



Mary Taylor, CPA  
Auditor of State



CLINTON SOUTH JOINT FIRE DISTRICT  
CLINTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – General Fund - For the Years Ended December 31, 2008 and 2007 .....	5
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings .....	15
Schedule of Prior Audit Findings .....	21

**This page intentionally left blank.**



Mary Taylor, CPA  
Auditor of State

Clinton South Joint Fire District  
Clinton County  
P.O. Box 78  
Midland, Ohio 45148

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

June 11, 2009

**This page intentionally left blank.**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Clinton South Joint Fire District  
Clinton County  
P.O. Box 78  
Midland, Ohio 45178

To the Board of Trustees:

We have audited the accompanying financial statements of Clinton South Joint Fire District, Clinton County, Ohio (the District), as of and for the years ended December 31, 2008 and December 31, 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.

The District has not fully paid the Auditor of State for services provided more than one year prior to our opinion date. AICPA Code of Professional Conduct, ET Section 191 considers this circumstance to impair an auditor's independence. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. Ohio Revised Code § 117.13 also includes provisions to collect unpaid audit fees including negotiating a schedule for payment of the amount due, seeking payment through the office of budget and management or through the county auditor of the county in which the local public office is located.

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 combined 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 period ended December 31, 2008 and December 31, 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 December 31, 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 Clinton South Joint Fire District, Clinton County, as of December 31, 2008 and December 31, 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As discussed in Note 1, the District ceased to operate as of January 31, 2009.

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 11, 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

June 11, 2009



**CLINTON SOUTH JOINT FIRE DISTRICT  
CLINTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPE  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<b>General Fund 2008</b>	<b>2007</b>
<b>Cash Receipts:</b>		
Property and Other Local Taxes	\$30,514	\$33,034
Intergovernmental	6,184	1,701
Earnings on Investments	20	35
Miscellaneous	9,344	12,966
Total Cash Receipts	46,062	47,736
<b>Cash Disbursements:</b>		
Current Disbursements:		
Security of Persons and Property:		
Materials and Supplies	2,116	911
Equipment	3,365	10,734
Other	23,568	17,730
Capital Outlay	15,000	1,545
Debt Service:		
Redemption of Principal	10,229	6,972
Interest and Other Fiscal Charges	7,145	8,214
Total Cash Disbursements	61,423	46,106
Total Receipts Over/(Under) Disbursements	(15,361)	1,630
<b>Other Financing Receipts:</b>		
Sale of Notes	15,000	
Sale of Fixed Assets		3,460
Total Other Financing Receipts	15,000	3,460
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(361)	5,090
Fund Cash Balances, January 1	4,743	(347)
<b>Fund Cash Balances, December 31</b>	<b>\$4,382</b>	<b>\$4,743</b>
Reserve for Encumbrances, December 31	\$14,540	\$1,375

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

**This page intentionally left blank.**

**CLINTON SOUTH JOINT FIRE DISTRICT  
CLINTON 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 Clinton South Joint Fire District, Clinton County, Ohio (the District), as a body corporate and politic. A two-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Jefferson Township and the Village of Midland. The District provides fire protection services within the District. The District contracts with the Blanchester Emergency Medical Services to provide rescue services.

On June 2, 2008, Resolution No. 06-02-08 B, was passed by the Village of Midland to terminate the agreement with the Clinton South Joint Fire District. On February 1, 2009 the District ceased to operate as a separate political entity due to the withdrawal of the Village of Midland pursuant to their June 2, 2008, Resolution No. 06-02-08B. An agreement between Jefferson Township and the Village of Midland stated that all tax proceeds of the District collected in 2009 will be distributed to Jefferson Township. Ohio Rev. Code Section 505.71, states that upon the dissolution of any joint ambulance district, the county auditor ascertains, apportions, and orders a division of the funds on hand. At dissolution all inventory, equipment, and vehicles were transferred to Jefferson Township, Clinton County, Ohio. The District's building is owned by the Village of Midland; however, Jefferson Township has an agreement with the Village of Midland to house the fire departments vehicles and equipment. On March 2, 2009, the District transferred the General Fund balance of \$4,382.63 to Jefferson Township. See Note 8 for a status of the District's receivables upon dissolution. See Note 9 for a status of the District's liabilities upon dissolution.

The Custodian 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. Deposits**

The District had only one non-interest bearing checking account during the audit period. The account was closed on March 6, 2009.

