



Mary Taylor, CPA
Auditor of State

**TRI-VALLEY FIRE DISTRICT
LOGAN 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 - All Governmental Fund Types - For the Year Ended December 31, 2009.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	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.....	15

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Mary Taylor, CPA
Auditor of State

Tri-Valley Fire District
Logan County
P.O. Box 162
Zanesfield, Ohio 43360

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.

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Mary Taylor, CPA
Auditor of State

March 4, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Tri-Valley Fire District
Logan County
P.O. Box 162
Zanesfield, Ohio 43360

To the Board of Trustees:

We have audited the accompanying financial statements of the Tri-Valley Fire District, Logan County (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 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, 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 of the Tri-Valley Fire District, Logan County, as of December 31, 2008 and 2008, 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 March 4, 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.

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

Mary Taylor, CPA
Auditor of State

March 4, 2010

**TRI-VALLEY FIRE DISTRICT
LOGAN 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>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$98,726		\$98,726
Ambulance Runs		\$31,312	31,312
Intergovernmental	19,212	6,717	25,929
County Grant		5,984	5,984
Earnings on Investments	1,165		1,165
Miscellaneous	286	150	436
Total Cash Receipts	<u>119,389</u>	<u>44,163</u>	<u>163,552</u>
Cash Disbursements:			
Current Disbursements:			
Security of Persons and Property:			
Salaries	23,105		23,105
Employee Retirement	1,210		1,210
Workers Compensation	3,541		3,541
Assessments & Contributions	375		375
Building and Equipment	995		995
Utilities	11,516		11,516
Tools and Equipment	21,296	6,538	27,834
Supply	10,411	13,373	23,784
Repair	6,342	1,236	7,578
Insurance	13,163		13,163
Other	1,467	1,922	3,389
Total Cash Disbursements	<u>93,421</u>	<u>23,069</u>	<u>116,490</u>
Excess of Cash Receipts Over Cash Disbursements	<u>25,968</u>	<u>21,094</u>	<u>47,062</u>
Fund Cash Balances, January 1	<u>265,942</u>	<u>125,668</u>	<u>391,610</u>
Fund Cash Balances, December 31	<u>\$291,910</u>	<u>\$146,762</u>	<u>\$438,672</u>

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

**TRI-VALLEY FIRE DISTRICT
LOGAN 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>All Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$96,050		\$96,050
Ambulance Runs		\$28,102	28,102
Intergovernmental	17,897	6,920	24,817
County Grant		5,984	5,984
Earnings on Investments	7,642		7,642
Miscellaneous	2,069	325	2,394
Total Cash Receipts	<u>123,658</u>	<u>41,331</u>	<u>164,989</u>
Cash Disbursements:			
Current Disbursements:			
Security of Persons and Property:			
Salaries	19,727		19,727
Employee Retirement	1,589		1,589
Workers Compensation	2,086		2,086
Assessments & Contributions	150		150
Building and Equipment	3,446		3,446
Utilities	14,935		14,935
Tools and Equipment	4,389	10,384	14,773
Supply	12,945	15,989	28,934
Repair	1,199	35	1,234
Insurance	13,231		13,231
Other	2,398	1,470	3,868
Total Cash Disbursements	<u>76,095</u>	<u>27,878</u>	<u>103,973</u>
Excess of Cash Receipts Over Cash Disbursements	<u>47,563</u>	<u>13,453</u>	<u>61,016</u>
Fund Cash Balances, January 1	<u>218,379</u>	<u>112,215</u>	<u>330,594</u>
Fund Cash Balances, December 31	<u>\$265,942</u>	<u>\$125,668</u>	<u>\$391,610</u>

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

**TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Tri-Valley Fire District, Logan County, (the District) as a body corporate and politic. A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are Jefferson Township, Village of Valley Hi, and the Village of Zanesfield. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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 adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The District maintained all money in deposit accounts.

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.

2. Special Revenue Funds

These funds account 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 Special Revenue Fund:

Ambulance Fund – This fund receives charges for services for providing emergency medical services. The fund is used to maintain, repair, and purchase ambulance equipment.

**TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 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 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 re-appropriated in the subsequent year.

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

F. Property, Plant, and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED DEPOSITS

The District maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Demand deposits	<u>\$438,672</u>	<u>\$391,610</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$124,000	\$119,389	(\$4,611)
Special Revenue	40,000	44,163	4,163
Total	<u>\$164,000</u>	<u>\$163,552</u>	<u>(\$ 448)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$172,000	\$ 93,421	\$ 78,579
Special Revenue	60,000	23,069	36,931
Total	<u>\$232,000</u>	<u>\$116,490</u>	<u>\$115,510</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$100,000	\$123,658	\$23,658
Special Revenue	35,000	41,331	6,331
Total	<u>\$135,000</u>	<u>\$164,989</u>	<u>\$29,989</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$153,200	\$ 76,095	\$ 77,105
Special Revenue	55,000	27,878	27,122
Total	<u>\$208,200</u>	<u>\$103,973</u>	<u>\$104,227</u>

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 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.

