

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**



Mary Taylor, CPA
Auditor of State

Board of Trustees
First Consolidated Fire District
P.O. Box 305
Caledonia, Ohio 43314

We have reviewed the *Independent Auditors' Report* of the First Consolidated Fire District, Marion County, prepared by Holbrook & Manter, for the audit period January 1, 2008 through December 31, 2009. 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 *Independent Auditors' Report* 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 *Independent Auditors' Report* 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 First Consolidated Fire District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 14, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
First Consolidated Fire District
Marion County

We have audited the accompanying financial statements of First Consolidated Fire District, Marion County, Ohio, (the District) as of and for the years ended December 31, 2009 and 2008. 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 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 audits 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 discussed in Note 1, the District has prepared these financial statements using accounting practices the Auditor of State of Ohio 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 for 2009 and 2008, GAAP requires presenting entity wide statements and also presenting the District's larger (i.e. major) funds separately for 2009 and 2008. 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 of Ohio permits, but does not require, governments to reformat their statements. The District has elected not to reformat its statements. Since this 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 of Ohio 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, 2009 and 2008 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, 2009 and 2008, 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 First Consolidated Fire District, Marion County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 October 20, 2010 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.

The image shows a handwritten signature in black ink that reads "Muller & Manton". The script is cursive and elegant, with the ampersand being particularly stylized.

Certified Public Accountants

October 20, 2010

**FIRST CONSOLIDATED FIRE DISTRICT
MARION 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>General</u>	<u>Special Revenue</u>	<u>Total Memorandum Only</u>
CASH RECEIPTS:-			
Local taxes	\$ 823,773	\$ 0	\$ 823,773
Charges for services	0	124,436	124,436
Fines, licenses, and permits	0	0	0
Intergovernmental	162,923	0	162,923
Earnings on investments	1,971	0	1,971
Other revenue	<u>7,200</u>	<u>0</u>	<u>7,200</u>
Total cash receipts	<u>995,867</u>	<u>124,436</u>	<u>1,120,303</u>
CASH DISBURSEMENTS:-			
Current:-			
General government	1,010,762	0	1,010,762
Public safety	0	60,591	60,591
Capital outlay	<u>35,456</u>	<u>0</u>	<u>35,456</u>
Total cash disbursements	<u>1,046,218</u>	<u>60,591</u>	<u>1,106,809</u>
Total cash receipts over (under) disbursements	<u>(50,351)</u>	<u>63,845</u>	<u>13,494</u>
OTHER FINANCING RECEIPTS AND DISBURSEMENTS:-			
Sale of fixed assets	110,600	0	110,600
Other financing sources	0	0	0
Other financing uses	<u>(226)</u>	<u>0</u>	<u>(226)</u>
Total other financing receipts (disbursements)	<u>110,374</u>	<u>0</u>	<u>110,374</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing receipts and disbursements	60,023	63,845	123,868
Fund cash balances, January 1, 2009	<u>432,010</u>	<u>61,711</u>	<u>493,721</u>
Fund cash balances, December 31, 2009	<u>\$ 492,033</u>	<u>\$ 125,556</u>	<u>\$ 617,589</u>
Reserve for encumbrances, December 31, 2009	<u>\$ 5,426</u>	<u>\$ 2,360</u>	<u>\$ 7,786</u>

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

FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>General</u>	<u>Special Revenue</u>	<u>Total Memorandum Only</u>
CASH RECEIPTS:-			
Local taxes	\$ 691,565	\$ 0	\$ 691,565
Charges for services	0	67,041	67,041
Fines, licenses, and permits	0	0	0
Intergovernmental	3,397	0	3,397
Earnings on investments	11,354	0	11,354
Other revenue	30,056	0	30,056
Total cash receipts	<u>736,372</u>	<u>67,041</u>	<u>803,413</u>
CASH DISBURSEMENTS:-			
Current:-			
General government	823,497	0	823,497
Public safety	1,500	25,549	27,049
Capital outlay	18,750	0	18,750
Total cash disbursements	<u>843,747</u>	<u>25,549</u>	<u>869,296</u>
Total cash receipts over (under) disbursements	<u>(107,375)</u>	<u>41,492</u>	<u>(65,883)</u>
OTHER FINANCING RECEIPTS AND DISBURSEMENTS:-			
Other financing sources	0	0	0
Other financing uses	(744)	0	(744)
Total other financing receipts (disbursements)	<u>(744)</u>	<u>0</u>	<u>(744)</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	<u>(108,119)</u>	<u>41,492</u>	<u>(66,627)</u>
Fund cash balances, January 1, 2008	<u>540,129</u>	<u>20,219</u>	<u>560,348</u>
Fund cash balances, December 31, 2008	<u>\$ 432,010</u>	<u>\$ 61,711</u>	<u>\$ 493,721</u>
Reserve for encumbrances, December 31, 2008	<u>\$ 10,537</u>	<u>\$ 1,891</u>	<u>\$ 12,428</u>

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

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity - First Consolidated Fire District, Marion 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 an appointed five-member Board of Trustees. One board member is appointed by each political subdivision within the District. Those subdivisions are Village of Caledonia, and the Townships of Canaan, Claridon, Scott, and Tully. The District provides fire protection and rescue services within the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Basis of Accounting - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, 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 of Ohio.

