



Mary Taylor, CPA
Auditor of State

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

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Mary Taylor, CPA
Auditor of State

Tri Township Joint Fire District
Delaware County
495 Sunbury Road
Delaware, Ohio 43015

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 District 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 29, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Tri Township Joint Fire District
Delaware County
495 Sunbury Road
Delaware, Ohio 43015

To the Board of Trustees:

We have audited the accompanying financial statements of Tri Township Joint Fire District, Delaware 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 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. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 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 & 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 fund cash balances and reserves for encumbrances of Tri Township Joint Fire District, Delaware County, Ohio, as of December 31, 2009 and 2008, and its 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 April 29, 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.



Mary Taylor, CPA
Auditor of State

April 29, 2010

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Project</u>	
Cash Receipts:			
Property and Other Local Taxes	\$672,569	\$124,210	\$796,779
Intergovernmental	138,316	26,814	165,130
Earnings on Investments	1,771	0	1,771
Total Cash Receipts	<u>812,656</u>	<u>151,024</u>	<u>963,680</u>
Current Disbursements:			
Public Safety	819,419	1,405	820,824
Capital Outlay	647,527	125,361	772,888
Debt Service:			
Redemption of Principal	13,802	0	
Interest and Other Fiscal Charges	10,705	0	10,705
Total Cash Disbursements	<u>1,491,453</u>	<u>126,766</u>	<u>1,604,417</u>
Total Receipts Over/(Under) Disbursements	<u>(678,797)</u>	<u>24,258</u>	<u>(654,539)</u>
Other Financing Receipts:			
Loan Proceeds	647,527	0	647,527
Total Other Financing Receipts	<u>647,527</u>	<u>0</u>	<u>647,527</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(31,270)</u>	<u>24,258</u>	<u>(7,012)</u>
Fund Cash Balances, January 1	<u>445,103</u>	<u>254,690</u>	<u>699,793</u>
Fund Cash Balances, December 31	<u>\$413,833</u>	<u>\$278,948</u>	<u>\$692,781</u>
Reserve for Encumbrances, December 31	<u>\$124,990</u>	<u>\$0</u>	<u>\$124,990</u>

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

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Capital Project</u>	
Cash Receipts:			
Property and Other Local Taxes	\$679,565	\$122,089	\$801,654
Intergovernmental	129,673	24,403	154,076
Earnings on Investments	5,574	0	5,574
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	814,812	146,492	961,304
	<hr/>	<hr/>	<hr/>
Current Disbursements:			
General Government	33,667	0	33,667
Public Safety	603,655	1,529	605,184
Capital Outlay	0	499,675	499,675
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	637,322	501,204	1,138,526
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	177,490	(354,712)	(177,222)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	267,613	609,402	877,015
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$445,103</u>	<u>\$254,690</u>	<u>\$699,793</u>

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

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE 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 Township Joint Fire District, Delaware County, Ohio, (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 Brown Township, Delaware Township, and Troy Township. 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.

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

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 held no investments at December 31, 2009, and 2008.

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.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

2. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The District had the following significant capital project fund:

Fire Equipment Fund - This fund receives tax and intergovernmental receipts to be used for the purchase and maintenance of fire-fighting equipment.

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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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 carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

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

2. Equity in Pooled Deposits

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

	2009	2008
Demand deposits	\$492,781	\$499,793
Certificates of deposit	\$200,000	\$200,000
Total deposits	692,781	699,793

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

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	\$1,403,623	\$1,460,183	\$56,560
Capital Project	2,529	151,024	148,495
Total	\$1,406,152	\$1,611,207	\$205,055

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,688,827	\$1,616,443	\$72,384
Capital Project	502,000	126,766	375,234
Total	\$2,190,827	\$1,743,209	\$447,618

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$756,781	\$814,812	\$58,031
Capital Project	134,253	146,492	12,239
Total	\$891,034	\$961,304	\$70,270

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

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

3. Budgetary Activity (continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,196,600	\$637,322	\$559,278
Capital Project	702,000	501,204	200,796
Total	\$1,898,600	\$1,138,526	\$760,074

Contrary to Ohio law, appropriations exceeded estimated resources in the Capital Projects Fund by \$358,760 in 2009 and in the General Fund by \$172,206 in 2008.

