

***MADISON JOINT FIRE DISTRICT***

**LAKE COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2010 & 2009**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Board of Trustees  
Madison Joint Fire District  
33 North Lake Street  
Madison, Ohio 44057

We have reviewed the *Report of Independent Accountants* of the Madison Joint Fire District, Lake County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 Madison Joint Fire District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 10, 2011

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**MADISON JOINT FIRE DISTRICT**  
**LAKE COUNTY, OHIO**  
**Audit Report**  
**For the years ended December 31, 2010 & 2009**

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

**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 (the District) as and for the years ended December 31, 2010 and 2009. 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 that 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.

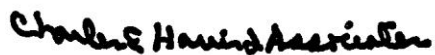
Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2010 and 2009. Instead of the combined funds the accompanying financial statements present for 2010 and 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 and 2009. 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 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 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, 2010 and 2009, 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, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Madison Joint Fire District, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2010 and 2009. 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 April 22, 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 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.



**Charles E. Harris & Associates, Inc.**

April 22, 2011

**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, 2010**

	<u>Governmental Fund Types</u>			<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 1,483,967	\$ -	\$ 300,000	\$ 1,783,967
Intergovernmental Receipts	367,300	6,736	-	374,036
Charges for Services	160	590,479	-	590,639
Fines, Licenses and Permits	135	-	-	135
Earnings on Investments	3,271	4,043	2,683	9,997
Miscellaneous	31,134	3,917	-	35,051
	<u>1,885,967</u>	<u>605,175</u>	<u>302,683</u>	<u>2,793,825</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	207,412	15,919	-	223,331
Public Safety	2,180,928	142,157	-	2,323,085
Capital Outlay	203,751	417,123	-	620,874
	<u>2,592,091</u>	<u>575,199</u>	<u>-</u>	<u>3,167,290</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(706,124)	29,976	302,683	(373,465)
Other Financing Sources/(Uses):				
Other Financing Sources	1,936	-	-	1,936
Total Other Financing Sources/(Uses)	<u>1,936</u>	<u>-</u>	<u>-</u>	<u>1,936</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(704,188)	29,976	302,683	(371,529)
Fund Cash Balance, January 1	<u>938,893</u>	<u>828,444</u>	<u>501,125</u>	<u>2,268,462</u>
Fund Cash Balance, December 31	<u>\$ 234,705</u>	<u>\$ 858,420</u>	<u>\$ 803,808</u>	<u>\$ 1,896,933</u>
Reserve for Encumbrances, December 31	<u>\$ 2,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,795</u>

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 - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 1,469,193	\$ -	\$ 300,000	\$ 1,769,193
Intergovernmental Receipts	378,048	-	-	378,048
Charges for Services	23	837,881	-	837,904
Fines, Licenses and Permits	5	-	-	5
Earnings on Investments	3,691	1,594	1,125	6,410
Miscellaneous	41,014	10,461	-	51,475
	<u>1,891,974</u>	<u>849,936</u>	<u>301,125</u>	<u>3,043,035</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	191,476	-	-	191,476
Public Safety	2,001,969	134,695	-	2,136,664
Capital Outlay	320,563	142,408	-	462,971
	<u>2,514,008</u>	<u>277,103</u>	<u>-</u>	<u>2,791,111</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(622,034)	572,833	301,125	251,924
Other Financing Sources/(Uses):				
Other Financing Sources	2,308	-	-	2,308
Total Other Financing Sources/(Uses)	<u>2,308</u>	<u>-</u>	<u>-</u>	<u>2,308</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(619,726)	572,833	301,125	254,232
Fund Cash Balance, January 1	<u>1,558,619</u>	<u>255,611</u>	<u>200,000</u>	<u>2,014,230</u>
Fund Cash Balance, December 31	<u>\$ 938,893</u>	<u>\$ 828,444</u>	<u>\$ 501,125</u>	<u>\$ 2,268,462</u>
Reserve for Encumbrances, December 31	<u>\$ 2,795</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,795</u>

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

MADISON JOINT FIRE DISTRICT  
LAKE COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2010 & 2009

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. **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 by the Auditor of State.

C. **CASH AND INVESTMENTS**

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

The District values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

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:

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

**Special Revenue Fund**

These funds account for proceeds from specific sources (other than 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 receives collections of fees associated with providing ambulance services.

MADISON JOINT FIRE DISTRICT  
LAKE COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2010 & 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

D. **FUND ACCOUNTING – (continued)**

**Capital Projects Fund**

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* – This fund is used for the repair and or replacement of District equipment and buildings.

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 and object level of control and appropriations may not exceed estimated resources. The 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 balances as of January 1. The County Budget Commission must also approve estimated resources.

3. **Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 4.

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.

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.

**MADISON JOINT FIRE DISTRICT  
LAKE COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**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 cash and investments at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand Deposits	\$ 1,088,043	\$ 1,266,411
Star Ohio	301,322	500,791
Certificates of Deposit	507,568	501,260
Total Cash and Investments	<u>\$ 1,896,933</u>	<u>\$ 2,268,462</u>

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

**3. PROPERTY TAXES**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Lake County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 2010. The next update is scheduled for 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2010 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Lake County Treasurer collects property taxes on behalf of the District. The Lake County Auditor remits the collected taxes to the District. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

**MADISON JOINT FIRE DISTRICT  
LAKE COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 is as follows:

**2010 Budgeted vs Actual Receipts**

<u>Fund:</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,890,703	\$ 1,887,903	\$ (2,800)
Special Revenue	585,000	605,175	20,175
Capital Projects	302,000	302,683	683