Cash and Investments - Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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 is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The District had the following significant Special Revenue Funds:

Ambulance and Emergency Medical Service Fund

This fund receives money for the ambulance or emergency medical services provided by the District and should be expended to support the costs of the management, maintenance, and operation of the emergency medical services in the District.

Budgetary Process - The Ohio Revised Code requires that the District budget 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The Marion County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

Budgetary Process - (continued)

Estimated Resources

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

Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

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.

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

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	2009	2008
Deposits		
Demand Deposits	347,519	99,518
Star Ohio	270,070	394,203
Total Deposits	617,589	493,721

Demand Deposits - The District's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the District, or (3) collateralized by the financial institution's public entity deposit pool.

Investments - Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 2009 was as follows:-

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 860,913	\$ 1,106,467	\$ 245,554
Special revenue	<u>100,876</u>	<u>124,436</u>	<u>23,560</u>
Total	\$ <u>961,789</u>	\$ <u>1,230,903</u>	\$ <u>269,114</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,285,922	\$ 1,051,870	\$ 234,052
Special revenue	<u>156,586</u>	<u>62,951</u>	<u>93,635</u>
Total	\$ <u>1,442,508</u>	\$ <u>1,114,821</u>	\$ <u>327,687</u>

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3 - BUDGETARY ACTIVITY:- (continued)

Budgetary activity for the year ending December 31, 2008 was as follows:-

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 698,818	\$ 736,372	\$ 37,554
Special revenue	<u>0</u>	<u>67,041</u>	<u>67,041</u>
Total	\$ <u>698,818</u>	\$ <u>803,413</u>	\$ <u>104,595</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,205,000	\$ 853,540	\$ 351,460
Special revenue	<u>25,000</u>	<u>27,440</u>	<u>(2,440)</u>
Total	\$ <u>1,230,000</u>	\$ <u>880,980</u>	\$ <u>349,020</u>

Contrary to Ohio Revised Code 5705.41, the District did not properly appropriate the total amount of expenditures, resulting in the budgetary expenditures exceeding the appropriation authority as of December 31, 2008 in the Special Revenue Fund by \$2,440.

Contrary to Ohio Revised Code 5705.36, for 2009, the District did not amend the certification during the year for sources which were available for expenditures from each fund. Therefore, the appropriation measure adopted by the Board of Trustees in accordance with Ohio Revised Code 5705.39 was not effective and caused the appropriations to exceed resources available during 2008.

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 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 of Trustees. 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 Marion 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 Marion 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 District.

Tangible personal property tax is being phased out.

NOTE 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 Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plan. These plans provide retirement benefits, including post-retirement 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 2009 and 2008, members of OP&F contributed 10% of their wages to the OP&F. The District contributed an amount equal to 24% of their wages. During 2009 and 2008, PERS members contributed 10% of their gross salaries. The District contributed an amount equal to 14% of participants' gross salaries for 2009 and 2008. The District has paid all contributions required through December 31, 2009.

NOTE 6 - RISK POOL MANAGEMENT:-

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Wrongful Acts
- Crime
- Inland marine
- Electronic Data Processing Management Liability



**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by *Government Auditing Standards***

Board of Trustees
First Consolidated Fire District
Marion County

We have audited the accompanying financial statements of the First Consolidated Fire District, Marion County, (the District) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated October 20, 2010, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for 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 do not express an opinion on the effectiveness of the First Consolidated Fire 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 significant deficiency or combination of significant deficiencies in internal control such that there is a reasonable possibility that a material financial statement misstatement will not be prevented, or detected and timely corrected.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control as item 2009-001 and 2009-002. A *significant deficiency*, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We also noted certain internal control matters that we reported to the District's management in a separate letter dated October 20, 2010.

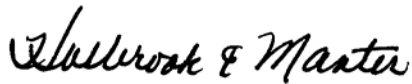
Compliance and Other Matters

As part of reasonably assuring whether First Consolidated Fire District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2009-003 and 2009-004.

We noted certain matters that we reported to management of First Consolidated Fire District in a separate letter dated October 20, 2010.

