

BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008



Mary Taylor, CPA

Auditor of State

Board of Trustees
Battle Run Joint Fire District
209 Battle Street
P.O. Box 241
Prospect, Ohio 43342

We have reviewed the *Independent Auditors' Report* of the Battle Run Joint Fire District, Marion County, prepared by Holbrook & Manter, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Battle Run Joint Fire District is responsible for compliance with these laws and regulations.

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Mary Taylor, CPA
Auditor of State

August 31, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Battle Run Joint Fire District
Marion County

We have audited the accompanying financial statements of the Battle Run Fire District, Marion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State of Ohio 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 for 2009 and 2008, GAAP requires presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio 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 reserve for encumbrances of the Battle Run Fire District, Marion County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 June 22, 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.

The image shows a handwritten signature in black ink that reads "Shulbrook & Master". The signature is written in a cursive, flowing style.

Certified Public Accountants

June 22, 2010

BATTLE RUN JOINT FIRE DISTRICT
MARION 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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Debt Service</u>	
Cash receipts:-			
Local taxes	\$ 167,222	\$ 0	\$ 167,222
Intergovernmental	4,410	0	4,410
Charges for services	12,500	0	12,500
Earnings on investments	850	0	850
Miscellaneous	1,070	0	1,070
Total cash receipts	<u>186,052</u>	<u>0</u>	<u>186,052</u>
Cash disbursements:-			
Current:-			
Security of persons and property	0	0	0
General government	0	0	0
Public safety	177,886	0	177,886
Debt service:-			
Redemption of principal	83,417	0	83,417
Interest	7,410	0	7,410
Capital outlay	250,774	0	250,774
Total cash disbursements	<u>519,487</u>	<u>0</u>	<u>519,487</u>
Other financing receipts (disbursements):-			
Sale of notes	250,774	0	250,774
Total other financing receipts (disbursements)	<u>250,774</u>	<u>0</u>	<u>250,774</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(82,661)	0	(82,661)
Fund cash balances, January 1, 2009	<u>290,404</u>	<u>0</u>	<u>290,404</u>
Fund cash balances, December 31, 2009	<u>\$ 207,743</u>	<u>\$ 0</u>	<u>\$ 207,743</u>
Reserve for encumbrances, December 31, 2009	<u>\$ 3,189</u>	<u>\$ 0</u>	<u>\$ 3,189</u>

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

BATTLE RUN JOINT FIRE DISTRICT
MARION 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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Debt Service	
Cash receipts:-			
Local taxes	\$ 169,010	\$ 0	\$ 169,010
Intergovernmental	1,604	0	1,604
Charges for services	10,000	0	10,000
Earnings on investments	8,807	0	8,807
Miscellaneous	7,295	0	7,295
Total cash receipts	196,716	0	196,716
Cash disbursements:-			
Current;-			
Security of persons and property	0	0	0
General government	0	0	0
Public safety	226,971	0	226,971
Debt service;-			
Redemption of principal	0	0	0
Interest	0	0	0
Capital outlay	0	0	0
Total cash disbursements	226,971	0	226,971
Other financing receipts (disbursements):-			
Transfer in	1,633	0	1,633
Transfer out	0	(1,633)	(1,633)
Total other financing receipts (disbursements)	1,633	(1,633)	0
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(28,622)	(1,633)	(30,255)
Fund cash balances, January 1, 2008	319,026	1,633	320,659
Fund cash balances, December 31, 2008	\$ 290,404	\$ 0	\$ 290,404
Reserve for encumbrances, December 31, 2008	\$ 13,536	\$ 0	\$ 13,536

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

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - Battle Run Joint Fire District, Marion County, (the District) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is directed by an appointed two-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are Prospect Township and the Village of Prospect. The District provides fire protection and rescue services within the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Basis of Accounting - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

Cash and Investments - Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Debt Service Fund (closed during 2009)

This fund is used to accumulate resources for the payment of bonds. The District had the following debt service fund.

Bond Retirement Fund

This fund is used to accumulate resources for the payment of the District's general obligation bonds which were used to finance fire station construction and site improvements. The bonds were paid off in 2001. In 2008, the District received a court order to transfer the remaining funds from the Bond Retirement Fund to the General Fund and release all restrictions on these monies.

Budgetary Process - The Ohio Revised Code requires that each fund be budgeted annually.

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 Marion County Budget Commission must also approve the annual appropriation measure.

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when 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.

