



**BASCOM JOINT FIRE DISTRICT  
SENECA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008**



**Mary Taylor, CPA**  
Auditor of State



**BASCOM JOINT FIRE DISTRICT  
SENECA COUNTY**

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Mary Taylor, CPA  
Auditor of State

Bascom Joint Fire District  
Seneca County  
P.O. Box 132  
Bascom, Ohio 44809-0132

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 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 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

April 1, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Bascom Joint Fire District  
Seneca County  
P.O. Box 132  
Bascom, Ohio 44809-0132

To the Board of Trustees:

We have audited the accompanying financial statements of the Bascom Joint Fire District, Seneca County, (the District) as of and for the years ended December 31, 2008 and 2007. 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 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, 2008 and 2007, 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, 2008 and 2007, 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 fund cash balances of the Bascom Joint Fire District, Seneca County, as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2009, 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.



**Mary Taylor, CPA**  
Auditor of State

April 1, 2009

**BASCOM JOINT FIRE DISTRICT  
SENECA COUNTY**

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

	All Fund Types			Totals (Memorandum Only)
	General	Debt Service	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$109,287			\$109,287
Charges for Services	12,640			12,640
Intergovernmental	28,989			28,989
Earnings on Investments	1,322			1,322
Miscellaneous	9,962			9,962
<b>Total Cash Receipts</b>	<b>162,200</b>			<b>162,200</b>
<b>Cash Disbursements:</b>				
Current Disbursements:				
Security of Persons and Property:				
Salaries	33,600			33,600
Fringe Benefits	6,214			6,214
Materials and Supplies	15,531			15,531
Equipment	4,023			4,023
Other	61,054			61,054
Debt Service:				
Redemption of Principal		\$20,147		20,147
Interest and Other Fiscal Charges		425		425
<b>Total Cash Disbursements</b>	<b>120,422</b>	<b>20,572</b>		<b>140,994</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>41,778</b>	<b>(20,572)</b>		<b>21,206</b>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In		20,572		20,572
Transfers-Out	(20,572)			(20,572)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(20,572)</b>	<b>20,572</b>		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	21,206			21,206
Fund Cash Balances, January 1	113,721		\$56,669	170,390
<b>Fund Cash Balances, December 31</b>	<b>\$134,927</b>		<b>\$56,669</b>	<b>\$191,596</b>

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

**BASCOM JOINT FIRE DISTRICT  
SENECA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	All Fund Types			Totals (Memorandum Only)
	General	Debt Service	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$120,933			\$120,933
Charges for Services	12,640			12,640
Intergovernmental	23,476			23,476
Earnings on Investments	4,239			4,239
Miscellaneous	1,395			1,395
<b>Total Cash Receipts</b>	<b>162,683</b>			<b>162,683</b>
<b>Cash Disbursements:</b>				
Current Disbursements:				
Security of Persons and Property:				
Salaries	29,407			29,407
Fringe Benefits	9,684			9,684
Materials and Supplies	13,562			13,562
Equipment	11,938			11,938
Other	41,606			41,606
Debt Service:				
Redemption of Principal		\$39,055		39,055
Interest and Other Fiscal Charges		2,089		2,089
<b>Total Cash Disbursements</b>	<b>106,197</b>	<b>41,144</b>		<b>147,341</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>56,486</b>	<b>(41,144)</b>		<b>15,342</b>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In		41,144		41,144
Transfers-Out	(41,144)			(41,144)
<b>Total Other Financing Receipts / (Disbursements)</b>	<b>(41,144)</b>	<b>41,144</b>		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements				
	15,342			15,342
Fund Cash Balances, January 1	98,379		\$56,669	155,048
<b>Fund Cash Balances, December 31</b>	<b>\$113,721</b>		<b>\$56,669</b>	<b>\$170,390</b>

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

**BASCOM JOINT FIRE DISTRICT  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**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 Bascom Joint Fire District, Seneca County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Two of the board members are appointed by each township within the District, and the third member is selected by the board of trustees in a joint session of the townships. Those subdivisions are Hopewell and Loudon Townships. 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. Fund Accounting**

The District uses fund accounting to segregate cash that is 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. Debt Service Fund**

This fund accounts for resources the District accumulates to pay bond and note debt. The District had the following Debt Service Fund:

General Note Retirement Fund – This fund receives transfers in to account for note debt retirement payments. Note debt was issued for the purchase of a new fire pumper.

**3. Capital Project Fund**

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following capital project fund:

**BASCOM JOINT FIRE DISTRICT  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Capital Equipment Fund – This fund is to be used for the purchase and maintenance of firefighting equipment.

**D. 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not certify all disbursements.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**E. 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**

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$191,596</u>	<u>\$170,390</u>

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

**BASCOM JOINT FIRE DISTRICT  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$160,112	\$162,200	\$2,088
Debt Service		20,572	20,572
Total	\$160,112	\$182,772	\$22,660

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$156,072	\$140,994	\$15,078
Debt Service	20,572	20,572	
Total	\$176,644	\$161,566	\$15,078

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$142,640	\$162,683	\$20,043
Debt Service		41,144	41,144
Total	\$142,640	\$203,827	\$61,187

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$177,054	\$147,341	\$29,713
Debt Service	41,144	41,144	
Total	\$218,198	\$188,485	\$29,713

Contrary to Ohio law, the District did not certify all disbursements.

