

**BATTLE RUN JOINT FIRE DISTRICT**  
**MARION COUNTY**  
REPORT ON FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Battle Run Joint Fire District, Marion County, prepared by Holbrook & Manter, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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

Mary Taylor, CPA  
Auditor of State

January 26, 2008

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Battle Run Joint Fire District  
Marion County

We have audited the accompanying financial statements of the Battle Run Fire District, Marion County, Ohio, (the District) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because of the inadequacies in the District's accounting records, we were unable to determine the completeness of non-payroll expenditures for 2006 in the accompanying financial statement, nor were we able to satisfy ourselves as to those financial activities by alternative auditing procedures.

As discussed in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2007 and 2006, GAAP requires presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2007 and 2006. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, except for the effects of such adjustments, if any, which might have been determined had those certain selected non-payroll expenditures been able to be tested during the 2006 audit, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Battle Run Fire District, Marion County, Ohio, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2008 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Certified Public Accountants

September 29, 2008



**BATTLE RUN JOINT FIRE DISTRICT**  
**MARION COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Debt Service</u>	
<b>Cash receipts:-</b>			
Local taxes	\$ 163,081	\$ 0	\$ 163,081
Intergovernmental	11,997	0	11,997
Charges for services	10,000	0	10,000
Earnings on investments	14,702	0	14,702
Miscellaneous	<u>711</u>	<u>0</u>	<u>711</u>
<b>Total cash receipts</b>	<u>200,491</u>	<u>0</u>	<u>200,491</u>
<b>Cash disbursements:-</b>			
Current;-			
Security of persons and property	127,508	0	127,508
General government	0	0	0
Other	0	0	0
Debt service;-			
Redemption of principal	0	0	0
Interest	0	0	0
Capital outlay	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total cash disbursements</b>	<u>127,508</u>	<u>0</u>	<u>127,508</u>
Total cash receipts over (under) cash disbursements	72,983	0	72,983
Fund cash balances, January 1, 2007	<u>246,043</u>	<u>1,633</u>	<u>247,676</u>
<b>Fund cash balances, December 31, 2007</b>	<u>\$ 319,026</u>	<u>\$ 1,633</u>	<u>\$ 320,659</u>
<b>Reserve for encumbrances, December 31, 2007</b>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**BATTLE RUN JOINT FIRE DISTRICT**  
**MARION COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Debt Service</b>	
<b>Cash receipts:-</b>			
Local taxes	\$ 151,533	\$ 0	\$ 151,533
Intergovernmental	16,470	0	16,470
Charges for services	10,004	0	10,004
Earnings on investments	10,606	0	10,606
Miscellaneous	2,758	0	2,758
<b>Total cash receipts</b>	<b>191,371</b>	<b>0</b>	<b>191,371</b>
<b>Cash disbursements:-</b>			
Current;-			
Security of persons and property	96,685	0	96,685
General government	0	0	0
Other	0	0	0
Debt service;-			
Redemption of principal	48,058	0	48,058
Interest	1,065	0	1,065
Capital outlay	0	0	0
<b>Total cash disbursements</b>	<b>145,808</b>	<b>0</b>	<b>145,808</b>
<b>Other financing receipts (disbursements):-</b>			
Sale of fixed assets	10,000	0	10,000
<b>Total other financing receipts (disbursements)</b>	<b>10,000</b>	<b>0</b>	<b>10,000</b>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	55,563	0	55,563
Fund cash balances, January 1, 2006	190,480	1,633	192,113
<b>Fund cash balances, December 31, 2006</b>	<b>\$ 246,043</b>	<b>\$ 1,633</b>	<b>\$ 247,676</b>
<b>Reserve for encumbrances, December 31, 2006</b>	<b>\$ 26,488</b>	<b>\$ 0</b>	<b>\$ 26,488</b>

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

**BATTLE RUN JOINT FIRE DISTRICT  
MARION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-**

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

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

**Basis of Accounting** - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

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

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

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

**General Fund**

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

**Debt Service Fund**

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

***Bond Retirement Fund***

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

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

**Appropriations**

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

**BATTLE RUN JOINT FIRE DISTRICT  
MARION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year during 2007 and were carried over for 2006 and are reflected as a reserve for encumbrance within the financial statements. The District did not encumber all commitments required by Ohio Law.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

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

**NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-**

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

	<b>2007</b>	<b>2006</b>
Demand deposits	\$ 6,884	\$ 417
STAR Ohio	313,775	247,259
<b>Total deposits and investments</b>	<b>\$ 320,659</b>	<b>\$ 247,676</b>