Property, Plant and Equipment - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	2009	2008
Demand deposits	\$ 34,498	\$ 22,681
STAR Ohio	173,245	267,723
Total deposits and investments	\$ 207,743	\$ 290,404

Deposits - The District's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Fire District, or (3) collateralized by the financial institution's public entity deposit pool.

Investments - Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2009 was as follows:

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 159,454	\$ 436,826	\$ 277,372
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ <u>159,454</u>	\$ <u>436,826</u>	\$ <u>277,372</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 177,500	\$ 522,676	\$ (345,176)
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ <u>177,500</u>	\$ <u>522,676</u>	\$ (<u>345,176</u>)

Contrary to Ohio law, during 2009, the budgetary expenditures exceeded the appropriation authority in the General Fund by \$345,176.

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 160,818	\$ 198,349	\$ 37,531
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ <u>160,818</u>	\$ <u>198,349</u>	\$ <u>37,531</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 193,040	\$ 240,507	\$ (47,467)
Debt Service	<u>0</u>	<u>1,633</u>	<u>(1,633)</u>
Total	\$ <u>193,040</u>	\$ <u>242,140</u>	\$ (<u>49,100</u>)

Contrary to Ohio law, during 2008, the budgetary expenditures exceeded the appropriation authority in the General Fund and the Debt Service Fund by \$47,467 and \$1,633, respectively.

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 4 - PROPERTY TAX:-

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to County by December 31. If the property owner elects to make semiannual payments, 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 District.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the Marion County by each April 30.

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

Tangible personal property tax has been phased out.

NOTE 5 - DEBT:-

During 2009, the District entered into a loan agreement with The Ohio State Bank for the addition to their building. The total loan amount was for \$250,774 and is to be paid back over 5 years. Payments on the balance began in May 2009 and the final payment is to be paid in May 2013. The balance outstanding as of December 31, 2009 is \$167,357.

Future minimum payments:

		<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2010	\$	53,371	\$	6,629	\$	60,000
2011		55,691		4,309		60,000
2012		58,111		1,889		60,000
2013		184		4		188
	\$	<u>167,357</u>	\$	<u>12,831</u>	\$	<u>180,188</u>

NOTE 6 - RETIREMENT SYSTEMS:-

The District's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants, as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, PERS members contributed 10% of their gross salaries. The District contributed an amount equal to 14% of participants' gross salaries for 2009 and 2008. The District has paid all contributions required through December 31, 2009.

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 7 - RISK MANAGEMENT:-

The District has obtained commercial insurance for the following risks:

- Comprehensive Property
- Commercial General Liability
- Commercial Crime
- Vehicles
- Portable Equipment; and
- Management Liability

NOTE 8 - INTERFUND TRANSFERS:-

During 2008, the following transfers were made:

Fund	2008	2008
<hr/>	<hr/> Transfers Out <hr/>	<hr/> Transfers In <hr/>
General Fund	\$ 0	\$ 1,633
Debt Service Fund	<hr/> 1,633 <hr/>	<hr/> 0 <hr/>
Total All Funds	<hr/> \$ 1,633 <hr/>	<hr/> \$ 1,633 <hr/>

During 2008, the District received permission via court order to close the debt service fund and release all restrictions on the monies. The District transferred the cash balance to the General Fund.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Board of Trustees
Battle Run Joint Fire District
Marion County

We have audited the accompanying financial statements of the Battle Run Fire District, Marion County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 22, 2010, wherein we noted the District followed accounting practices the Auditor of State of Ohio 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 to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 financial statement misstatement will not be prevented, or detected and timely corrected.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting as findings 2009-003 and 2009-005. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We also noted certain internal control matter that we reported to the District's management in a separate letter dated June 22, 2010.

Compliance and Other Matters

As part of reasonably assuring whether Battle Run Fire 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 have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2009-001, 2009-002 and 2009-004.

We did note certain noncompliance or other matters that we reported to the Government's management in a separate letter dated June 22, 2010.

Battle Run Fire District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and Board of Trustees. It is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

June 22, 2010

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2009-001
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Non Compliance Citation – Prior Certification of Expenditures

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This Section provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free from any previous encumbrances, the Board of Commissioners may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$3,000, the fiscal officer may authorize it to be paid without the affirmation of the Board of Commissioners, if such expenditure is otherwise valid.

