



**MADISON JEFFERSON JOINT FIRE DISTRICT  
JACKSON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

Telephone 740-594-3300  
800-441-1389

Facsimile 740-594-2110

## REPORT OF INDEPENDENT ACCOUNTANTS

Madison Jefferson Joint Fire District  
Jackson County  
311 Madison Street, Box 330  
Oak Hill, Ohio 45656

To the Fire District Trustees:

We have audited the accompanying financial statements of Madison Jefferson Joint Fire District, Jackson County, Ohio (the Fire District) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Fire 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 generally accepted auditing standards 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 obtain reasonable assurance about 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 in Note 1, the Fire District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Madison Jefferson Joint Fire District, Jackson County, as of December 31, 1999 and 1998, and its cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 21, 2000, on our consideration of the Fire District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the Fire District Trustees, management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 21, 2000



**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN CASH BALANCE - FOR THE YEAR ENDED DECEMBER 31, 1999**

**Cash Receipts:**

Local Taxes	\$89,884
Intergovernmental	8,135
Charges For Services	18,781
Earnings On Investments	1,353
Contributions, Gifts, Donations	27,183
Miscellaneous	<u>8,708</u>
 Total Cash Receipts	 154,044

**Cash Disbursements:**

Current:

Salaries and Benefits	3,007
Public Safety	<u>123,860</u>

Total Cash Disbursements	<u>126,867</u>
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Excess of Cash Receipts Over/(Under) Cash Disbursements	27,177
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Cash Balance, January 1	<u>81,078</u>
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<b>Cash Balance, December 31</b>	<b><u><u>\$108,255</u></u></b>
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*The notes to the financial statements are an integral part of this statement.*

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN CASH BALANCE - FOR THE YEAR ENDED DECEMBER 31, 1998**

**Cash Receipts:**

Local Taxes	\$78,928
Intergovernmental	8,141
Charges For Services	19,423
Earnings On Investments	1,145
Contributions, Gifts, Donations	4,194
Miscellaneous	<u>111,226</u>
 Total Cash Receipts	 223,057

**Cash Disbursements:**

Current:

General Government	2,644
Public Safety	<u>244,634</u>

Total Cash Disbursements	<u>247,278</u>
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Excess of Cash Receipts Over/(Under) Cash Disbursements	(24,221)
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Cash Balance, January 1	<u>105,299</u>
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<b>Cash Balance, December 31</b>	<b><u><u>\$81,078</u></u></b>
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*The notes to the financial statements are an integral part of this statement.*



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Entity**

Madison Jefferson Joint Fire District, Jackson County, (the Fire District) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Fire District is directed by an appointed five-member Board of Trustees. Three members are appointed by the Fire Fighter's Association and one is appointed by each of the Townships which are members in the Fire District. The Fire District provides the community with fire protection.

The Fire District's management believes these financial statements represent all activities for which the Fire 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 a payment is made rather than when a liability is incurred.

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

**C. Cash and Investments**

The Fire District had only one account and had no investments during our audit period.

**D. Budgetary Process**

The Ohio Revised Code requires the Fire District to adopt an annual budget.

**1. Appropriations**

Budgetary expenditures (i.e., disbursements and encumbrances) may not exceed appropriations at the function or object level of control, and appropriations may not exceed estimated resources. The Fire District did not approve appropriation measures and subsequent amendments as required by Ohio Revised Code Section 5705.38.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process (Continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus beginning of the year cash balances. The Fire District did not certify the year end balance to the County Auditor as required by Ohio Revised Code Section 5705.36.

**3. Encumbrances**

The Ohio Revised Code requires the Fire District to reserve (encumber) appropriations when commitments are made. The Fire District did not encumber appropriations as required by Ohio Revised Code Section 5705.41(B).

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**E. 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.

**2. EQUITY IN POOLED CASH**

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

	<u>1999</u>	<u>1998</u>
Demand Deposits	<u>\$108,255</u>	<u>\$81,078</u>
Total Deposits	<u>\$108,255</u>	<u>\$81,078</u>

**Deposits:** The Fire District's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998, was as follows:

<b>1999 Budgeted vs. Actual Receipts</b>		
<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<u>\$111,682</u>	<u>\$154,044</u>	<u>\$42,362</u>

<b>1999 Budgeted vs. Actual Disbursements</b>		
<u>Appropriation Authority</u>	<u>Actual Disbursements</u>	<u>Variance</u>
<u>\$0</u>	<u>\$126,867</u>	<u>(\$126,867)</u>

<b>1998 Budgeted vs. Actual Receipts</b>		
<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
<u>\$118,688</u>	<u>\$223,057</u>	<u>\$104,369</u>

<b>1998 Budgeted vs. Actual Disbursements</b>		
<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
<u>\$0</u>	<u>\$247,278</u>	<u>(\$247,278)</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Fire District. 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 the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

**5. RETIREMENT SYSTEMS**

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

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**5. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, the Fire District contributed an amount equal to 13.55% of participant's gross salary plus the 8.5% due for the member's share. The Fire District has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

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

- General liability and casualty
- Public officials' liability
- Vehicles
- Property

The Fire District also offers health insurance to qualifying employees through a private carrier.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

Telephone 740-594-3300  
800-441-1389

Facsimile 740-594-2110

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Madison Jefferson Joint Fire District  
Jackson County  
311 Madison Street, Box 330  
Oak Hill, Ohio 45656

To The Fire District Trustees:

We have audited the accompanying financial statements of the Madison Jefferson Joint Fire District, Jackson County, Ohio, (the Fire District), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Madison Jefferson Joint Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-40740-01 through 1999-40740-07. We also noted certain immaterial instances of noncompliance that we have reported to management of the Fire District in a separate letter dated March 21, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Madison Jefferson Joint Fire District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. We noted other matters involving the control over financial reporting that do not require inclusion in this report, that we have reported to management of the Fire District in a separate letter dated March 21, 2000.

