



Mary Taylor, CPA
Auditor of State

**WEST ELKTON-GRATIS TOWNSHIP FIRE DISTRICT
PREBLE COUNTY**

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Mary Taylor, CPA
Auditor of State

West Elkton-Gratis Township Fire District
Preble County
125 North Main Street
West Elkton, Ohio 45070

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.

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

Mary Taylor, CPA
Auditor of State

July 25, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

West Elkton-Gratis Township Fire District
Preble County
125 North Main Street
West Elkton, Ohio 45070

To the Board of Trustees:

We have audited the accompanying financial statements of West Elkton-Gratis Township Fire District, Preble County, Ohio (the District), as of and for the years ended December 31, 2007 and 2006. 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 format the accompanying financial statements present, GAAP require presenting entity wide statements. 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, 2007 and 2006 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, 2007 and 2006, 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 West Elkton-Gratis Township Fire District, Preble County, as of December 31, 2007 and 2006, 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 July 25, 2008, 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

July 25, 2008

**WEST ELKTON-GRATIS TOWNSHIP FIRE DISTRICT
PREBLE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
GENERAL FUND
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007	2006
Cash Receipts:		
Intergovernmental	\$88,176	\$67,031
Earnings on Investments	389	279
Miscellaneous	728	
Total Cash Receipts	<u>89,293</u>	<u>67,310</u>
Cash Disbursements:		
Current Disbursements:		
Security of Persons and Property	2,400	1,565
General Government	41,404	37,689
Debt Service:		
Redemption of Principal		8,119
Interest		442
Capital Outlay	33,069	24,843
Total Cash Disbursements	<u>76,873</u>	<u>72,658</u>
Total Receipts Over/(Under) Disbursements	<u>12,420</u>	<u>(5,348)</u>
Fund Cash Balances, January 1	<u>34,080</u>	<u>39,428</u>
Fund Cash Balances, December 31	<u>\$46,500</u>	<u>\$34,080</u>

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

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**WEST ELKTON-GRATIS TOWNSHIP FIRE DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 West Elkton-Gratis Township Fire District, Preble County, Ohio (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 the political subdivisions within the District. Those subdivisions are the Village of West Elkton and Gratis Township. The board members representing the Village of West Elkton and Gratis Township appoint the third board member. 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.

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. Cash and Deposits

The District has a checking account. Interest earned is recognized and recorded when received.

D. Fund Accounting

The District uses the General Fund as the general operating fund. It is used to account for all financial resources.

E. Budgetary Process

The Ohio Revised Code requires the District to budget annually. The District did not adopt operating budgets for the audit period.

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. No appropriation measures were approved for the audit period, so budgetary expenditures exceeded appropriations.

**WEST ELKTON-GRATIS TOWNSHIP FIRE DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The District did not certify total amounts available from all sources and did not estimate resources for the audit period.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. The District did not use the encumbrance method of accounting. However, the District had no material outstanding encumbrances at December 31, 2007 and 2006.

A summary of 2007 and 2006 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 Cash and Deposits

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

	<u>2007</u>	<u>2006</u>
Demand deposits	<u>\$46,500</u>	<u>\$34,080</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**WEST ELKTON-GRATIS TOWNSHIP FIRE DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$89,293	\$89,293

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$76,873	(\$76,873)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$67,310	\$67,310

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$72,658	(\$72,658)

4. Fire District Funding

The Fire District receives funding from Gratis Township and the Village of West Elkton. The funding is derived from the fire levy money received by Gratis Township and the Village of West Elkton. Payments are made semi-annually to the Fire District after the Township and Village receive their tax distribution from the Preble County Auditor.

5. Debt

The District had a fire equipment bank loan. The outstanding principal balance at December 31, 2005, was \$8,119. This loan was paid in full during 2006.

**WEST ELKTON-GRATIS TOWNSHIP FIRE DISTRICT
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. Lease

Lease outstanding at December 31, 2007, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2006 Rosenbauer/2005 Simon Pumpers Lease	<u>\$240,735</u>	4.99%

The District leased the 2006 Rosenbauer Pumper with a purchase option. The District's 2005 Simon Pumper lease [outstanding principal balance of \$99,165 at December 31, 2005] was combined with the 2006 Rosenbauer Pumper lease. The lease is collateralized by the pumpers. The purchase option at December 31, 2007, was \$246,854.

Lease payments are recorded as capital outlay disbursements.

