



Mary Taylor, CPA
Auditor of State

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

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Mary Taylor, CPA
Auditor of State

Mantua-Shalersville Fire District
Portage County
10303 State Route 44
Mantua, Ohio 44255

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.

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Mary Taylor, CPA
Auditor of State

December 11, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Mantua-Shalersville Fire District
Portage County
10303 State Route 44
Mantua, Ohio 44255

To the District Board of Trustees:

We have audited the accompanying financial statements of the Mantua-Shalersville Fire District, Portage County, (the District) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 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 years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Mantua-Shalersville Fire District, Portage County, as of December 31, 2008 and 2007, and its combined 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 December 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.

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

Mary Taylor, CPA
Auditor of State

December 11, 2009

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE 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**

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes		\$1,428,592	\$254,974	\$1,683,566
Charges for Services		39,496		39,496
Intergovernmental		295,341	34,476	329,817
Earnings on Investments	27,199			27,199
Miscellaneous		5		5
Total Cash Receipts	<u>27,199</u>	<u>1,763,434</u>	<u>289,450</u>	<u>2,080,083</u>
Cash Disbursements:				
Current Disbursements:				
Public Safety		1,478,662		1,478,662
Capital Outlay		200,026		200,026
Debt Service:				
Redemption of Principal			175,000	175,000
Interest and Other Fiscal Charges			117,790	117,790
Total Cash Disbursements	<u>0</u>	<u>1,678,688</u>	<u>292,790</u>	<u>1,971,478</u>
Total Receipts Over/(Under) Disbursements	<u>27,199</u>	<u>84,746</u>	<u>(3,340)</u>	<u>108,605</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		29,945		29,945
Transfers-Out	(29,945)			(29,945)
Advances-In (See Note #3)		10,000		10,000
Advances-Out (See Note #3)		(10,000)		(10,000)
Other Financing Sources	489	1,962		2,451
Other Financing Uses	(346)	(6,000)		(6,346)
Total Other Financing Receipts / (Disbursements)	<u>(29,802)</u>	<u>25,907</u>	<u>0</u>	<u>(3,895)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,603)	110,653	(3,340)	104,710
Fund Cash Balances, January 1 (See Note #4)	<u>9,653</u>	<u>519,758</u>	<u>94,501</u>	<u>623,912</u>
Fund Cash Balances, December 31	<u>\$7,050</u>	<u>\$630,411</u>	<u>\$91,161</u>	<u>\$728,622</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$18,367</u>	<u>\$0</u>	<u>\$18,367</u>

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

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

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

	<u>All Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes		\$1,053,231	\$281,199	\$1,334,430
Charges for Services		42,233		42,233
Intergovernmental		109,055	14,904	123,959
Earnings on Investments	26,382	2,245		28,627
Total Cash Receipts	<u>26,382</u>	<u>1,206,764</u>	<u>296,103</u>	<u>1,529,249</u>
Cash Disbursements:				
Current Disbursements:				
Public Safety		1,159,462		1,159,462
Capital Outlay		78,382		78,382
Debt Service:				
Redemption of Principal			175,000	175,000
Interest and Other Fiscal Charges			117,790	117,790
Total Cash Disbursements	<u>0</u>	<u>1,237,844</u>	<u>292,790</u>	<u>1,530,634</u>
Total Receipts Over/(Under) Disbursements	<u>26,382</u>	<u>(31,080)</u>	<u>3,313</u>	<u>(1,385)</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		16,088		16,088
Transfers-Out	(16,089)			(16,089)
Advances-In (See Note #3)		200,000		200,000
Advances-Out (See Note #3)		(200,000)		(200,000)
Other Financing Sources	271	109,190		109,461
Other Financing Uses	(911)			(911)
Total Other Financing Receipts / (Disbursements)	<u>(16,729)</u>	<u>125,278</u>	<u>0</u>	<u>108,549</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>9,653</u>	<u>94,198</u>	<u>3,313</u>	<u>107,164</u>
Fund Cash Balances, January 1	<u>0</u>	<u>422,344</u>	<u>91,188</u>	<u>513,532</u>
Fund Cash Balances, December 31	<u>\$9,653</u>	<u>\$516,542</u>	<u>\$94,501</u>	<u>\$620,696</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$42,129</u>	<u>\$0</u>	<u>\$42,129</u>

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

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE 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 Mantua-Shalersville Fire District, Portage County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Mantua Township, Mantua Village, and Shalersville Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The District's investments are certificates of deposit. Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fire District Fund – This fund receives most of its monies from a tax levy. This money is specifically used for the maintenance of the fire apparatus, appliances, building or sites.