Madison Jefferson Joint Fire District  
Jackson County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Governmental Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

March 21, 2000

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 and 1998**

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

**FINDING NUMBER    1999-40740-01**

Ohio Revised Code Section 5705.41(D)(1) requires the fiscal officer of each subdivision or District authority to certify that adequate revenues are available to pay every contract or order involving the expenditure of money. This certification must be initiated by the fiscal officer of the local government for every contract or order involving an expenditure of money.

No certification was issued by the Clerk for the amount required to be lawfully appropriated for any order for the expenditure of Fire District money.

We recommend, prior to each disbursement, the Fire District Trustees obtain, from the Clerk, a certification that the amount for the order has been lawfully appropriated and is in the treasury or in the process of being collected.

**FINDING NUMBER    1999-40740-02**

Ohio Revised Code Section 5705.38 requires an appropriation measure to be passed on or about the first day of each fiscal year.

The Fire District did not pass an appropriation measure for the years 1998 and 1999.

We recommend that the Fire District's Board of Trustees pass an appropriation measure on or about the first day of each fiscal year.

**FINDING NUMBER    1999-40740-03**

Ohio Revised Code Section 5705.36 requires the fiscal officer of the subdivision to certify to the County Auditor the total amount from all sources which is available for expenditure along with any unencumbered balances from the preceding year.

The Clerk did not certify the amounts from all sources along with any unencumbered balances.

We recommend that the Clerk certify the amounts from all sources along with any unencumbered balances from the preceding year to the County Auditor, at the beginning of each year.

**FINDING NUMBER    1999-40740-04**

Ohio Revised Code Sections 5747.06(A) and 5747.18 require that for purposes of withholding the Ohio personal income tax, Ohio employers shall utilize Ohio Form IT-4. If such form is not completed, the employer shall withhold the Ohio personal income tax without exemptions.

The Fire District paid compensation to the Clerk, but state tax was not withheld for 1998 or 1999. There were no records presented for examination authorizing such exclusion and a W-2 form was not sent to the Internal Revenue Service.

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 - 1998  
(Continued)**

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

**FINDING NUMBER     1999-40740-04 (Continued)**

We recommend the employee should complete an IT-4 form. If the employee does not have an IT-4 form on file, deductions are to be made as single with no dependents. This matter, reported in the previous audit and not corrected, has been referred to the Ohio Department of Taxation.

**FINDING NUMBER     1999-40740-05**

26 United States Code Section 3102(a), requires that mandatory Medicare coverage be deducted from the wages of employees hired after March 31, 1986.

Medicare wages were not being deducted from the wages of the Fire District's Clerk and the Fire District's contribution was not submitted to Medicare.

We recommend that Medicare be withheld from the wages of the Clerk and submitted along with the employer's share. This matter, reported in the previous audit and not corrected, has been referred to the Internal Revenue Service.

**FINDING NUMBER     1999-40740-06**

26 Code of Federal Regulations Section 31.3402, requires a W-4 form for federal income tax deductions be filed for each employee and elected official, whether full or part-time. If a W-4 form is not on file, deductions are to be made as single with no dependents.

A W-4 form was not on file for the Fire District's Clerk and no taxes were withheld. A W-2 form was not sent to the Internal Revenue Service.

We recommend that the employee complete a W-4 form. If the employee does not have a W-4 form on file, deductions are to be made as single with no dependents. This matter, reported in the previous audit and not corrected, has been referred to the Internal Revenue Service.

**FINDING NUMBER     1999-40740-07**

Ohio Administrative Code Section 117-3-11 requires the Fire District to maintain an appropriation ledger.

The Fire District did not maintain an appropriation ledger.

We recommend that an appropriation ledger be established with a separate sheet for each classification of disbursements. The appropriation ledger should reflect the appropriations to the account, the encumbrance of purchase orders and an unencumbered balance. Also, the ledger should reflect monthly and year-to-date totals for each classification.



**CORRECTIVE ACTION PLAN  
DECEMBER 31, 1999 - 1998**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-40740-01	Will bring matter to attention of Trustees to see if they feel it is worth implementing.	Board meeting following post audit.	Sue Lambert, Clerk
1999-40740-02	Will bring matter to attention of Trustees to see if they feel it is worth implementing.	Board meeting following post audit.	Sue Lambert, Clerk
1999-40740-03	Will bring matter to attention of Trustees to see if they feel it is worth implementing.	Board meeting following post audit.	Sue Lambert, Clerk
1999-40740-04	Will bring matter to attention of Trustees to see if they feel it is worth implementing.	Board meeting following post audit.	Sue Lambert, Clerk
1999-40740-05	Will bring matter to attention of Trustees to see if they feel it is worth implementing.	Board meeting following post audit.	Sue Lambert, Clerk
1999-40740-06	Will bring matter to attention of Trustees to see if they feel it is worth implementing.	Board meeting following post audit.	Sue Lambert, Clerk
1999-40740-07	Will bring matter to attention of Trustees to see if they feel it is worth implementing.	Board meeting following post audit.	Sue Lambert, Clerk





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**MADISON JEFFERSON JOINT FIRE DISTRICT**

**JACKSON 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  
MAY 11, 2000**