



**MADISON FIRE DISTRICT
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MADISON FIRE DISTRICT
LAKE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Madison Fire District
Lake County
33 N. Lake Street
Madison, Ohio 44057

To the Members of the Board:

We have audited the accompanying financial statements of Madison Fire District, Lake County, Ohio, (the District) as of and for the years ended December 31, 2000 and December 31, 1999. 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As described in Note 1, the 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 fund cash balances of the District as of December 31, 2000 and December 31, 1999, 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 May 18, 2001 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 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 audits.

This report is intended solely for the information and use of the audit committee, management, the Members of the Board 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.

Jim Petro
Auditor of State

May 18, 2001

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**MADISON FIRE DISTRICT
LAKE COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General
Cash Receipts:	
Local Taxes	\$1,190,677
Intergovernmental	134,817
Licenses and Permits and Fees	862
Earnings on investments	71,184
Miscellaneous	13,022
Total Cash Receipts	1,410,562
Cash Disbursements:	
Public Safety	1,166,013
Miscellaneous	27,223
Capital Outlay	95,665
Total Disbursements	1,288,901
Total Receipts Over/(Under) Disbursements	121,661
Fund Cash Balances, January 1, 2000	1,542,656
Fund Cash Balances, December 31, 2000	\$1,664,317

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

**MADISON FIRE DISTRICT
LAKE COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General
Cash Receipts:	
Local Taxes	\$1,006,263
Intergovernmental	111,092
Licenses and Permits and Fees	380
Earnings on investments	81,629
Miscellaneous	35,857
Total Cash Receipts	1,235,221
Cash Disbursements:	
Public Safety	1,010,312
Miscellaneous	30,947
Capital Outlay	107,635
Total Disbursements	1,148,894
Total Receipts Over/(Under) Disbursements	86,327
Fund Cash Balances, January 1, 1999	1,456,329
Fund Cash Balances, December 31, 1999	\$1,542,656

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

**MADISON FIRE DISTRICT
LAKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The, Madison Fire District, Lake County, (the District) 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 District is directed by six-member Board of Trustees. Board members consists of 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 or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit and U.S. Treasury Notes are valued at cost.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District has the following fund type:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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 District's Board must annually approve appropriation measures and subsequent amendments. The Lake County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**MADISON FIRE DISTRICT
LAKE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The Lake County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. The District did not use the encumbrance method of accounting.

A summary of 2000 and 1999 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$36,703	\$81,166
Certificate of Deposit	914,685	883,366
Total deposits	<u>951,388</u>	<u>964,532</u>
U.S. Treasury Notes	712,929	578,124
Total investments	<u>712,929</u>	<u>578,124</u>
Total deposits and investments	<u>\$1,664,317</u>	<u>\$1,542,656</u>

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

Investments: U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the District's financial institution. The financial institution maintains records identifying the District as owner of these securities.

**MADISON FIRE DISTRICT
LAKE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,359,130	\$1,410,562	\$51,432
Total	\$1,359,130	\$1,410,562	\$51,432

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,359,130	\$1,289,514	\$69,616
Total	\$1,359,130	\$1,289,514	\$69,616

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,606,056	\$1,235,221	(\$370,835)
Total	\$1,606,056	\$1,235,221	(\$370,835)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,304,056	\$1,148,894	\$155,162
Total	\$1,304,056	\$1,148,894	\$155,162

At December 31, 2000, three object code accounts in the General Fund exceeded appropriations in violation of Ohio Revised Code 5705.41(B).

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board. 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.

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

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.

**MADISON FIRE DISTRICT
LAKE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX (Continued)

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 and Fire Chief belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other part-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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. Members of PFDPF contributed 10% of their wages to the PFDPF. The District contributed to PFDPF an amount equal to 24.5% of participants' wages. PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% for 1999 and 10.84% for 2000 of PERS participants' gross salaries. The District has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Malpractice

The District also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

7. CONTINGENT LIABILITIES

The District is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the District's financial condition.



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

Madison Fire District
Lake County
33 N. Lake Street
Madison, Ohio 44057

To the Members of the Board:

We have audited the accompanying financial statements of the Madison Fire District, Lake County, Ohio (the District), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 18, 2001. 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 the 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated May 18, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated May 18, 2001.

Madison Fire District
Lake County
Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, management, and the Members of the Board, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 18, 2001



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MADISON 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 21, 2001**