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

**TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. RETIREMENT SYSTEMS

The District's appointed officials and clerk belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14%, of participants' gross salaries. The District has paid all contributions required through December 31, 2009.

The District's Fire Chief and Firefighters/EMTs contribute to Social Security. The District's liability is 6.2% of wages paid.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive Automobile Policy;
- Commercial General Liability Coverage;
- Commercial Property Coverage;
- Commercial Crime Coverage;
- Portable Equipment Coverage; and
- Management Liability Policy.



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*

Tri-Valley Fire District
Logan County
P.O. Box 162
Zanesfield, Ohio 43360

To the Board of Trustees:

We have audited the financial statements of the Tri-Valley Fire District, Logan County (the District), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 4, 2010, wherein we noted the District followed accounting practices the Auditor of State prescribes or permits 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 the purpose of expressing our opinion 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 have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

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 deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a 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 consider finding 2009-002 described in the accompanying schedule of findings to be a significant deficiency.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters that we reported to the District's management in a separate letter dated March 4, 2010.

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

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

Mary Taylor, CPA
Auditor of State

March 4, 2010

**TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Weakness

Format of Annual Financial Statements and Classification of Revenues

The annual financial statements of the District should be presented in a manner that is consistent with the presentation used by governmental entities. In addition, the District should have procedures in place to provide that revenues are correctly classified in the accounting records and financial statements.

The District's 2009 financial statements did not present the excess of cash receipts over cash disbursements for the General Fund and Special Revenue Fund, in the amount of \$25,968 and \$21,094, respectively. In addition, the 2008 financial statements did not present the excess of cash receipts over cash disbursements for the General Fund and Special Revenue Fund, in the amount of \$47,563 and \$13,453, respectively. In 2009, miscellaneous receipts in the General Fund and Special Revenue Funds, in the amount of \$286 and \$150, respectively, were recorded in the intergovernmental receipts line item. In 2008, miscellaneous receipts in the General and Special Revenue Funds, in the amount of \$2,069 and \$325, respectively, were recorded in the intergovernmental receipts line item. In 2009 and 2008, the District's General Fund had revenue classification errors of \$6,962 and \$6,810, respectively, from improperly classifying homestead and rollback receipts. The accompanying financial statements have been adjusted to reflect the excess of cash receipts over cash disbursements and to correctly present the financial receipts.

The failure to prepare financial statements that are consistent with the presentation used by governmental entities and to correctly record revenues in the accounting records and financial statements not only inhibits the user's ability to fully understand the results of operations, it also inhibits the District's Board and management's ability to make sound financial decisions, may impact the District's ability to comply with budgetary laws, and can result in the material misstatement of the financial statements.

The District should utilize governmental accounting resources such as those provided on the Auditor of State website when preparing annual financial statements and recording revenues. The District's Clerk and Board should also perform a periodic review of the financial records to help identify revenue recording errors.

FINDING NUMBER 2009-002

Significant Deficiency

Maintaining Documentation on the Establishment of the District

To provide support for the organizational structure of an entity and to help prevent potential legal issues in the event someone would question the authority of the governing body, a copy of the document(s) that established a governmental entity should be on file with the entity. The District did not have a copy of the legal document that established its existence.

The failure to maintain documentation on the establishment of the District could impact the District's ability to obtain local, State, or Federal funding that is material to the financial statements; may result in the misstatement of the reporting entity in the notes to the financial statements; or may result in potential legal costs that are significant to the financial statements in the event someone questions the authority of the District's Board. In addition, since Statement of Auditing Standards (SAS) 115 requires an auditor to communicate to those charged with governance, the lack of documentation on the establishment of the District potentially inhibits the auditor's ability to comply with this requirement.

The District should consult with the political subdivisions that appoint members to the Board to obtain a copy of the document(s) that established the District. This document(s) should then be maintained by the District for future reference.

OFFICIALS' RESPONSE:

We did not receive a response from Officials to the findings reported above.

TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
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; <i>Explain</i>
2007-001	Maintaining Documentation on the Establishment of the District	No	Repeated as Finding 2009-002
2007-002	Format of Annual Financial Statements	Partially Corrected	Repeated as Finding 2009-001



Mary Taylor, CPA
Auditor of State

TRI-VALLEY FIRE DISTRICT

LOGAN 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
APRIL 13, 2010**