**2010 Budgeted vs Actual Budgetary Basis Expenditures**

<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 2,928,245	\$ 2,594,886	\$ 333,359
Special Revenue	761,000	575,199	185,801
Capital Projects	500,000	-	500,000

**2009 Budgeted vs Actual Receipts**

<u>Fund:</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 2,085,000	\$ 1,894,282	\$ (190,718)
Special Revenue	303,000	849,936	546,936
Capital Projects	310,000	301,125	(8,875)

**2009 Budgeted vs Actual Budgetary Basis Expenditures**

<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 3,275,300	\$ 2,516,803	\$ 758,497
Special Revenue	262,500	277,103	(14,603)
Capital Projects	500,000	-	500,000

**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 both years, 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, 2010. OP & F participants contributed 10% of their gross salaries and the District contributed an amount equaling 24% of firefighter member's wages. The District has paid all contributions required through December 31, 2010.

**MADISON JOINT FIRE DISTRICT  
LAKE COUNTY, OHIO  
Notes To The Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**6. RISK MANAGEMENT**

The 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.

Settled claims have not exceeded this commercial coverage in any of the last three years. The District has not reduced coverages from last year

**7. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the state government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**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, 2010 and 2009 and have issued our report thereon dated April 22, 2011, 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 Controls 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 auditing procedures for the purpose of expressing our opinions 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.

*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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.


### 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 grants 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 such an opinion. The results of our tests disclosed several instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described as items 2010-01 and 2010-02.

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 also noted certain matters that we have reported to management of the District in a separate letter dated April 22, 2011.

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



***Charles E. Harris and Associates, Inc.***

April 22, 2011



**MADISON JOINT FIRE DISTRICT  
LAKE COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number: 2010-01 Noncompliance Citation**

Section 505.376, Revised Code requires the District to solicit bids on all projects exceeding \$50,000. Sections 153.50, 153.51 and 153.52, Revised Code, require the District to obtain separate bids for each class of work on buildings and other structures (bridges, culverts or improvements). During the audit period, it was noted that the District had engaged in several projects to improve or construct a storage building and training classroom; to replace concrete drives and garage floors at its fire stations and to renovate the kitchens in the Districts' two fire stations. The District did not obtain separate bids as required by the aforementioned sections but rather obtained quotes from local businessmen for the work to be performed. This resulted in the following:

1. ***Storage Building and Training Room-*** This project was originally planned to cost \$36,000 for the construction of a storage building. Later, it was decided to add the training classroom to the project. No bids were solicited for the additional work. Subsequently, there were further modifications to project, most required by building code. Bids were not solicited for any phase of the project. The final cost of the project was approximately \$130,000.
2. ***Concrete Driveways and Floor Pads –*** These projects were approved by the District Trustees at a public meeting on May 6, 2009 by means of consecutive resolutions awarded to the same company. No bids were solicited even though the projects were determined to be related, rather the District relied on quotes from local vendors. These projects totaled \$53,856.
3. ***Fire Stations Kitchen Renovations –*** The District had the work performed by a part-time firefighter who also owns a construction business. No bids were solicited but rather quotes were obtained from various local vendors and the firefighter submitted the lowest quote. The Districts' legal counsel at the time gave a verbal opinion that the District could award the contract because he submitted the lowest quote. The final cost of this project was \$31,212.

In order to strengthen controls over contracts and expenditures, we recommend the District solicit bids on all expenditures in excess of \$50,000 as required by the Ohio Revised Code.

**MANAGEMENT RESPONSE:**

As explained in our previous conversations about the Storage Building, it started as a storage building and evolved into somewhat more as the project proceeded. Many requirements came up as to Lake County Building Department requirements which came as the project proceeded. I do not believe that any one portion exceeded the \$50,000 requirement and quotes were obtained as each element was desired or required. As we proceed with new projects in the future, we will proceed with a complete project, properly submitted to the Building Department and proceed with proper bidding procedures.

In respect to the kitchen renovations, we did obtain quotes per our attorney. The project was done on his own time and not while he was on duty. The driveways were at two separate locations and done at different times. I guess it's a matter of interpretation as to if they were two projects or one.

**MADISON JOINT FIRE DISTRICT  
LAKE COUNTY, OHIO  
SCHEDULE OF FINDINGS – (continued)  
DECEMBER 31, 2010 AND 2009**

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

**Finding Number: 2010-02 Noncompliance Citation**

**Appropriations Exceed Estimated Resources**

Section 5705.39, Revised Code, states that appropriations from each fund shall not exceed the total estimated resources as certified for expenditure by the county budget commission. The following fund was found to have appropriations in excess of the amount available for expenditure at December 31, 2010.

Fund	Total Certified Resources	Total Appropriations	Variance
General	\$ 2,829,596	\$ 2,928,245	\$ (98,649)

The District should institute procedures to monitor its budgetary activity more closely and amend its appropriations as needed.

**MANAGEMENT RESPONSE:**

The request for an Amended Certificate could have been overlooked in this case. I try to, prior to year end, to review our receipts to determine the requirement for a request for an Amended Certificate. I have not had an opportunity to investigate the Amended Certificate in question as to whether the wrong numbers were submitted or the returned certificate was wrong. In either case, a precaution to insure the Certificate is correct will be instituted. However, with a sizable carry-over in the fund, the chance to exceed total resources was remote.

**STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS**

The prior audit report, for the years ending December 31, 2008 and 2007, reported no material citations or recommendations.

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# Dave Yost • 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  
JUNE 23, 2011**