$3,843,467	\$4,608,791	\$765,324

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,258,335	\$3,253,387	\$4,948
Special Revenue	394,641	816,283	(421,642)
Total	\$3,652,976	\$4,069,670	(\$416,694)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the FEMA fund by \$2,500 and \$421,642 for the years ended December 31, 2013 and 2012 respectively. Also contrary to Ohio law, appropriation authority expenditures exceeded estimated resources by \$43,641 in the FEMA fund for the year ended December 31, 2012.

**CENTRAL JOINT FIRE AND EMS DISTRICT
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(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.

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

5. Other Financing Source and Uses

The District's other financing sources and uses reports the amounts that were determined to be unrecorded to the underlying accounting system by the former Finance Officer.

6. Retirement Systems

The District's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other full time employees belong to the Ohio Public Employees Retirement System (OPERS). All part time employees belong to the Social Security System. 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 2013 and 2012, OP&F participants contributed 10.75% of their wages. For 2013 and 2012, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2013.

7. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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

Central Joint Fire and EMS District
Clermont County
2401 Old State Route 32
Batavia, Ohio 45103

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Central Joint Fire and EMS District, Clermont County, Ohio, (the District) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated February 2, 2015, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. We consider finding 2013-001 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, opining 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 2013-001 through 2013-003.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

February 2, 2015

**CENTRAL JOINT FIRE AND EMS DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Noncompliance/Material Weakness

Ohio Admin. Code § 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, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Ohio Admin. Code § 117-2-01(A) states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories.

The District did not properly maintain its accounting system as follows:

- The District did not post \$28,526 and \$12,688 in charges for services receipts to the General Fund in 2012 and 2013, respectively;
- The District did not properly record charges for services receipts in the amounts of \$4,773 and \$8,005 in the General Fund in 2012 and 2013, respectively. The District posted these receipts as reductions of Public Safety disbursements;
- The District did not record EMS billing receipts at gross and record the applicable fees as an expense resulting in Charges for Services receipts and Public Safety disbursements being understated by \$26,158 and \$32,574 in the General Fund in 2012 and 2013, respectively;
- The District did not post \$7,694 and \$3,442 in undetermined receipts to the General Fund in 2012 and 2013, respectively. The correct classification of the receipts could not be determined and they have been recorded as Other Financing Sources;
- The District recorded capital outlay payments as debt service payments in the amounts of \$15,223 to the General Fund and \$144,000 to the Special Revenue Funds in 2012, and \$75,623 to the General Fund and \$210,267 to the Special Revenue Funds in 2013;
- The District did not properly post property tax receipts at the gross amount and record the related expenses in the total amounts of \$22,566 and \$45,307 to the General Fund in 2012 and 2013, respectively;
- The District classified a property tax receipt as an intergovernmental receipt in the amount of \$201 in the General Fund in 2013;
- The District classified intergovernmental receipts as property tax receipts in the amounts of \$120,058 and \$164,581 in the General Fund in 2012 and 2013 respectively.
- The District did not properly post intergovernmental receipts at the gross amount and record the related expenses in the amounts of \$2,059 and \$2,118 to the General Fund in 2012 and 2013 respectively;
- The District classified a reduction of disbursements to the Public Safety line item has an intergovernmental receipt in the amount of \$1,836 to the General Fund in 2013;