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

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

**BATTLE RUN JOINT FIRE DISTRICT  
MARION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**NOTE 3 - BUDGETARY ACTIVITY:-**

Budgetary activity for the year ending December 31, 2007 was as follows:

**2007 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 167,145	\$ 200,491	\$ 33,346
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$ <u>167,145</u></b>	<b>\$ <u>200,491</u></b>	<b>\$ <u>33,346</u></b>

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 173,315	\$ 127,508	\$ 45,807
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$ <u>173,315</u></b>	<b>\$ <u>127,508</u></b>	<b>\$ <u>45,807</u></b>

**BATTLE RUN JOINT FIRE DISTRICT  
MARION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**NOTE 3 - BUDGETARY ACTIVITY:-**

Budgetary activity for the year ending December 31, 2006 was as follows:

**2006 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 389,705	\$ 201,371	\$ ( 188,334)
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$ <u>389,705</u></b>	<b>\$ <u>201,371</u></b>	<b>\$ ( <u>188,334</u>)</b>

**2006 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 441,215	\$ 172,296	\$ 268,919
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total</b>	<b>\$ <u>441,215</u></b>	<b>\$ <u>172,296</u></b>	<b>\$ <u>268,919</u></b>

Contrary to Ohio law, actual receipts were less than budgeted receipts as of December 31, 2006 by \$188,334 in the General Fund.

**BATTLE RUN JOINT FIRE DISTRICT  
MARION COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**NOTE 4 - PROPERTY TAX:-**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**NOTE 5 - DEBT:-**

During a prior year, the District entered into a loan agreement with the United Bank for the purchase of an EMS vehicle. The total loan amount was for \$100,000 and was to be paid back over 3 years. Payments on the balance began on November 30, 2004 and the final payment was paid on April 24, 2006. The District has no outstanding debt as of December 31, 2007.

**NOTE 6 - RETIREMENT SYSTEMS:-**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, PERS members contributed 9.5% and 9.0% of their gross salaries, respectively. The District contributed an amount equal to 13.85% and 13.70% of participants' gross salaries for 2007 and 2006, respectively. The District has paid all contributions required through December 31, 2007.

**NOTE 7 - RISK MANAGEMENT:-**

The District has obtained commercial insurance for the following risks:

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



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

Board of Trustees  
Battle Run Joint Fire District  
Marion County

We have audited the accompanying financial statements of the Battle Run Fire District, Marion County, Ohio (the District), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 29, 2008, wherein we noted the District followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. We were unable to determine completeness over the non-payroll expenditures for 2006. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we 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.

We consider the following deficiency described in the accompanying schedule of findings as items 2007-002, 2007-005, and 2007-006 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 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 considered to be material weaknesses. We identified deficiencies in internal control over financial reporting, as items 2007-005 and 2007-006 that we consider material weaknesses.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated September 29, 2008.



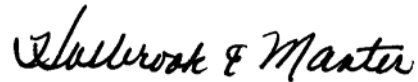
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001, 2007-003, and 2007-004.

We did note certain noncompliance or other matters that we reported to the Government's management in a separate letter dated September 29, 2008.

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

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



Certified Public Accountants

September 29, 2008

**BATTLE RUN JOINT FIRE DISTRICT  
MARION COUNTY  
SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

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

<b>Finding Number</b>	<b>2007-001</b>
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**Non Compliance Citation – Prior Certification of Expenditures**

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This Section provides two exceptions to the above requirements:

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

During our testing of expenditures, we noted that there were purchase orders being used but they were not being completed properly. We did not see where the Fiscal Officer had certified any of the purchase orders. We recommend that the Fiscal Officer certify that sufficient funds are available prior to ordering goods and services.

**Officials' Response**

The Fire District has implemented a new purchase order policy and with the assistance of the implementation of the UAN computer system, the District has been able to monitor the certification of expenditures. The Fire District currently has two trustees sign the purchase orders and will now also have the clerk sign each one to certify that the funds are actually available.

**BATTLE RUN JOINT FIRE DISTRICT  
MARION COUNTY  
SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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

<b>Finding Number</b>	<b>2007-002</b>
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**Significant Deficiency – Internal Control and Review Procedures**

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

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

**Officials' Response**

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

<b>Finding Number</b>	<b>2007-003</b>
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**Non Compliance Citation -- Signature Stamps**

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

**Officials' Response**

The District was not aware of signature stamps being a problem and will remove them from as many accounting functions as they can.