**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.

**BASCOM JOINT FIRE DISTRICT  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. PROPERTY TAX – (CONTINUED)**

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

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 District.

**5. RETIREMENT SYSTEMS**

The District's officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the District contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2008.

Fire Fighters are excluded from contributing to the Ohio Public Employees Retirement System and fall under the jurisdiction of Social Security. The District's liability is 6.2 percent of wages paid.

**6. RISK MANAGEMENT**

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

**BASCOM JOINT FIRE DISTRICT  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**6. RISK MANAGEMENT – (CONTINUED)**

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The District's share of these unpaid claims collectible in future years is approximately \$12,000. This payable includes the subsequent year's contribution due if the District terminates participation, as described in the last paragraph below.

**BASCOM JOINT FIRE DISTRICT  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**6. RISK MANAGEMENT – (CONTINUED)**

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>Contributions to PEP</u></b>	
2006	\$10,469
2007	\$11,026
2008	\$10,122

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

The District also has disability insurance through a private carrier.



# 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*

Bascom Joint Fire District  
Seneca County  
P.O. Box 132  
Bascom, Ohio 44809-0132

To the Board of Trustees:

We have audited the financial statements of the Bascom Joint Fire District, Seneca County, (the District) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 1, 2009, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

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

We consider finding 2008-002 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

We noted a certain internal control matter that we reported to the District's management in a separate letter dated April 1, 2009.

### **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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 1, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

April 1, 2009

**BASCOM JOINT FIRE DISTRICT  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that 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 collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts 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 Board.

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 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 Board 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 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.

Twelve percent of the transactions tested exceeded the amount certified by the Fiscal Officer. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2008-001  
 (Continued)**

Certification is not only required by Ohio law but is a key control in the disbursements process to help assure purchase commitments receive prior approval, and help reduce the possibility of District funds being over expended or exceeding budgetary spending limitations as set by the Board. To improve controls over disbursements, we recommend all District disbursements receive prior certification of the Fiscal Officer and the Board periodically review the expenditures made to ensure they are within the appropriations adopted by the Board, certified by the Fiscal Officer and recorded against appropriations.

Super blanket certificates were used on 100% of the disbursements. We recommend the Fiscal Officer review the exceptions for the purchase orders and use them accordingly. The Board did not establish a maximum amount of a blanket certificate by a resolution or ordinance.

**FINDING NUMBER 2008-002**

**Material Weakness**

**Financial Reporting**

Errors were noted in the financial statements that required the Fiscal Officer to make corrections. The Receipts and Appropriation Ledgers were classified by separate accounts, however items posted were not charged to the correct line item. Also, the Receipts and Appropriations Ledgers did not agree to the Cash Journal due to Auditor and Treasurer fees not properly posted to the Receipts and Appropriation Ledger. This resulted in the line items on the annual report to not agree to the ledgers which resulted in several reclassifications, as follows:

	2008			2007		
	Annual Report	Reclass	Total	Annual Report	Reclass	Total
<b>Cash Receipts:</b>						
Local Taxes	\$129,257	(\$19,970)	\$109,287	\$128,562	(\$7,629)	\$120,933
Intergovernmental	15,695	13,294	28,989	11,583	11,893	23,476
Charges for Services	12,640		12,640	12,640		12,640
Earnings on Investments	1,322		1,322		4,239	4,239
Other Revenue		9,962	9,962	7,327	(5,932)	1,395
<b>Total Cash Receipts</b>	<u>\$158,914</u>	<u>\$3,286</u>	<u>\$162,200</u>	<u>\$160,112</u>	<u>\$2,571</u>	<u>\$162,683</u>

**FINDING NUMBER 2008-002  
 (Continued)**

	2008			2007		
	Annual Report	Reclass	Total	Annual Report	Reclass	Total
<b>Cash Disbursements:</b>						
Current:						
Public Safety	\$117,136	(\$117,136)		\$103,970	(\$103,970)	
Salaries		33,600	33,600		29,407	29,407
Fringe Benefits		6,214	6,214		9,684	9,684
Materials and Supplies		15,531	15,531		13,562	13,562
Equipment		4,023	4,023		11,938	11,938
Miscellaneous		61,054	61,054		41,607	41,607
Total Cash Disbursements	<u>\$117,136</u>	<u>\$3,286</u>	<u>\$120,422</u>	<u>\$103,970</u>	<u>\$2,228</u>	<u>\$106,198</u>

Super Blanket Certificates prepared at the beginning of the year expired at year end. These blankets were not monitored throughout the year resulting in amounts being charged that were not certified. There were reserves for encumbrances (\$2,041 in 2008 and \$2,067 in 2007) on the Annual Report even though all certificates expired at year end.

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the District's financial statements and notes to the statements are complete and accurate, the District should review the account classifications in the Township Handbook and the Ohio Compliance Supplement (both located on the State web site) then adopt policies and procedures, including a review of the ledgers, statements and notes by the Fiscal Officer and the Board of Trustees, to identify and correct errors and omissions.

**Officials' Response:**

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





**Mary Taylor, CPA**  
Auditor of State

**BASCOM JOINT FIRE DISTRICT**

**SENECA 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  
MAY 7, 2009**