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

<u>Year ending December 31:</u>	<u>2006 Rosenbauer/ 2005 Simon Pumper</u>
2008	\$24,304
2009	24,304
2010	24,304
2011	24,304
2012	24,304
2013 - 2017	121,520
2018 - 2021	97,216
Total	<u>\$340,256</u>

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.

8. Noncompliance

Contrary to Ohio Administrative Code, the District did not maintain required accounting journals and ledgers.



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*

West Elkton-Gratis Township Fire District
Preble County
125 North Main Street
West Elkton, Ohio 45070

To the Board of Trustees:

We have audited the financial statements of West Elkton-Gratis Township Fire District, Preble County, Ohio (the District), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 25, 2008, 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-006 and 2007-007.

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 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 and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiencies described above are also material weaknesses.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated July 25, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 through 2007-006.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 25, 2008.

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



Mary Taylor, CPA
Auditor of State

July 25, 2008

**WEST ELKTON-GRATIS TOWNSHIP FIRE DISTRICT
PREBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Material Noncompliance

Ohio Revised Code, § 5705.28(B)(2)(a), states that the taxing authority of a taxing unit that does not levy a tax is not required to adopt a tax budget pursuant to division (A) of this section. Instead, on or before the fifteenth day of July each year, such taxing authority shall adopt an operating budget for the taxing unit for the ensuing fiscal year. The operating budget shall include an estimate of receipts from all sources, a statement of all taxing unit expenses that are anticipated to occur, and the amount required for debt charges during the fiscal year. The District is not required to file the operating budget with the county auditor or the county budget commission. The District did not adopt operating budgets for 2006 or 2007. Failure to adopt operating budgets resulted in overspending and a negative fund cash balance. We recommend that the District adopt an annual operating budget.

FINDING NUMBER 2007-002

Material Noncompliance

Ohio Revised Code, § 5705.38(A), provides that on or about the first day of each fiscal year, an appropriation measure is to be passed. The District did not pass appropriation measures for 2006 or 2007. Failure to pass appropriation measures resulted in overspending and a negative fund cash balance. We recommend that the District pass annual appropriation measures.

FINDING NUMBER 2007-003

Material Noncompliance

Ohio Revised Code, § 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been properly appropriated. The District did not appropriate expenditures for 2006 and 2007. Failure to appropriate expenditures resulted in overspending and a negative fund cash balance. We recommend that the District appropriate all expenditures.

FINDING NUMBER 2007-004

Material Noncompliance

Ohio Revised 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.

**FINDING NUMBER 2007-004
(Continued)**

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.

The District did not certify the availability of funds for 100% of both 2006 and 2007 expenditures and there was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used. Invoices lacking a date should be dated by the Fiscal Officer when received.

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2007-005

Material Noncompliance

Ohio Revised Code, § 5705.28(B)(2)(b), states, in part, that except for this section and sections 5705.36, 5705.38, 5705.40, 5705.41, 5705.43, 5705.44, and 5705.45 of the Revised Code, a taxing unit that does not levy a tax is not a taxing unit for purposes of Chapter 5705 of the Revised Code. Documents prepared in accordance with such sections are not required to be filed with the county auditor or county budget commission.

Ohio Revised Code, § 5705.36(A)(1), provides that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units shall certify to the county auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. The District did not prepare documentation showing the total amount from all sources available for expenditures from each fund. Failure to prepare the required documentation resulted in overspending funds and negative fund cash balances. We recommend that the District annually prepare documentation showing the total amount from all sources.

FINDING NUMBER 2007-006

Material Noncompliance/Material Weakness

Ohio Administrative Code, 117-2-02(A), requires governments to maintain an accounting system and accounting records sufficient 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. Pursuant to division (D) of this section, accounting records that can help achieve these objectives include:

1. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund. A receipts ledger was not maintained.
2. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution. An appropriation ledger was not maintained.

Due care should be taken in the preparation of the District's books and annual financial reports. Receipts and expenditures were not properly recorded in the District's books and annual financial reports. Receipts should be posted to the correct line item. Debt activity was not properly reported on the annual financial reports. Proper posting of receipts and expenditures will aid in the proper presentation of the District's financial position.

We recommend the District maintain a receipts ledger and appropriation ledger. We also recommend the District reconcile the ledgers to the bank on a monthly basis and that a Board member review and sign off on the reconciliation, indicating approval and timeliness of reconciliations. Implementation of these procedures will add a substantial measure of control to the receipt and expenditure process, as well as provide assurance that the activity is properly handled and fairly presented on the District's ledgers and financial reports.