**FINDING NUMBER 2013-001
(Continued)**

- The District classified intergovernmental receipts in the total amount of \$4,375 and \$2,500 as reductions of disbursements to the Public Safety and Capital Outlay line items in the Special Revenue Funds in 2012 and 2013, respectively;
- The District did not post expenses in the total amounts of \$28,607 and \$33,171 to the General Fund in 2012 and 2013, respectively. These are recorded in the accompanying financial statements as Other Financing Uses;
- The District incorrectly posted transfers in and out in the amounts of \$250,641 and \$207,000 between the General Fund and the Special Revenue Funds, respectively in 2012;
- The District did not properly record a check issued in 2011 in the amount of \$7,605 to the General Fund causing the beginning balance at January 1, 2012 to be overstated;
- The District did not post payroll transactions totaling \$661 and over posted payroll transactions totaling \$3,110 in 2013 resulting in a net over posting of payroll transactions in the amount of \$2,449 to the General Fund;
- The District posted payments to the District's Health Reimbursement Account (HRA) as expenses when the transfer between bank accounts occurred and not when the District's HRA account paid claims resulting in the General Fund balances being understated by \$11,653 and \$8,657 at December 31, 2012 and December 31, 2013, respectively. In addition, the HRA account was not included in the monthly bank reconciliation for 2012 and 2013;
- The District did not properly designate fund balances in the financial statements presented for audit causing assigned fund balances to be understated by \$14,045 and \$16,564 in the General Fund in 2012 and 2013, respectively. In addition, the restricted fund balances were understated by \$210,267 in the Special Revenue Funds in 2012;
- The District posted receipts in the amount of \$1,140 as a reduction of Public Safety disbursements. The correct classification of these receipts could not be determined and they have been recorded in the accompanying financial statements as Other Financing Sources in the General Fund in 2012;

As a result of these errors, certain receipt and disbursement line items in the General and Special Revenue funds were incorrectly reported on the Annual Financial Reports and the underlying accounting records. Significant reclassifications and adjustments were made to the financial statements and the accounting records where applicable.

We recommend due care be exercised when posting entries to the underlying accounting records, preparing monthly reconciliations, and financial statement preparation to prevent errors and assist in accurately reflecting the District's financial activity in the financial statements and properly disclose all activities of the financial statements as required. Failure to accurately post financial activity can lead to material misstatements in financial reporting.

FINDING NUMBER 2013-002

Noncompliance

Ohio Rev. Code, § 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.

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.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

The District did not properly execute a "Then and Now" Certificate for an expenditure in 2012 in the amount of \$235,572 (\$25,305 General Fund, \$210,267 Special Revenue Fund), The District utilized a "Then and Now" certificate, however the certificate exceeded the \$3,000 threshold and was not properly approved by resolution or ordinance.

Failure to properly certify the availability of funds can result in overspending funds, negative cash fund balances or budgetary noncompliance.

We recommend the District properly encumber funds and properly execute "Then and Now" certificates.

FINDING NUMBER 2013-003

Noncompliance

Ohio Rev. Code, § 5705.41 (B), prohibits the District shall not expend money unless it is appropriated.

Ohio Rev. Code, § 5705.39, states in part the total appropriations from each fund shall not exceed the total estimated resources from said fund.

In 2012, the District did not properly appropriate for an expenditure in the total amount of \$235,572 (\$25,305 for the General fund and \$210,267 for the Special Revenue fund), and the District did not properly report a transfer totaling \$207,000 from the Special Revenue fund to the General fund resulting in actual disbursements exceeded appropriations by \$421,642, and appropriations exceeding estimated resources by \$43,641 in the Special Revenue Fund.

In 2013, the District recorded a receipt to the Special Revenue Fund as a reduction of an expenditure in the amount of \$2,500, if this receipt was posted properly then this would have resulted in the District's actual disbursements exceeding appropriations in the Special Revenue Fund by \$2,500.

Failure to properly monitor budgetary requirements could lead to the District incurring negative fund balances.

We recommend the District monitor budgetary activity to ensure compliance and sound fiduciary decisions.

Officials' Response to Findings:

In response to the bi-annual audit conducted by the Auditor of State's Office for the period of January 1, 2012 through December 31, 2013, the Board of Trustees would like to affirm that, upon discovery of accounting issues, the District instituted additional financial controls to limit our exposure to future issues. Additionally, the former fiscal officer has been replaced with a new staff person.



Dave Yost • Auditor of State

CENTRAL JOINT FIRE AND EMS DISTRICT

CLERMONT 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
FEBRUARY 17, 2015**