**D. Fund Accounting**

The District classifies its fund into the following type:

**CLINTON SOUTH JOINT FIRE DISTRICT  
CLINTON COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

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

**F. 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 Deposits**

The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$4,382</u>	<u>\$4,743</u>

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

**CLINTON SOUTH JOINT FIRE DISTRICT  
CLINTON 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	\$38,839	\$61,062	\$22,223

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,871	\$75,963	(\$31,092)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,064	\$51,196	\$4,132

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$36,567	\$47,481	(\$10,914)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$31,092 for the year ended December 31, 2008 and by \$10,914 for the year ended December 31, 2007.

**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.

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

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.

**CLINTON SOUTH JOINT FIRE DISTRICT  
CLINTON COUNTY**

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

**4. Property Tax (Continued)**

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

**5. Debt**

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Tank and Fire Truck Note	\$70,006	8.50%
Fire Truck Note	15,000	7.00%
	\$85,006	

On September 13, 2006, the District entered into a loan with the National Bank and Trust for the purchase of a fire truck. The District also had entered into a loan during 2004 for the purchase of a new tanker truck. These two loans were combined on September 13, 2006 and a new note was issued for the debt. The District's taxing authority collateralizes the note.

During 2008, the District entered into a loan with National Bank and Trust for the purchase of another fire truck. The District's taxing authority collateralizes the note. Jefferson Township, Clinton County, Ohio has become responsible for the District's debt activity.

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

	Tank and Fire Truck Note	Fire Truck Note
Year ending December 31:		
2009	\$15,186	\$4,374
2010	15,186	4,374
2011	15,186	4,374
2012	15,186	4,374
2013	15,186	
2014-2018	15,186	
Total	\$91,116	\$17,496

**6. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, the District did not have any personnel that collected a salary; therefore no contributions were made to OPERS.

**CLINTON SOUTH JOINT FIRE DISTRICT  
CLINTON COUNTY**

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

**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. Status of Receivables on the Date of Dissolution, January 31, 2009**

During 2007, the District did not receive and/or deposit the September Homestead & Rollback payment from Ohio Budget Management (OBM) in the amount of \$1,675.65. The check had been voided by the OBM and had not been reissued. The Township intends to contact the OBM to obtain a reissued check.

**9. Status of Liabilities on the Date of Dissolution, January 31, 2009**

During December 2008 and January 2009, the District incurred liabilities that were not paid at the January 31, 2009. Jefferson Township assumed responsibility for the District's liabilities upon closing. See Note 1 for description of entity. The following liabilities are listed:

**Treasurer of State of Ohio:**

The District had outstanding audit costs from the prior audit which totaled \$11,600.69. As of June 11, 2009, these audit costs have not been paid.

**Attorney Fees:**

The District had outstanding legal fees totaling \$1,061.49. As of June 11, 2009, these legal fees have not been paid.

**Suburban Gas Company:**

The District owed a bill in the amount of \$727.80 from Suburban Gas Company for propane gas purchased to heat the fire department building. This bill was paid by Jefferson Township on April, 6, 2009.

**Staples:**

On December 27, 2008, the District purchased cameras, docking station and ink cartridges totaling \$784.79. This bill was paid by Jefferson Township on March 2, 2009.

**First Stop:**

The District owed for outstanding gas purchases which totaled \$365.72. A partial payment was made by Jefferson Township. The balance outstanding at June 1, 2009 was \$127.75.

**This page intentionally left blank.**





# 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*

Clinton South Joint Fire District  
Clinton County  
P.O. Box 78  
Midland, Ohio 45178

To the District Board of Trustees:

We have audited the financial statements of the Clinton South Joint Fire District, Clinton County, Ohio (the District), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 11, 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 also noted the District ceased to operate as of January 31, 2009. 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 Government'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 Government's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-003 and 2008-004 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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. We believe findings number 2008-003 and 2008-004 are also material weaknesses.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated June 11, 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 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 2008-001, 2008-002 and 2008-003.

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 June 11, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

June 11, 2009

**CLINTON SOUTH JOINT FIRE DISTRICT  
CLINTON 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>
--

**FINDING NUMBER 2008-001**

**Material Noncompliance**

**Ohio Rev. Code, Section 5705.41 (D)**, requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every 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 a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Ninety seven percent of the purchases tested were initiated without obtaining the prior certification of the Clerk/Treasurer and were not subsequently approved by the District within the aforementioned 30 day time period. Failure to properly encumber resulted in overspending funds and negative cash fund balances.

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

Unless the District uses the exceptions noted above, prior certification is not only required by statute but also 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 Clerk/Treasurer certify that 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.

