



**EAST GEAUGA JOINT FIRE DISTRICT
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 & 2006



Mary Taylor, CPA
Auditor of State

**EAST GEAUGA JOINT FIRE DISTRICT
GEAUGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Government Fund Types - For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Government Fund Types - For the Year Ended December 31, 2006	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings.....	13
Schedule of Prior Audit Findings	14

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Mary Taylor, CPA

Auditor of State

East Geauga Joint Fire District
Gauga County
P.O. Box 1197
Middlefield, Ohio 44062

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.

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

Mary Taylor, CPA
Auditor of State

July 17, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

East Geauga Joint Fire District
Geauga County
P.O. Box 1197
Middlefield, Ohio 44062

To the Board of Trustees:

We have audited the accompanying financial statements of East Geauga Joint Fire District, Geauga County, Ohio, (the District) as of and for the years ended December 31, 2007 and December 31, 2006. 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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of East Geauga Joint Fire District, Geauga County, Ohio, as of December 31, 2007 and December 31, 2006, 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 July 17, 2008, 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.



Mary Taylor, CPA
Auditor of State

July 17, 2008

**EAST GEAUGA JOINT FIRE DISTRICT
GEAUGA COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$296,782	\$0	\$296,782
Intergovernmental	124,527	31,469	155,996
Earnings on Investments	11,786	0	11,786
	<u>433,095</u>	<u>31,469</u>	<u>464,564</u>
Total Cash Receipts			
	<u>433,095</u>	<u>31,469</u>	<u>464,564</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	341,740	0	341,740
General Government	24,453	1,887	26,340
Insurance	1,662	0	1,662
Capital Outlay	0	248,500	248,500
	<u>367,855</u>	<u>250,387</u>	<u>618,242</u>
Total Cash Disbursements			
	<u>367,855</u>	<u>250,387</u>	<u>618,242</u>
Total Receipts Over/(Under) Disbursements	<u>65,240</u>	<u>(218,918)</u>	<u>(153,678)</u>
Other Financing Receipts / (Disbursements):			
Advance In	0	220,000	220,000
Advance Out	(220,000)	0	(220,000)
	<u>(220,000)</u>	<u>220,000</u>	<u>0</u>
Total Other Financing Receipts / (Disbursements)			
	<u>(220,000)</u>	<u>220,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(154,760)</u>	<u>1,082</u>	<u>(153,678)</u>
Fund Cash Balances, January 1, 2007	<u>422,424</u>	<u>968</u>	<u>423,392</u>
Fund Cash Balances, December 31, 2007	<u><u>\$267,664</u></u>	<u><u>\$2,050</u></u>	<u><u>\$269,714</u></u>

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

**EAST GEAUGA JOINT FIRE DISTRICT
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$337,310	\$178,893	\$516,203
Intergovernmental	74,243	16,471	90,714
Earnings on Investments	13,122	5,624	18,746
	<u>424,675</u>	<u>200,988</u>	<u>625,663</u>
Cash Disbursements:			
Current Disbursements:			
Security of Persons and Property:			
General Government	435,731	0	435,731
Insurance	9,357	4,292	13,649
Capital Outlay	1,662	0	1,662
	<u>0</u>	<u>201,853</u>	<u>201,853</u>
Total Cash Disbursements	<u>446,750</u>	<u>206,145</u>	<u>652,895</u>
Total Receipts Over/(Under) Disbursements	<u>(22,075)</u>	<u>(5,157)</u>	<u>(27,232)</u>
Fund Cash Balances, January 1, 2006	<u>444,499</u>	<u>6,125</u>	<u>450,624</u>
Fund Cash Balances, December 31, 2006	<u>\$422,424</u>	<u>\$968</u>	<u>\$423,392</u>

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

**EAST GEAUGA JOINT FIRE DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 East Geauga Joint Fire District, Geauga County, (the District) as a body corporate and politic. The District is under the direction of a five-member Board of Trustees appointed as follows: the Chairman of the Middlefield Township Board of Trustees; the Mayor of Middlefield Village; a second Middlefield Township Trustee appointed by the Township Trustees; a member of the Council of Middlefield Village appointed by the Council; and a resident of the District appointed by the Chairman of the Middlefield Township Board of Trustees and the Mayor of Middlefield Village. The representatives serve for a two year term. The District oversees the fire protection and rescue services for the communities of Middlefield Village and Middlefield Township.

