



Dave Yost • Auditor of State

LITTLE MIAMI JOINT FIRE RESCUE DISTRICT
HAMILTON COUNTY

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Dave Yost • Auditor of State

Little Miami Joint Fire and Rescue District
Hamilton County
6904 Murray Avenue
Cincinnati, Ohio 45227

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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 27, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Little Miami Joint Fire and Rescue District
Hamilton County
6904 Murray Avenue
Cincinnati, Ohio 45227

To the Board of Trustees:

We have audited the accompanying financial statements of Little Miami Joint Fire and Rescue District, Hamilton County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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 accompanying financial statements present unclassified receipts and disbursements. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transactions.

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, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, except for the effects of not classifying receipt and disbursement transactions in the financial statements, as described in paragraph 3 above, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Little Miami Joint Fire and Rescue District, Hamilton County, as of December 31, 2009 and 2008, 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 September 27, 2011, 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.



Dave Yost
Auditor of State

September 27, 2011

**LITTLE MIAMI JOINT FIRE AND RESCUE DISTRICT
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Unclassified	\$2,091,792	\$223,031	\$0	\$2,314,823
Total Unclassified Cash Receipts	<u>2,091,792</u>	<u>223,031</u>	<u>0</u>	<u>2,314,823</u>
Cash Disbursements:				
Salaries	2,008,294	117,866	46,793	2,172,953
Total Cash Disbursements	<u>2,008,294</u>	<u>117,866</u>	<u>46,793</u>	<u>2,172,953</u>
Total Receipts Over/(Under) Disbursements	<u>83,498</u>	<u>105,165</u>	<u>(46,793)</u>	<u>141,870</u>
Fund Cash Balances, January 1	<u>550,578</u>	<u>361,024</u>	<u>159,031</u>	<u>1,070,633</u>
Fund Cash Balances, December 31	<u>\$634,076</u>	<u>\$466,189</u>	<u>\$112,238</u>	<u>\$1,212,503</u>
Reserve for Encumbrances, December 31	<u>\$47</u>	<u>\$0</u>	<u>\$0</u>	<u>\$47</u>

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

**LITTLE MIAMI JOINT FIRE AND RESCUE DISTRICT
HAMILTON 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>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Unclassified	<u>\$2,115,304</u>	<u>\$118,669</u>	<u>\$205,162</u>	<u>\$2,439,135</u>
Total Unclassified Cash Receipts	<u>2,115,304</u>	<u>118,669</u>	<u>205,162</u>	<u>2,439,135</u>
Cash Disbursements:				
Unclassified	<u>2,100,042</u>	<u>90,567</u>	<u>46,131</u>	<u>2,236,740</u>
Total Unclassified Cash Disbursements	<u>2,100,042</u>	<u>90,567</u>	<u>46,131</u>	<u>2,236,740</u>
Total Receipts Over/(Under) Disbursements	<u>15,262</u>	<u>28,102</u>	<u>159,031</u>	<u>202,395</u>
Fund Cash Balances, January 1	<u>535,316</u>	<u>332,922</u>	<u>0</u>	<u>868,238</u>
Fund Cash Balances, December 31	<u><u>\$550,578</u></u>	<u><u>\$361,024</u></u>	<u><u>\$159,031</u></u>	<u><u>\$1,070,633</u></u>
Reserve for Encumbrances, December 31	<u>\$12,535</u>	<u>\$0</u>	<u>\$0</u>	<u>\$12,535</u>

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

**LITTLE MIAMI JOINT FIRE RESCUE DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Little Miami Joint Fire and Rescue District, Hamilton County, (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. Those subdivisions are Columbia Township, the Village of Fairfax, and the Village of Newtown. 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).

The Village did not classify certain receipts and disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code Section 117-2-02(A). This Ohio Administrative Code Section requires classifying receipts and disbursements.

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

C. Cash 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 has all cash deposits in an interest bearing checking account.

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:

**LITTLE MIAMI JOINT FIRE RESCUE DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Federal Emergency Management Assistance Fund (FEMA) - This fund receives federal grants for emergency assistance due to disasters.

Emergency Medical Services (EMS) – This fund receives money from billings for medical assistance.

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:

Bond Retirement Fund – This fund receives money for the retirement of a vehicle acquisition bond.

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. However, the District had no material unrecorded encumbrances at December 31, 2009 and 2008.

A summary of 2009 and 2008 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.