Ambulance and Medical Services Fund – This fund receives taxes to be used for the purchase and maintenance of firefighting equipment.

3. Debt Service Funds

These funds account for resources the District accumulates to pay bond and note debt. The District had the following significant Debt Service Fund:

Building Bond Retirement Fund – This fund receives most of its monies from a tax levy. This money is to be used to repay the principal and interest of one note which was obtained to build the fire station.

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.

A summary of 2008 and 2007 budgetary activity appears in Note 5.

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.

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2008	2007
Demand deposits	\$728,622	\$457,762
Certificates of deposit		162,934
Total deposits	728,622	620,696

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

3. INTERFUND TRANSACTIONS

The District was granted approval by the Portage County Court of Common Pleas on May 24, 2007 to transfer \$200,000 from Fund 2191 (Equipment, Building and Land Fund) and place equal amounts into Funds 2111 (Fire Fund) and 2281 (Ambulance and Emergency Medical Service Fund). However, the court also ordered for repayment of the transferred funds back to Fund 2191, therefore, the interfund transaction is presented in the financial statements as an advance. On July 10, 2007, the Board of Trustees passed resolution 49-2007 to pay back Fund 2191 at a rate of 5% yearly.

4. RESTATEMENT OF PRIOR YEAR FUND BALANCE

Adjustments resulted in the restatement of the beginning of the year fund balances for the Special Revenue Fund in 2008. Warrants issued in the prior audit periods were subsequently voided in 2008. The funds were added back to the beginning balance.

2008 – Beginning Balance	Special Revenue Fund
Fund Cash Balance, December 31, 2007	\$516,542
Adjustment made by the District	3,216
Fund Cash Balance, January 1, 2008	\$519,758

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

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

5. 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	\$24,653	\$27,688	\$3,035
Special Revenue	2,179,864	1,795,341	(384,523)
Debt Service	427,736	289,450	(138,286)
Total	\$2,632,253	\$2,112,479	(\$519,774)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,000	\$30,291	(\$12,291)
Special Revenue	1,933,568	1,703,055	230,513
Debt Service	292,790	292,790	0
Total	\$2,244,358	\$2,026,136	\$218,222

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$17,000	\$26,653	\$9,653
Special Revenue	1,716,702	1,332,042	(384,660)
Debt Service	387,176	296,103	(91,073)
Total	\$2,120,878	\$1,654,798	(\$466,080)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$17,000	\$17,000	\$0
Special Revenue	1,613,960	1,279,973	333,987
Debt Service	301,000	292,790	8,210
Total	\$1,931,960	\$1,589,763	\$342,197

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$12,291 for the year ended December 31, 2008.

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

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

6. 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.

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

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

7. Debt

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Fire Station - General Obligation Bonds	\$2,767,409	3% to 4.85%

The District issued general obligation bonds to finance the construction of a new fire station. The bonds were issued on July 3, 2002 in the amount of \$3,699,993 and have semiannual maturities through December 1, 2021. The District's taxing authority collateralizes the bonds.

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

	General Obligation Bonds
Year ending December 31:	
2009	298,290.00
2010	293,290.00
2011	296,465.00
2012	294,065.00
2013	296,465.00
2014-2018	1,473,785.00
2019-2021	884,065.00
Total	\$3,836,425

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

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

8. RETIREMENT SYSTEMS

The District's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, the District picked up the OP&F participants share of 10% of their wages. For 2008 and 2007, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the District contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2008.

9. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.



Mary Taylor, CPA

Auditor of State

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

Mantua-Shalersville Fire District
Portage County
10303 State Route 44
Mantua, Ohio 44255

To the District Board of Trustees:

We have audited the financial statements of the Mantua-Shalersville Fire District, Portage County, (the District) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated December 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 uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the District. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated December 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 we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as finding numbers 2008-001 and 2008-002.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated December 11, 2009.