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. This basis is similar to the cash receipts and disbursements accounting basis. The District 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 include adequately disclosed material matters the Auditor of State prescribes.

C. Cash and Investments

The District's accounting basis includes investments as assets. Accordingly, investment purchases are not recorded as disbursements, and investment sales are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

STAR Ohio is recorded at share values the mutual funds report.

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.

**EAST GEAUGA JOINT FIRE DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund

This fund accounts 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:

Fire District Fund – This fund received property tax money to fund current expenses including the fire station building's expansion. This levy was rescinded in November 2006; however, the District will continue to receive replacement funds from the State.

E. Budgetary Process

The Ohio Revised Code requires the District to budget each fund 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. 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**EAST GEAUGA JOINT FIRE DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

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:

	2007	2006
Demand deposits	\$9,322	\$12,994
Money Market Account	208,612	263,341
Total deposits	217,934	276,335
STAR Ohio	51,780	147,057
Total investments	51,780	147,057
Total deposits and investments	\$269,714	\$423,392

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the District.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities existing in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and December 31, 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$381,768	\$433,095	\$51,327
Special Revenue	34,649	31,469	(3,180)
Total	\$416,417	\$464,564	\$48,147

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$396,530	\$367,855	\$28,675
Special Revenue	203,000	250,387	(47,387)
Total	\$599,530	\$618,242	(\$18,712)

**EAST GEAUGA JOINT FIRE DISTRICT
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$386,171	\$424,675	\$38,504
Special Revenue	203,031	200,988	(2,043)
Total	\$589,202	\$625,663	\$36,461

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$453,346	\$446,750	\$6,596
Special Revenue	205,288	206,145	(857)
Total	\$658,634	\$652,895	\$5,739

The special revenue fund had expenditures greater the appropriation in 2007 and 2006, which is contrary to the Ohio Revised Code.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. 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 Township.

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 Township.

5. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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



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*

East Geauga Fire District
Geauga County
P.O. Box 1197
Middlefield, Ohio 44062

To the District Board of Trustees:

We have audited the financial statements of the East Geauga Joint Fire District, Geauga County, Ohio, (the District) as of and for the years ended December 31, 2007 and December 31, 2006, and have issued our report thereon dated July 17, 2008, 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 opinion 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.

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 an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We did note a certain noncompliance or other matter that we reported to the District's management in a separate letter dated July 17, 2008.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

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

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

Mary Taylor, CPA
Auditor of State

July 17, 2008

**EAST GEAUGA JOINT FIRE DISTRICT
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Revised Code Section 5705.41 (D)(1) provides, in part, that no purchase orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

During our testing at year end, we found the Special Revenue Fund had expenditures that exceeded appropriations at December 31, 2007. The Special Revenue Fund appropriations at December 31, 2007 were \$203,000 and the expenditures were \$250,387, which is a variance of \$47,387.

We recommend the District properly appropriate funds needed to spend. The fiscal officer should not certify the availability of funds unless sufficient unencumbered appropriations are available.

Officials Response:

In the future, the District will comply with Ohio Rev. Code Section 5705.41(B) & (D).

**EAST GEAUGA JOINT FIRE DISTRICT
GEAUGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	5705.41 (B) & (D) Expenditures exceeding Appropriations	Not Corrected	Comment reissued as 2007-001



Mary Taylor, CPA
Auditor of State

EAST GEAUGA JOINT FIRE DISTRICT

GEAUGA 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
JULY 29, 2008**