**LITTLE MIAMI JOINT FIRE RESCUE DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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 Cash and Investments

The District maintains a cash 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:

	2009	2008
Demand deposits	\$37,552	\$39,148
Certificates of deposit	\$25,000	\$25,000
Total deposits	62,552	64,148
U.S. Treasury Notes		
Repurchase agreement	1,149,951	1,006,485
Total investments	1,149,951	1,006,485
Total deposits and investments	\$1,212,503	\$1,070,633

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

Investments: The Federal Reserve holds the District's U.S. Treasury Notes in book-entry form by, in the name of the District's financial institution. The financial institution maintains records identifying the District as owner of these securities.

A financial institution's trust department holds the District's equity securities in book entry form in the District's name.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,174,318	\$2,091,792	(\$82,526)
Special Revenue	0	223,031	223,031
Debt Service	0	0	0
Total	\$2,174,318	\$2,314,823	\$140,505

**LITTLE MIAMI JOINT FIRE RESCUE DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,991,689	\$2,008,341	(\$16,652)
Special Revenue	117,901	117,866	35
Debt Service	47,000	46,793	207
Permanent Improvement	100,000	0	100,000
Total	<u>\$2,256,590</u>	<u>\$2,173,000</u>	<u>\$83,590</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,148,467	\$2,115,304	(\$33,163)
Special Revenue	0	118,669	118,669
Debt Service	0	205,162	205,162
Total	<u>\$2,148,467</u>	<u>\$2,439,135</u>	<u>\$290,668</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,039,650	\$2,112,577	(\$72,927)
Special Revenue	0	90,567	(90,567)
Debt Service	0	46,131	(46,131)
Total	<u>\$2,039,650</u>	<u>\$2,249,275</u>	<u>(\$209,625)</u>

Contrary to Ohio Revised Code Section 5705.41(B), expenditures plus outstanding encumbrances exceeded appropriations at December 31, 2009 for the General and EMS funds and at December 31, 2008 the General, EMS, and FEMA funds.

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.

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.

**LITTLE MIAMI JOINT FIRE RESCUE DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$125,000	various

The District issued general obligation bonds through the Ohio Capital Asset Financing Program to finance the purchase of a pickup truck, car, and ambulance. The District's taxing authority collateralized the bonds.

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

	Vehicle Acquisition Bonds
Year ending December 31:	
2010	\$44,794
2011	43,244
2012	46,744
Total	\$134,782

6. 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 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

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.

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

Little Miami Joint Fire and Rescue District
Hamilton County
6904 Murray Avenue
Cincinnati, Ohio 45227

To the Board of Trustees:

We have audited the financial statements Little Miami Joint Fire and Rescue District, Hamilton County, Ohio (the District), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 27, 2011, which was qualified since the District did not properly classify receipts and disbursements in its financial statements. We also noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United State 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-01 described in the accompanying schedule of findings to be a material weakness.

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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-01, 2009-02 and 2009-03.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 27, 2011.

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 management, the District Board of Trustees, and others within the District. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

September 27, 2011

**LITTLE MIAMI JOINT FIRE RESCUE DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-01

Noncompliance/Material Weakness

Ohio Admin. Code Section 117-2-02(A) requires all local public offices 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 as required by Ohio Admin. Code Section 117-2-03. We noted the following conditions related to the District accounting system, accounting records, and financial statements:

1. The District presented as support to the financial statements two detailed reports: a cash journal (a report titled FMP 2000) and a receipts and disbursements ledger (a report named *Transaction Detail by Account*). Due to the following conditions related to these reports, auditors were unable to gain assurance over the accuracy of receipt classifications, disbursement classifications, and year-end balances.
 - Different sections of the original cash journal presented by the District were printed in different months, and running balances did not carry forward.
 - Balances on the revised cash journal presented by the District did not reconcile to total deposit, checking, and investment accounts.
 - The District lacked timely and accurate reconciliations.
 - The District provided no support for disbursement classifications.

Auditors were able to verify other assertions regarding total receipts and disbursements by testing the cash journal to the bank statements, and auditors were able to calculate year end book balances based on District bank statements and outstanding checks. Because auditors could gain assurance for District assertions of completeness and accuracy only for total receipts and disbursements for each opinion unit, the District presented unclassified financial statements.

