



Dave Yost • Auditor of State



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September 27, 2018

West Elkton Gratis Township Fire District
Preble County
West Elkton, Ohio 45070

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the West Elkton Gratis Township Fire District, Preble County, (the District) for the years ended December 31, 2017 and 2016.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the District's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the District's financial statements, transactions or balances for the years ended December 31, 2017 and 2016.

The District's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

Based on the results of our procedures, we found the following significant compliance or accounting issues to report.

Current Year Observations

1. We noted that General Fund appropriations of \$76,346 exceeded estimated resources of \$68,594 by \$7,752 for the year ended December 31, 2017. Ohio Rev. Code Section 5705.39 limits appropriations to estimated resources. Because appropriations authorize spending, appropriating more than estimated resources potentially authorizes deficit spending. The District should reduce appropriations to the amount of estimated resources.
2. We noted that the District did not utilize purchase orders, blanket certificates, or then and now certificates on expenditures. Ohio Revised 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. Failure to properly certify the availability of funds can result in overspending of funds and negative cash fund balances. The District should utilize certifications of availability of funds.
3. We noted that the District failed to account for grant monies in a separate fund. The monies were accounted for in the General Fund of the District. Ohio Revised Code, Section 5705.09(F), requires the District to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified as available for expenditure and anticipated expenditures should be included in the District's appropriations. The District should record these monies in a separate fund.

4. We noted that the District did not file the 2016 and 2017 financial statements and footnotes timely through the Hinkle system. The due dates were March 1, 2017 and March 8, 2018, respectively. The District filed the 2016 and 2017 financial statements (without footnotes) on May 24, 2018. The District refiled the complete 2016 and 2017 financial statements to include the notes to the financial statements on July 31, 2018. Ohio Rev. Code §117.38 states that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end.
5. Pursuant to 1981 OAG 027, the District may enter into a contract with Gratis Township for the provision of fire services within the Township but the Township trustees who are the members, but not a majority, of the district board of trustees should recuse themselves from future consideration, deliberation, and voting on future contracts or extensions of contracts.

Current Status of Matters Reported in our Prior Engagement

1. Our prior basic audit of the years ended December 31, 2015 and 2014 reported that the District did not issue purchase orders, blanket certificates or "Then & Now" certificates on expenditures. The District does not utilize certifications as noted above in Current Year Observation #2.
2. The prior basic audit of the years ended December 31, 2015 and 2014, noted that the District did not certify available revenues to the County Auditor for 2014. Our review of the budgetary documentation from the County Auditor showed the District certified the available revenues for 2016. We did not find any indication that they certified their available revenues to the County Auditor for 2017. However, since the District does not levy tax money, the District is not required to certify their available revenues to the County Auditor. Therefore, this issue was not repeated for the Current Year Observations.
3. The prior basic audit indicated that the Fiscal Officer failed to establish a separate fund to account for grant monies. These monies were not separately classified and accounted for during 2016 and 2017 on their ledgers, financial reports or budgetary documents. See Current Year Observation #3.
4. The prior basic audit of the years ended December 31, 2015 and 2014, noted that the District did not file the 2015 financial statements timely through the Hinkle System. The District did not file timely the 2016 and 2017 financial statements noted above in Current Year Observation #4.



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WEST ELKTON GRATIS TOWNSHIP FIRE DISTRICT

PREBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 9, 2018**