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 February 10. The second half payment is due the following July 10.

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. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Loan	633,725	5.50%

The District is constructing a new Fire and EMS Facility. The District's taxing authority collateralized the loan. As security for the loan, the District has agreed to grant Fahey Bank Company a first mortgage with assignment of rents and leases on the real estate located on 5.005 acre tract of land situated on Coover Road, Troy Township.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

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

5. Debt (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>Note</u>
2010	67,004
2011	67,004
2012	67,004
2013	67,004
2014-2017	691,884
Total	<u><u>\$959,900</u></u>

6. Retirement Systems

The District's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. 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.

7. Risk Management

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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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 Township Joint Fire District
Delaware County
495 Sunbury Road
Delaware, Ohio 43015

To the District Board of Trustees:

We have audited the financial statements of Tri-Township Joint Fire District, Delaware County, Ohio, (the District) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 29, 2010 wherein we noted the District prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the District uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the District. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2009-003 through 2009-006 described in the accompanying schedule of findings to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-004 and 2009-006.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated April 29, 2010

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



Mary Taylor, CPA
Auditor of State

April 29, 2010

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE 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 Noncompliance

Ohio Revised Code § 5705.36 requires that on or about the first day of each fiscal year, the Fiscal Officer of subdivisions and other taxing units certify to the County Auditor the total amount from all sources which is available for expenditure from each fund in the tax budget along with any balances that existed at the end of the preceding year.

Also, **Ohio Revised Code § 5705.39** states that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. When the appropriation does not exceed such official estimate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure. Appropriations shall be made from each fund only for the purposes for which such fund is established.

In 2009, in the Capital Project fund, appropriations exceeded estimated resources in the amount of \$358,760. In 2008 appropriations exceeded estimates resources in the General Fund \$172,206. The District also did not certify balances at the end of each year for the next fiscal year.

We recommend the District should file its Certificate of the Total Amount from All Sources Available for Expenditure with the County Auditor as outlined in the Ohio Revised Code.

FINDING NUMBER 2009-002

Material Noncompliance

Ohio Revised Code § 4115.05 states in part that the prevailing rate of wages to be paid for a legal day's work, as prescribed in **Ohio Revised Code § 4115.04**, to laborers, workers, or mechanics upon public works shall not be less at any time during the life of a contract for the public work than the prevailing rate of wages then payable in the same trade or occupation in the locality where such public work is being performed, under collective bargaining agreements or understandings, between employers and bona fide organizations of labor in force at the date the contract for the public work, relating to the trade or occupation, was made, and collective bargaining agreements or understandings successor thereto. In addition, every contract for a public work shall contain a provision that each laborer, worker, or mechanic, employed by such contractor, subcontractor, or other person about or upon such public work, shall be paid the prevailing rate of wages provided in this section.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-002 (Continued)

Material Noncompliance (Continued)

In 2009 the District entered into the contacts listed below for the construction of a new fire and EMS facility. These contracts did not include provisions for the payment of prevailing wages and the District did not obtain evidence of prevailing wages being paid by the contractors.

- Robertson Construction Services, Inc - \$584,860
- Applied Electric LLC - \$122,665
- Scioto Mechanical Services, Inc - \$93,000
- Command Heating Inc - \$74,940

The District should ensure that all contracts for the construction of public works properly include prevailing wage provisions and that the contracts follow those provisions during the completion of the public works project.