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

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



Certified Public Accountants

October 20, 2010

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

Finding Number	2009-001
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Significant Deficiency – Internal Control and Review Procedures

Although the Board receives and reviews a select number of reports from the Fiscal Officer of the District for approval on a monthly basis, the District has not established formal procedures to reasonably assure completeness and accuracy of the monthly reporting. During our testing and analysis, we noted that the Board of Trustees are reviewing the numerical check sequence prior to signing the checks, however they are not reviewing the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The District should carefully review this information and make appropriate inquires to help determine the integrity of the financial information. When performing such review, among other things, the trustees’ signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the trustees’ thoroughly reviewed and approved those documents. In addition, we also recommend that a review policy be set and adhered to by the Board each month and be noted in the minutes that such procedures were completed.

Officials’ Response

The Fiscal Officer will continue to provide the bank reconciliations and bank statements to the Trustees for their review and approval at each months meeting, however the Trustee’s we complete a more detailed review of the financial information. The District will also document and approve the review of those reports and procedures performed within the monthly minutes.

Finding Number	2009-002
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Significant Deficiency – EMS Billing Review Procedures

During our testing and analysis of the District’s revenue, it was determined that the District changed third party EMS billing companies during the audit period. This change resulted in a change in the collection procedures.

The prior third party billing company would administer, collect and write off the necessary amounts surrounding the billing process. The District would only have to report if a Medicaid/Medicare payment came directly to them to the third party billing company. This billing company would then disburse the District’s funds to them, net of fees, based upon the current month’s collections. During this process, there were very limited procedures in place to review the submissions of runs to the billing company and review the monthly distribution detail from the third party billing company.

During the year, management chose to transition to a new EMS billing company. The EMS billing company now administers the billing, however all payments are received at the District level and reported to the third party billing company for them to properly adjust the individuals accounts. With the change in this billing and collection procedure, we noted that no formal review process on a monthly basis is being completed at the District level of the outstanding amounts with the third party billing company verses collections and write off’s that are occurring within their location and being reported to the third party billing company on a monthly basis.

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

Finding Number	2009-002 - continued
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Significant Deficiency – EMS Billing Review Procedures – (continued)

We recommend that a more formal procedure be implemented moving forward to properly review the EMS runs that are being sent to the third party billing company, review of the outstanding amounts at month end after all collections and write offs for that month are properly posted and verification of all revenue being collected at the District level is properly being accounted for and the appropriate form is being submitted to the third party billing company for the account to be credited.

Officials’ Response

The District is now aware of the changes to the EMS billing and collections and intends on implementing procedures to assist with verification on a monthly basis of the amounts collected and reported to the third party billing company.

Finding Number	2009-003
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Non Compliance Citation - Expenditures Exceed Appropriations

Ohio Revised Code, Section 5705.41 (C), requires that no subdivision or taxing unit is to expend money unless it has been appropriated. In addition, Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the Clerk 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 compliance testing for 2008, it was noted that the budgetary expenditures exceeded appropriations throughout the year within the Special Revenue fund. This condition limits the effectiveness of the District’s compliance and budgetary controls and may result in overspending of the available funds. To prevent this from occurring, we recommend the Fiscal Officer properly budget to the appropriate funds within the General Fund and the Special Revenue Fund type. In addition, the Board should approve all increases to appropriations through a resolution and the Fiscal Officer then prepares an amendment to the original appropriation of expenditures.

Officials’ Response

The District became aware of the necessary submissions for amending or supplementing the appropriations and during 2009 they took the necessary action to do so internally and at the County level.

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

Finding Number	2009-004
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Noncompliance Citation – Appropriations Exceeding Estimated Resources

Ohio Revised Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue as certified by the county budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The District's appropriations exceeded estimated resources as of December 31, 2008, as outlined in Note 3 of the financial statements.

We recommend the Board of Trustees and the Fiscal Officer periodically review the District's appropriations versus certified estimated resources to identify and investigate any variances and to help monitor legal compliance. The Trustees should ensure that the District has properly prepared and submitted all required budgetary documents to the county auditor. Also, each time appropriations are adopted or amended, the District should ensure the certificate of the County Auditor is received indicating appropriations do not exceed certified resources.

Officials' Response

The Board of Trustees and the Fiscal Officer will periodically review the District's appropriations versus certified estimated resources to identify and investigate any variances and complete the necessary steps to amend the certificates.

**FIRST CONSOLIDATED FIRE DISTRICT
MARION COUNTY
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Significant Deficiency - Internal Control and Review Procedures.	No	Trustees have implemented certain procedures, however a more detailed review of the supporting documentation should be done on a monthly basis.



Mary Taylor, CPA
Auditor of State

FIRST CONSOLIDATED FIRE DISTRICT

MARION 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, 2010**