



**Auditor of State  
Betty Montgomery**



**FAIRFAX MADISON JOINT FIRE AND RESCUE  
HAMILTON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Fairfax Madison Place Joint Fire and Rescue  
Hamilton County  
6904 Murray Avenue  
Cincinnati, Ohio 45227

To the Board of Trustees:

We have audited the accompanying financial statements of Fairfax Madison Joint Fire and Rescue, Hamilton County, Ohio (the Department), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Department'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 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 discussed in Note 1, the Department 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 fund cash balance and reserves for encumbrances of the Department, as of December 31, 2003 and 2002, and its cash receipts and 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 our report dated October 14, 2004 on our consideration of the Department's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 14, 2004

**FAIRFAX MADISON PLACE JOINT FIRE AND RESCUE  
HAMILTON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003 AND 2002**

	<u>2003</u>	<u>2002</u>
<b>Cash Receipts:</b>		
Charges for Services	\$1,173,304	\$614,077
Intergovernmental	274,427	276,752
Earnings on Investments	2,446	1,834
Miscellaneous	<u>20,344</u>	<u>26,363</u>
Total Cash Receipts	<u>1,470,521</u>	<u>919,026</u>
<b>Cash Disbursements:</b>		
Current:		
General Government	475,772	247,080
Public Safety	<u>1,018,561</u>	<u>558,255</u>
Total Disbursements	<u>1,494,333</u>	<u>805,335</u>
Total Receipts Over/(Under) Disbursements	<u>(23,812)</u>	<u>113,691</u>
Fund Cash Balances, January 1	<u>185,330</u>	<u>71,639</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$161,518</u></b>	<b><u>\$185,330</u></b>
Reserves for Encumbrances, December 31	<u>\$18,807</u>	<u>\$9,661</u>

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

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**FAIRFAX MADISON PLACE JOINT FIRE AND RESCUE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Fairfax Madison Place Joint Fire and Rescue, Hamilton County, Ohio (the Department), 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 Department is directed by an appointed four-member Board of Trustees. One board member is appointed by each political subdivision within the Department. Those subdivisions are Columbia Township and the Village of Fairfax. The Department provides fire protection and rescue services within the Department and by contract to areas outside the Department.

The Department's management believes these financial statements present all activities for which the Department 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 or permitted by the Auditor of State.

**C. Cash and Deposits**

The Department has cash deposits in an interest bearing checking account. Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Department uses fund accounting and has no cash and deposits that are restricted as to use. The Department accounts for all financial resources in the General Fund.

**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 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 County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**FAIRFAX MADISON PLACE JOINT FIRE AND RESCUE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**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 Department to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Department's basis of accounting.

**2. CASH AND DEPOSITS**

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and deposits at December 31 follows:

	<u>2003</u>	<u>2002</u>
Demand deposits	\$161,518	\$135,330
Certificates of deposit	<u>0</u>	<u>50,000</u>
Total deposits	<u><u>\$161,518</u></u>	<u><u>\$185,330</u></u>

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

**FAIRFAX MADISON PLACE JOINT FIRE AND RESCUE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$1,425,102	\$1,470,521	\$45,419

2003 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$1,726,574	\$1,513,140	\$213,434

2002 Budgeted vs. Actual Receipts		
Budgeted Receipts	Actual Receipts	Variance
\$649,878	\$919,026	\$269,148

2002 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation Authority	Budgetary Expenditures	Variance
\$969,580	\$814,996	\$154,584

**4. RETIREMENT SYSTEMS**

The Department's full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2003 and 2002, members of OP&F contributed 10% of their wages to the OP&F. The Department contributed an amount equal to 24% of their wages. PERS contributed 8.5% of their gross salaries. The Department contributed an amount equal to 13.55% of participants' gross salaries. The Department has paid all contributions required through December 31, 2003.

**FAIRFAX MADISON PLACE JOINT FIRE AND RESCUE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Fairfax/Madison Place Joint Fire and Rescue Department has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Department also provides health insurance coverage to full-time employees through a private carrier.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Fairfax Madison Place Joint Fire and Rescue  
Hamilton County  
6904 Murray Avenue  
Cincinnati, Ohio 45227

To the Board of Trustees:

We have audited the financial statements of Fairfax/Madison Place Joint Fire and Rescue, Hamilton County, Ohio (the Department), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 14, 2004. 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.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Department'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Department'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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Department's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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



**Betty Montgomery**  
Auditor of State

October 14, 2004

**FAIRFAX MADISON PLACE JOINT FIRE AND RESCUE  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

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

**FINDING NUMBER 2003-001**

**Reportable Condition**

At December 31, 2003 and 2002, the Department's bank balances were not reconciled to the book balance. The differences of \$750 at December 31, 2003 and \$901 at December 31, 2002 were overages in the bank that could not be determined.

Although monthly reconciliations are being performed, errors in the reconciliations varied from month to month and documentation for the reconciling items was not complete. Additionally posting errors were made when the clerk posted payroll disbursements from the payroll journals provided by the payroll processing service organization to the department's ledgers. These conditions could result in errors or irregularities in the financial statements which may not be detected in a timely manner.

The Clerk should reconcile the bank balance to the book balance monthly and document all reconciling items and errors. The payroll journal should also be reviewed and compared to the Department's disbursement ledger. These reconciliations should be reviewed for accuracy and completeness and documented in the minutes.





**Auditor of State  
Betty Montgomery**

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**FAIRFAX MADISON PLACE JOINT FIRE AND RESCUE  
HAMILTON 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  
DECEMBER 28, 2004**