FINDING NUMBER 2007-007

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should ensure that all transactions are properly authorized in accordance with management's policies, ensure that accounting records are properly designed, ensure adequate security of assets and records, plan for adequate segregation of duties or compensating controls, verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, perform analytical procedures to determine the reasonableness of financial data, and ensure the collection and compilation of the data needed for the timely preparation of financial statements.

Lack of internal controls, increases the risk that errors, theft or fraud could occur and not be detected in a timely manner.

The following weaknesses were noted:

- None of the prior audit findings had been addressed or corrected (see Schedule of Prior Audit Findings).
- The small size of the District's staff does not allow for an adequate segregation of duties; the Clerk must perform all accounting functions. The weakness of this system is that it allows for potential diversion of funds through possible alteration of source documents. Also, bookkeeping errors may occur without detection in a timely manner.
- The Clerk completes monthly cash reconciliations. However, they are not reviewed by anyone.
- The annual financial reports for 2006 and 2007 were inaccurate, such as the following transactions, which were not properly classified.
 - An insurance reimbursement receipt in the amount of \$728 was not properly classified as a Miscellaneous/Other receipt in 2007.
 - Debt service in the amount of \$8,561 was not properly classified in 2006.
 - Capital lease payments were not properly classified in the amounts of \$24,843 in 2006 and \$24,304 in 2007.
 - A capital equipment purchase was not properly classified as a capital outlay expenditure in the amount of \$8,765 in 2007.
 - In 2006 an interest receipt of \$9.50 and a deposit of \$252.45 were not posted to the cash book.
 - Check #2903 for \$788.46 was never cashed; it is a duplicate of Check #2896. The cash book did not accurately reflect this transaction.
 - The information for Check #2789 and Check #2780 was transposed when posted to the cash book.
 - A December 2006 deposit was posted to the cash book as \$1,079; the actual deposit amount was \$1,279.
 - A series of check numbers would frequently be listed twice in the cash book.

**FINDING NUMBER 2007-007
(Continued)**

- Receipts are not identified with a receipt number, receipt date, or in many instances a receipt description. The District does not issue pre-numbered duplicate receipts.

Monitoring controls should be put into place to help assure that work being performed, laws required to be followed and reports being generated are meeting the objectives of the Board of Trustees and management. Monitoring controls should be performed by someone independent of those performing the tasks.

We recommend the District implement the following procedures:

- The Board should receive monthly financial reports including, but not limited to: bank reconciliations (with supporting documentation such as bank statements, outstanding check lists, and deposits in transit), check registers, cash book, etc. The Board should receive these reports prior to the regular meetings so that members have an opportunity to review the information and ask informed questions. The Board's approval of these reports should be documented in the minutes. The documents reviewed should be initialed by the reviewer(s) to show that the review has occurred.
- Upon receiving audit reports, the Board should take action to see that the findings are addressed and corrected.
- Due care should be taken in posting activity to the cash book. All cash book activity should be reconciled to the monthly bank statements. Pre-numbered duplicate receipts should be issued. Detail receipt information (receipt number, date, description) should be posted to the cash book. A running cash balance should be maintained.
- Due care should be taken in completing the annual financial reports. The receipts and expenditures as reported in the annual financial reports should match the activity posted to the cash book. Receipts and expenditures should be reported in the correct line items.

Officials' Response:

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

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**WEST ELKTON-GRATIS TOWNSHIP FIRE DISTRICT
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Revised Code 5705.28(B)(2)(a), failure to adopt operating budgets	No	Not corrected – reissued as Finding 2007-001
2005-002	Revised Code 5705.38, failure to adopt appropriations	No	Not corrected – reissued as Finding 2007-002
2005-003	Revised Code 5705.41(B), failure to appropriate expenditures	No	Not corrected – reissued as Finding 2007-003
2005-004	Revised Code 5705.41(D), failure to properly certify funds	No	Not corrected – reissued as Finding 2007-004
2005-005	Revised Code 5705.36(A)(1), failure to certify all sources available for expenditures	No	Not corrected – reissued as Finding 2007-005
2005-006	Administrative Code 117-2-02(A), failure to maintain proper accounting records	No	No corrected – reissued as Finding 2007-006



Mary Taylor, CPA
Auditor of State

WEST ELKTON-GRATIS TOWNSHIP FIRE DISTRICT

PREBLE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 28, 2008**