2. Financial statements presented by the District for audit did not foot as follows:

	General Fund 2008	EMS Fund 2008	FEMA Fund 2009
December 31 financial statement balances presented by the District	\$2,204,704	\$423,489	\$ 12,154
December 31 balances calculated (footed)	548,075	361,024	105,901
Difference	\$1,656,629	\$ 62,465	\$ (93,747)

3. Financial statement activity and balances presented by the District differed from the District's calculated book activity (cash receipts and disbursements identified from bank statements and related reconciling items) as follows:

**FINDING NUMBER 2009-01
 (Continued)**

	General Fund 2008	EMS Fund 2008	General Fund 2009	EMS Fund 2009	FEMA Fund 2009	Bond Retirement Fund 2009
Receipts	\$ 26,277		\$ 18,289			
Disbursements	(92,127)		21,264			
Beginning Balance	63,347		126,175	\$(42,844)	\$ 105,901	\$ 82,762
Ending Balance	\$1,654,126	\$ 62,465	\$249,226	\$ 62,321	\$ 105,901	\$ 32,969

We also noted the following conditions related to the District's records for 2008 and 2009:

- The District maintained a receipt ledger; however, it did not include information on estimated receipts (and related balances of available resources).
- The District did not issue pre-numbered, duplicate receipt forms.
- The District did not post certain receipts to correct account and some receipts were not posted to the system. Also, the District did not post estimated receipts to the system.
- The District did not maintain an appropriation ledger.
- None of the District's personnel files contained Form W-4's, records of retirement system participation, and withholding authorizations.

An adequate system of internal control includes procedures which help ensure that all transactions are properly executed and recorded and that the related accountability for assets is maintained. The conditions described above indicate a lack of control over the processes for recording and reporting of the District's financial activity, and increases the risk that errors, theft, fraud, or noncompliance may occur and not be detected in a timely manner.

We recommend the District take immediate action to ensure complete and accurate accounting records, accurate and timely reconciliations, and complete, timely and accurate financial reporting. Complete and accurate accounting records and financial reporting will enable the Board to effectively monitor the District's financial activity. Accurate and timely reconciliations are an effective tool to help management determine the completeness of recorded transactions and ensure that all recorded transactions have been deposited with the financial institution.

We stress the need for immediate action to correct these deficiencies because District accounting records are not reconciled to bank balances beginning in January 2010, the first month after the audit period. Implementation of such procedures will add a substantial measure of assurance that the District's financial activity is properly accounted for and fairly presented for external reporting purposes. The above adjustments were posted to the audited financial statements and client ledgers.

Official's Response:

The District has checked and all W-4's are maintained in personnel files. It was noted that not all files had copies of the Personal History Records from Police & Fire Pension Funds. Efforts will be made to obtain copies of these documents for the full-time personnel files.

FINDING NUMBER 2009-02

Noncompliance

Ohio Rev. Code, Section 5705.41 (B), provides that no subdivision or taxing unit is to expend money unless it has been appropriated. During year testing, expenditures exceeded appropriations in the following funds:

Year Ending	Fund Name	Appropriations	Expenditures	Variance
2009	General	\$ 1,991,689	\$ 2,008,294	\$ (16,652)
2009	EMS	12,000	24,119	(12,119)
2008	General	\$ 2,039,650	\$ 2,112,577	\$ (72,927)
2008	EMS	0	90,567	(90,567)
2008	Bond Retirement	0	46,131	(46,131)

We recommend the District monitor budgetary activity and obtain supplemental appropriations throughout the year to mitigate negative variances. We also recommend the District update expenditure amounts and reflect those amounts in the system to provide accurate balances for line items.

Official's Response:

The Clerk-Treasurer will make arrangements with the State Auditor's Local Government Services Division to address the comments in this section as well as Finding 2009-01. Proper beginning balances for 2010 will be determined and records for 2010 and 2011 will be presented in manner acceptable to the State Auditor's office. The District will consider switching accounting programs from Quickbooks to the State Unified Accounting Network (UAN) system.

FINDING NUMBER 2009-03

Noncompliance

Ohio Rev. Code, Section 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.

Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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. However, this did not result in a negative fund balance for this fund.

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.

**FINDING NUMBER 2009-03
(Continued)**

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 consistently implement procedures for the use of purchase orders. The District did not properly certify the availability of funds for purchase commitments for 19% of expenditures tested for 2009 and 11% of expenditures tested for 2008 and none of the exceptions above applied. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the District use purchase orders before making disbursements for all purchases.

Officials’ Response:

We did not receive a response from officials to this finding.

**LITTLE MIAMI JOINT FIRE RESCUE DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Admin. Code 117-2-02(A), failure to maintain proper books and financial statements.	No	Reissued as Finding 2009-001
2007-002	Ohio Rev. Code Section 135.12, designation of depositories.	Yes	
2007-003	Ohio Rev. Code Section 135.18, failure to proper collateralize deposits.	Yes	
2007-004	Ohio Rev. Code Section 5705.41(D), failure to properly certify funds.	No	Reissued as Finding 2009-003
2007-005	Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations.	No	Reissued as Finding 2009-002

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Dave Yost • Auditor of State

LITTLE MIAMI JOINT FIRE RESCUE DISTRICT

HAMILTON 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
OCTOBER 13, 2011**