**FINDING NUMBER 2008-002**

**Material Noncompliance**

**Ohio Rev. Code, Section 5705.41(B)**, prohibits a subdivision from making an expenditure unless it has been properly appropriated. At December 31, 2007, the General Fund had expenditures of \$47,481 which exceeded appropriations of \$36,567 by \$10,914. At December 31 2008 the General Fund had expenditures of \$75,597 which exceeded appropriations of \$44,871 by \$31,092.

Failure to monitor budgetary activity could result in overspending and could result in negative fund balances. We recommend the fiscal officer deny any payments until the legislative authority has passed the necessary changes to the appropriation measure. The management of the District should monitor the District's budgetary receipts and expenditures by having the fiscal officer provide budgetary reports to be reviewed and approved by the Board. By regularly monitoring its budgetary position throughout the year, the District will be better able to determine when amendments need to be made to original budgeted receipts thus avoiding negative fund/account code balances, and will be better prepared for making decisions which affect the overall cash position of the Board.

**FINDING NUMBER 2008-003**

**Material Noncompliance/Material Weakness**

Pursuant to White v. Clinton Cty. Bd. of Comm'rs (1996), 76 Ohio St.3d 416, Ohio Rev. Code Sections 121.22 and 149.43 when read together impose a duty on the District to maintain a full and accurate record of their proceedings. Minutes of meetings must be promptly recorded and open for public inspection. State, ex rel. Fairfield Leader v. Ricketts (1990), 56 Ohio St.3d 97. The following items were noted:

- The District did not document a full and accurate record of their proceedings. Minutes were vague and did not include financial activity presentation, no correspondence with their legal counsel or approval of a new debt obligation;
- All of the District's minutes were not presented for audit;
- The Trustees signed the 2008 appropriation resolution filed with the Clinton County Auditor's office, but failed to document their approval in the minutes;
- Minutes were not signed by the officials attesting to their accuracy.

As the Board of Trustees speaks only through its record of proceedings (minutes), the following recommendations were made to ensure that the minutes properly reflect parliamentary procedures and the actions of the Board of Trustees.

**FINDING NUMBER 2008-003  
(Continued)**

- Minutes should be prepared on a timely basis and presented at the subsequent meeting and approved by the Board Members. All resolutions should be numbered and made a part of a permanent record of proceedings;
- All actions taken by the Board of Trustees should be indexed under proper headings to provide easy access to all resolutions;
- Minutes should be signed by the officials affirming their accuracy and should be maintained in a sequentially numbered book that is permanently bound;
- Each topic, resolution, motion, etc. should be sub-headed or identified either in the margin or at the head of each paragraph for easier reading and referencing;
- Review and approval of the annual financial data, including budgets, appropriations, transfers, required reports, and any advertisements for the same, should be documented as a permanent part of the minute record.

Prompt review of the minutes allows the Board of Trustees the ability to make any necessary changes in a timely fashion. Implementation of these procedures would aid in ensuring that the minute record would be an accurate reflection of the Board's actions and would assist in locating specific actions of the Board of Trustees.

**FINDING NUMBER 2008-004**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should consider the following:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed.
- Plan for adequate segregation of duties or compensating controls.
- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

The small size of the District did not allow for an adequate segregation of duties. The Clerk processes all the financial record keeping including receipting, posting, and reconciling to the depository. Bookkeeping errors occurred without the detection of management. It is, therefore, important that the Board of Trustees monitor financial activity.

The following weaknesses were noted:

- Monthly financial reports such as budget and actual and bank reconciliations were not presented to Board of Trustees for their review;
- Invoices contained no indication (e.g., initials) that someone had performed a comparison between the items included on the invoices and the items received;

**FINDING NUMBER 2008-004  
(Continued)**

- Invoices were not always attached to the voucher packet to support the validity of the expenditure. We were able to perform alternative audit procedures to determine that expenditures were for a proper public purpose;
- The District posted property taxes at the net amount instead of the gross amount, debt payments were posted to general government line item rather than principal and interest line item, proceeds of the loan and the corresponding payment were not posted to the District's ledgers and Homestead and Rollback receipts were posted to taxes rather than intergovernmental receipts. Audit adjustments have been posted to the financial statements to correct these errors increased General Fund receipts and disbursements by \$17,315.06. As a result, the records maintained by the Clerk were not an accurate reflection of all moneys received and expended by the District.