**BATTLE RUN JOINT FIRE DISTRICT  
MARION COUNTY  
SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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

<b>Finding Number</b>	<b>2007-004</b>
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**Non Compliance Citation -- Record Retention**

During our examination and testing of expenditures, we noted that District employees did not retain an invoice or other adequate support for several of the expenditures tested in 2006. Adequate documentation is a key element of an internal control system; this condition limits the control and accountability over the District's expenditures and allows for the possibility of improper payment to occur. We advise that invoices for all expenditures be retained to support the proper public purpose of the payment.

**Officials' Response**

The District's record retention has improved since the current clerk took her position. Testing during 2007 we did not see the same issue.

<b>Finding Number</b>	<b>2007-005</b>
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**Significant Deficiency - Material Weakness – Incomplete Bank Reconciliations**

The Fiscal Officer did not accurately perform monthly bank reconciliations. Ledger ending fund balances were not properly reconciled to monthly bank statements. The outstanding check listings were inaccurate and incomplete. Failure to accurately reconcile bank balances to the manual cash journal resulted in errors in the accounting system occurring and going undetected by management. An adjustment was made to the District's ledgers to make a fund balance adjustment in the amount of \$1,592 in favor of the District for the 2006 audit, due primarily to book keeping errors. At December 31, 2006, after the adjustment noted within the prior sentence, the cash reconciled to the bank balances within material amounts.

The cash journal should be reconciled to the bank statements with an explanation of reconciling items. The Board of Trustees should review monthly bank reconciliations and sign them to evidence their review to assist with the verification of accountability over all District assets.

In December 2007, the fiscal officer properly balanced the ledgers within UAN to the bank within the monthly bank reconciliation after necessary adjustments as noted above were made and reconciled within the ledgers.

**Officials' Response**

The Fire District is aware of the above issues. The District is currently completing and intends to continue to complete monthly bank reconciliations, with an explanation of any and all reconciling items and provide them to the Trustee's of the Fire District for their review and approval. This review process will assist in the monitoring of the reconciliations balancing each month to the proper fund balances and the District's accountability over the assets.

**BATTLE RUN JOINT FIRE DISTRICT  
MARION COUNTY  
SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

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

<b>Finding Number</b>	<b>2007-006</b>
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**Significant Deficiency -Material Weakness – Annual Report and Ledger Posting and Classification Errors**

During our audit, we noted that for 2006, several posting errors existed in the manual financial records. Failure to accurately complete postings to the ledgers for the annual financial reporting may contribute to the financial statements being materially misstated. Several line items were not consistently classified from year to year.

We recommend proper completion and a more in depth review of the daily postings may prevent some of the errors from occurring and will allow you to verify the report is mathematically accurate and in agreement with all of the District's detail.

**Officials' Response**

The Fire District invested in the use of the Uniform Accounting Network through the Auditor of State's Office during June of 2006 to track and maintain the financial activity of the fire district. Also, during that time, the District hired a new fiscal officer and she has attended various training sessions to learn the proper and most efficient and effective way to utilize the UAN system for the Fire District. These issues were primarily corrected during the year ended December 31, 2007. The Fire District intends on continuing to monitor this issue throughout the year by reviewing the appropriate reports to determine that the controls are in place and functioning properly with the use of the UAN system.

**BATTLE RUN JOINT FIRE DISTRICT  
MARION COUNTY  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-001	ORC 5705.41 (D) - Failure to properly use fiscal certificates	No	Reissued as a Finding in the current audit report as Finding #2007-001.
2005-002	Expnditures exceed appropriations	Yes	Fully Corrected.
2005-003	Bonding of Public Officials	Yes	Fully Corrected.
2005-004	Annual Report and Ledger Posting and Classification Errors	No	Reissued as Finding in the current audit report as Finding #2007-006.
2005-005	Overall Internal Control and Review Procedures	No	Reissued as a Finding in the current audit report as Finding #2007-002.
2005-006	Internal Controls of Accounting System	Yes	Fully Corrected.
2005-007	Incomplete Bank Reconciliations	No	Reissued as a Finding in the current audit report as Finding #2007-005.



**Mary Taylor, CPA**  
Auditor of State

**BATTLE RUN JOINT FIRE DISTRICT**  
**MARION COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**FEBRUARY 5, 2009**