



**MADISON JOINT FIRE DISTRICT  
LAKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**



**Mary Taylor, CPA**  
Auditor of State



MADISON JOINT FIRE DISTRICT  
LAKE COUNTY

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# Mary Taylor, CPA

Auditor of State

Madison Joint Fire District  
Lake County  
33 North Lake Street, P.O. Box 338  
Madison, Ohio 44057

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

August 21, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Madison Joint Fire District  
Lake County  
33 North Lake Street, P.O. Box 338  
Madison, Ohio 44057

To the Board of Trustees:

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

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

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 December 31, 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the District as of December 31, 2008 and December 31, 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Madison Joint Fire District, Lake County, Ohio, as of December 31, 2008 and December 31, 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 August 21, 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

August 21, 2009



**MADISON JOINT FIRE DISTRICT  
LAKE 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>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$1,771,235	\$0	\$0	\$1,771,235
Intergovernmental	488,507			488,507
Charges for Services		271,240		271,240
Earnings on Investments	15,417			15,417
Miscellaneous	13,062	5		13,067
Total Cash Receipts	<u>2,288,221</u>	<u>271,245</u>	<u>0</u>	<u>2,559,466</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	49,878			49,878
Public Safety	2,008,530	15,634		2,024,164
Capital Outlay	707,752			707,752
Total Cash Disbursements	<u>2,766,160</u>	<u>15,634</u>	<u>0</u>	<u>2,781,794</u>
Total Receipts Over/(Under) Disbursements	<u>(477,939)</u>	<u>255,611</u>	<u>0</u>	<u>(222,328)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers In	0	0	200,000	200,000
Transfers Out	(200,000)	0	0	(200,000)
Total Other Financing Receipts / (Disbursements)	<u>(200,000)</u>	<u>0</u>	<u>200,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(677,939)	255,611	200,000	(222,328)
Fund Cash Balances, January 1	<u>2,236,558</u>	<u>0</u>	<u>0</u>	<u>2,236,558</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,558,619</u></b>	<b><u>\$255,611</u></b>	<b><u>\$200,000</u></b>	<b><u>\$2,014,230</u></b>

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

**MADISON JOINT FIRE DISTRICT  
LAKE COUNTY**

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

	<b>General</b>
<b>Cash Receipts:</b>	
Property and Other Local Taxes	\$1,822,815
Intergovernmental	275,336
Charges for Services	271,240
Licenses, Permits, and Fees	270
Earnings on Investments	37,445
Miscellaneous	62,235
Total Cash Receipts	2,469,341
<b>Cash Disbursements:</b>	
Current:	
General Government	30,203
Public Safety	2,097,163
Capital Outlay	414,341
Total Cash Disbursements	2,541,707
Total Receipts Over/(Under) Disbursements	(72,366)
<b>Other Financing Receipts / (Disbursements):</b>	
Other Financing Sources	0
Total Other Financing Receipts / (Disbursements)	0
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(72,366)
Fund Cash Balances, January 1	2,308,924
<b>Fund Cash Balances, December 31</b>	<b>\$2,236,558</b>

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

**MADISON JOINT FIRE DISTRICT  
LAKE 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 Madison Joint Fire District, Lake County, (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. Board members consist of the three Trustees from Madison Township and three Council Members from the Village of Madison. The District provides fire protection and rescue services for the communities of Madison Township and the Village of Madison.

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, which is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash**

The District had demand deposits for the audit period.

**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 Fund**

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 Fund:

EMS Ambulance Billing Fund - This fund was created in 2008 and receives collections for providing ambulance services.

**MADISON JOINT FIRE DISTRICT  
LAKE COUNTY**

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

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

**A. Description of the Entity (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The District had the following significant capital project fund:

Permanent Improvement Fund - The District created this fund in 2008 and is allocating funds for the planned replacement costs of the central dispatch system.

**E. Budgetary Process**

The Ohio Revised Code requires the District to budget the fund annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, and function 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. Encumbered 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. The District reserves (encumbers) appropriations for commitments. The reservation is accomplished through the Then and Now certification allowed under Ohio law. Unpaid commitments at year end are encumbered in the subsequent year appropriations.

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

**F. Property, Plant, and Equipment**

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**MADISON JOINT FIRE DISTRICT  
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(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. CASH**

The District did not have investments during the audit period. They maintain business checking accounts. The Ohio Revised Code prescribed allowable deposits. The carrying amount of cash at December 31 follows:

2,008	2007
\$2,014,230	\$2,236,558
\$2,014,230	\$2,236,558

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,036,255	\$2,288,221	\$251,966
Special Revenue	222,500	271,245	48,745
Capital Projects	200,000	200,000	-
Total	\$2,458,755	\$2,759,466	\$300,711

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,233,197	\$2,966,160	\$267,037
Special Revenue	22,000	15,634	6,366
Capital Projects	200,000	-	200,000
Total	\$3,455,197	\$2,981,794	\$473,403

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,435,193	\$2,469,341	(\$965,852)
Total	\$3,435,193	\$2,469,341	(\$965,852)

**MADISON JOINT FIRE DISTRICT  
LAKE COUNTY**

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

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,435,293	\$2,541,707	\$893,586
Total	\$3,435,293	\$2,541,707	\$893,586

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State then pays the District amounts equaling the homestead and rollback deductions. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax owners assess that property. The property owners must file a tangible property list 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.

**5. RETIREMENT SYSTEMS**

The District's full-time fire fighters belong to the Ohio 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, OP&F participants contributed 10% of their wages. For 2008 and 2007, the District contributed to OP&F an amount equal to 24% of fire fighter members' 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.

**6. RISK MANAGEMENT**

The Madison Joint Fire District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Malpractice; 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*

Madison Joint Fire District  
Lake County  
33 North Lake Street, P.O. Box 338  
Madison, Ohio 44057

To the Board of Trustees:

We have audited the financial statements of the Madison Joint Fire District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2008 and December 31, 2007, and have issued our report thereon dated August 21, 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 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 opinions 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 did note certain internal control matters that we reported to the District's management in a separate letter dated August 21, 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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated August 21, 2009.

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

August 21, 2009



**MADISON JOINT FIRE DISTRICT  
LAKE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	ORC 149.351 – Proper Maintenance of Public Records	Yes	
2006-002	26 U.S.C. section 3102 (a) – Medicare Tax withholding	Yes	





**Mary Taylor, CPA**  
Auditor of State

**MADISON JOINT FIRE DISTRICT**

**LAKE 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  
SEPTEMBER 8, 2009**