Failure to accurately prepare and reconcile the accounting records 1) reduces the accountability over District funds, 2) reduces the Board of Trustee's ability to monitor financial activity and make informed financial decisions, 3) increases the likelihood that moneys will be misappropriated and not detected, and 4) increases the likelihood that the financial statements will be misstated. We recommend that the Treasurer review the chart of accounts to assure that items are being posted to the proper funds and account codes.

To help strengthen the District's internal control structure and reduce the likelihood of undetected errors, we recommend the District officials and management implement the following controls:

- Monthly budget and actual financial reports be prepared and submitted to the Board of Trustees. This submission should occur prior to the regular District meetings so that Board members have an opportunity to review the information and ask informed questions at the meetings. Discussion of the monthly financial reports should be documented in the minutes;
- When invoices are received, a comparison should be made between the goods/services included on the invoice and the goods/services received. The official/department head which received the goods should perform this comparison and indicate his/her review by initializing the invoice. The initials indicate the goods/services were received and the invoice is approved for payment. Invoices should be attached to all voucher packets;
- Once invoices have been approved for payment, the Clerk/Treasurer should issue the corresponding check and stamp the invoice "Paid." The invoice should be filed with the voucher packet;
- The District checks were signed by the two Board members and written in sequential order. Prior to signing the checks, the Board member should agree the vendor name and amount on the check to the invoice;
- Record voided checks as such and not reassign check number to another expenditure;
- Vouchers packets including supporting documentation should be maintained in numerical sequence;
- The Clerk should provide the Board of Trustees with detailed budget and actual financial statements, cash balances, checks paid, outstanding encumbrances, receipts and bank reconciliations. These periodic reviews should be noted in the minutes and documents reviewed should be initialed by the reviewer;
- Reconciliations should be prepared on a monthly basis and reviewed and approved by the officials;

**FINDING NUMBER 2008-004  
(Continued)**

- Officials should periodically review the accounting records and financial statements to determine accuracy and to assure themselves that proper procedures are followed by the fiscal officer;

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

**This page intentionally left blank.**



**CLINTON SOUTH JOINT FIRE DISTRICT  
CLINTON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-002	2005-002 The Ohio Rev. Code, Section 117.28, a Finding for Recovery was issued against Joe Fawley, former Fire Chief for unauthorized purchases that were unaccounted for in the amount of \$2342.84.	Yes	
2005-003	2005-003 The Ohio Rev. Code, Section 117.28, a Finding for Recovery was issued against Scot Spicer, former employee, for unauthorized cell phone usage and incomplete work that was paid to him.	No	Not repaid
2006-001	Ohio Rev. Code, 117.28, a Finding for Recovery issued against the Clerk in the amount of \$1,065	No	Not repaid
2006-002	Ohio Rev. Code, 117.28, a Finding for Recovery issued against the Clerk in the amount of \$1,893.57 for unauthorized purchases that were unaccounted for.	No	American Alternative Insurance Corporation repaid \$1,836.10.
2006-003	Ohio Rev. Code Section 5705.41 (D), funds were not properly certified or encumbered prior to commitment.	No	Reissued as Finding 2008-001
2006-004	Ohio. Rev. Code Section 5705.41 (B) expenditures exceeded appropriations	No	Reissued as Finding 2008-002
2006-005	Ohio Rev. Code Section 5705.09(F) Monies were not posted to the proper funds.	Yes	

Clinton South Joint Fire District  
Clinton County  
Schedule of Prior Audit Findings  
Page 2

2006-006	Ohio Rev. Code Section 5705.10(H) The District had a negative fund balance at the end of 2006.	Yes	
2006-007	Ohio Rev. Code Section 149.351, the District did not properly maintain records.	No	Partially corrected. Reissued in the letter to management.
2006-008	Ohio Rev. Code Section 121.22 and 149.43, the District did not properly maintain minutes.	No	Reissued as Finding 2008-003
2006-009	Ohio Rev. Code Section 505.371 (D) the District should consider dissolving.	Yes	The District dissolved on January 31, 2009.
2006-010	The District did not have adequate segregation of duties.	No	Partially corrected. Re-issued as Finding 2008-004
2006-011	The District did not have proper certification to make ambulance runs; therefore they could not submit reports to the billing agency to collect for the ambulance runs.	Finding no longer valid.	The District contracted with the Village of Blanchester to provide the ambulance services.



**Mary Taylor, CPA**  
Auditor of State

**CLINTON SOUTH JOINT FIRE DISTRICT**

**CLINTON 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  
JUNE 30, 2009**