During our testing of expenditures, we noted that there were purchase orders being used but they were not being completed properly. The purchase orders were not being completed prior to ordering goods and services and could result in expending more than appropriated. We recommend that the purchase orders be completed prior to ordering goods and services.

Officials' Response

The Fire District implemented a new purchase order policy. With the implementation of the UAN computer system, the District has been able to monitor the certification of expenditures and continues to improve this process. The Fire District currently has two trustees sign the purchase orders and also the fiscal officer signs each one to certify that the funds are actually available.

Finding Number	2009-002
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Non Compliance Citation - Signature Stamps

We noted during the audit that a signature stamp was being used on checks and other official documents completed by the District. The Ohio Revised Code prohibits facsimile signatures from being used on checks, drafts, warrants, vouchers, and/ or other instruments for the payment of money. We strongly suggest that all signatures be original signatures of those authorized to sign and that the use of the signature stamp be terminated or extremely limited. While we clearly understand that there are other valid uses of a signature stamp, such as correspondence, etc., we feel that internal controls can be greatly strengthened if its use is removed from the District's accounting functions overall.

Officials' Response

The District corrected this issue subsequent to being made aware of it during the prior year audit; however, this was not until September 2008.

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2009-003
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Significant Deficiency – Internal Control and Review Procedures

Although the Board receives and reviews a select number of reports from the Fiscal Officer of the District for approval on a monthly basis, the District has not established formal procedures to reasonably assure completeness and accuracy of the monthly reporting. During our testing and analysis, we noted that the Board of Trustees is not reviewing the numerical check sequence prior to signing the checks. In addition, they are not reviewing the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The District should carefully review this information and make appropriate inquires to help determine the integrity of the financial information. When performing such review, the trustees' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the trustees' thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Board each month.

Officials' Response

The Fiscal Officer will continue to provide the bank reconciliations and bank statements to the Trustees for their review and approval at each months meeting. The District will also document and approve the review of those reports and the numerical sequence of the checks within the monthly minutes.

Finding Number	2009-004
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Non Compliance Citation - Amending or Supplementing Appropriations

Ohio Revised Code, Section 5705.40, states that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations against them. Transfers may be made by resolution or ordinance from one appropriation item to another.

During our compliance testing procedures, we noted that the District did not amend appropriations to account for additional expenditures that were not part of the original appropriation resolution.

Officials' Response

The District is aware of the above issue now and will make the necessary amendments moving forward.

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2009-005
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Significant Deficiency - Recording of Loan Proceeds and Classification of Debt Payments

We noted the District had a new loan agreement entered into during 2008 with disbursements taking place during 2009 from the loan. The District did not record the transactions of the loan on the accounting books; however, adjustments were made in the accompanying financial statements to reflect these transactions. The loan amount should be recorded as Sale of Notes and the corresponding expenditure should be recorded in the capital outlay. Since the disbursements and receipt of the loan were not recorded in the books, these amounts were not properly accounted for within the estimated resources and appropriations in the respective funds.

In addition, we noted the District had recorded the debt payments made during the period to improper line items within the financial records. These payments were reclassified with the financial statements to the appropriate line items for reporting purposes.

In the future, the District should verify that all activity is properly recorded within the financial statements and budgeted for within the estimated resources and appropriations to avoid receiving or disbursing funds without being properly budgeted.

Officials' Response

The District is aware of the above issue now and will make the necessary amendments moving forward; however, currently they expect this to be an isolated instance because they have no major projects scheduled in the near future.

**BATTLE RUN JOINT FIRE DISTRICT
MARION COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED 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; Explain:
2007-001	ORC 5705.41 (D) - Failure to properly use fiscal certificates	No	Reissued as a Finding in the current audit report as Finding #2009-001.
2007-002	Signifianct Deficiency - Internal Control and Review Procedures	No	Reissued as a Finding in the current audit report as Finding #2009-003.
2007-003	Signature Stamps	No	Corrected after prior year audit released in September 2008. Reissued as a finding in the current audit report as Finding #2009-002.
2007-004	Record retention	Yes	Fully corrected by new fiscal officer.
2007-005	Material Weakness- Incomplete bank reconcilations	Yes	Fully corrected with implementation of new software.
2007-006	Significant Deficiency - Material Weakness - Annual report and ledger posting errors	Yes	Fully corrected with implementation of new software.



Mary Taylor, CPA
Auditor of State

BATTLE RUN JOINT FIRE DISTRICT

MARION 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
SEPTEMBER 14, 2010**