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

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



Mary Taylor, CPA
Auditor of State

December 11, 2009

**MANTUA-SHALERSVILLE FIRE DISTRICT
PORTAGE COUNTY**

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

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

FINDING NUMBER 2008-001

Findings for Recovery

The Fire District Trustees approved salaries for the full-time fire fighters for the year ending of 12/31/2007 on October 10, 2006 via Resolution 74-06 and for the period of 01/01/2008 to 12/21/2010 on August 23, 2008 via contract with the Mantua-Shalersville Professional Firefighters IAFF Local 4429. These salaries are detailed below.

In posting and applying the salary amounts, however, the incorrect rate was mistakenly employed. As such, the applied salary rates did not match those approved in the Collective Bargaining Agreement and Resolution 74-06. As a result of using the incorrect base salary, wage amount, overtime hour rates, longevity rates, and leave buy backs during this period were all calculated incorrectly. This resulted in an overpayment to four of the full-time fire fighters. This overpayment totaled \$15,675 for 2007 and 2008.

2007

Employee	Yearly Earnings paid per Board approved rates	Yearly Earnings recomputed using the Union Contract	Overpayment
Keith Brugmann- Step 4 Lieutenant	\$62,902	\$57,715	\$5,187
Kenneth Justus- Step 2 Lieutenant	\$52,805	\$52,693	\$ 112
Mathew Roosa- Step 4 Captain	\$57,455	\$55,885	\$1,570
Michael Pender- Step 3 Captain	\$52,166	\$50,466	\$1,700
		Total overpaid in 2007	\$8,569

2008

Employee	Yearly Earnings paid per Board approved rates	Yearly Earnings recomputed using the Union Contract	Overpayment
Keith Brugmann- Step 4 Lieutenant	\$44,382	\$37,785	\$6,597
Kenneth Justus- Step 2 Lieutenant	\$53,199	\$52,983	\$ 216
Mathew Roosa- Step 4 Captain	\$67,768	\$67,608	\$ 160
Michael Pender- Step 3 Captain	\$63,472	\$63,339	\$ 133
		Total overpaid in 2008	\$7,106

Total overpayment for the two years under audit is \$15,675.

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

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Keith Brugmann for \$11,784, Kenneth Justus for \$328, Michael Pender for \$1,833, and Matthew Roosa for \$1,730. This amount totals \$15,675 and is in favor of the Fire Fund and Ambulance/Emergency Medical fund of the Mantua-Shalersville Fire District.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47, 198 Op. Att’y Gen No. 80-074, Ohio Revised Code Section 9.38, *State ex. Rel. Village of Lindale v. Mastern* (1985), 18-Ohio St. 3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

Accordingly, Betsy Woolf, former Fiscal Officer, and her surety, Love Insurance Agency will be jointly and severally liable in the amount of \$15,675 in favor of the Fire Fund and Ambulance/Emergency Medical fund of the Mantua-Shalersville Fire District.

Ms. Woolf will only be liable to the extent that recovery is not received from Mr. Brugmann, Mr. Justus, Mr. Pender and Mr. Roosa.

Client Response:

The Fire District was aware of this situation prior to the audit, brought it to the attention of the Auditor of State, and is working to correct the matter.

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D), states no orders or contracts involving the expenditure of money are to be made unless a certificate signed by the fiscal officer is attached. The fiscal officer must certify that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

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” at the time that he is completing his certification “now”, 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

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Amounts of less than \$100 for counties, or less than \$3,000 (\$1,000 prior to April 7, 2003) for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority

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. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) 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 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 always certify funds were available at the time of the commitment. We noted 28% of the expenditures tested were not properly certified. Incurring obligations prior to the fiscal officer's certification could result in the District spending more than appropriated.

In addition, blanket certificates were prepared without a resolution establishing the dollar limits and were not always closed out at year end. There were a total of 5 blanket certificates in 2008 and 3 blanket certificates in 2007 that remained open after year end.

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. Also, when using blanket certificates, the board must establish by resolution the dollar limits. A separate resolution approving *each* individual blanket certificate is not necessary. Also, all blanket purchase orders must be closed out at the end of the current fiscal year.

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.



Mary Taylor, CPA
Auditor of State

MANTUA-SHALERSVILLE FIRE DISTRICT

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 2, 2010**