FINDING NUMBER 2009-003

Material Noncompliance / Material Weakness

Ohio Revised Code § 5705.10(C) states that all revenue that is derived from a special levy is to be credited to a special fund for the purpose for which the levy is made. Additionally, section (D) states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

During fiscal year 2009 and 2008, the District did not post any homestead and rollback receipts to the Capital Projects fund in accordance to millage levied for each fund. This resulted in findings for adjustment of \$15,297 and \$15,182 respectively from the general fund to the capital projects fund.

The Fiscal Officer should be diligent in assuring funds are properly posted to the correct fund in accordance with the Township's Uniform Accounting Network (UAN) coding system and the Ohio Revised Code.

The Township's Fiscal Officer made the adjustments to the Township's records and the adjustments are reflected in the accompanying financial statements.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-004

Material Noncompliance / Material Weakness

Ohio Revised Code § 5705.04 states taxing authority of each subdivision shall divide taxes levied into various separate levies.

Ohio Revised Code § 5705.05 states that the purpose and intent of the general levy for current expenses is to provide one general operating fund derived from taxation from which any expenditures for current expenses of any kind may be made. The taxing authority of a political subdivision may include in such levy the amounts required for carrying into effect any of the general or special powers granted by law to such subdivision, including the acquisition or construction of permanent improvements and the payment of judgments, but excluding the payment of debt charges.

Although the District reported the construction for the facility to the County Auditor when it was issued, The District made payments in 2009 from the general fund where general tax levy monies were commingled with other general fund monies.

The District should request that the County Auditor's office allocate the general levy monies to cover future general obligations interest and principal payments and the Township should separately identify those monies from the general levy revenues for current expenses.

FINDING NUMBER 2009-005

Material Weakness

In addition to the adjustments noted in Finding 2009-003, the following errors were noted involving the District's financial statement presentation:

Posting Errors	Opinion Unit	Amount
Overstated/Understated beginning fund balance adjustment as the prior year fund balance adjustments were not made on the accounting system to the General Fund and Capital Project Fund, respectively	General Fund; Capital Projects Fund	\$27,808
Rollback revenue was included as Intergovernmental Revenue instead of Tax Revenue for 2009.	General Fund	\$86,682
Rollback revenue was included as Intergovernmental Revenue instead of Tax Revenue for 2008.	General Fund	\$42,899
Construction loan proceeds not posted to the financial statements for 2009 and construction costs were not reported on the financial statements as capital outlay expenditures.	General Fund	\$647,527
Record certificates of deposit to cash portfolio for General Fund, reduced overstated expenditures	General Fund	\$100,000
Record certificates of deposit to cash portfolio for Capital Projects Fund, reduced overstated expenditures	Capital Project Fund	\$100,000
Improper presentation of debt service interest expenditures	General Fund	\$10,705

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-005 – (Continued)

Material Weakness (Continued)

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the District's financial statements.

Not presenting financial information accurately resulted in the financial statements requiring the above audit adjustments and reclassification entries, including additional time and effort to identify variances and discrepancies.

We recommend the Fiscal Officer take steps to ensure the accurate presentation of the financial statements. Financial transactions should be posted in accordance with procedures established by Uniform Account Network (UAN). If necessary, those assigned to identify and summarize UAN financial information should receive training related to UAN reporting. By exercising accuracy in recording financial activity, the District can reduce posting errors and increase the reliability of the financial data throughout the year and at year-end.

The District's financial statements and accounting records have been adjusted to accurately reflect the above adjustments and proper line-item classifications.

FINDING NUMBER 2009-006

Material Noncompliance / Material Weakness

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-006 (Continued)

Material Noncompliance / Material Weakness (Continued)

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Eight percent of the transactions tested were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the District followed the aforementioned exceptions. The District did not encumber all obligations with regards to the new building construction in 2009 and as result at December 31, 2009 an adjustment to report \$124,990 in reserved for encumbrances was made to the financial statements. Failure to properly certify the availability of funds and properly encumber expenditures can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, “then and now” certification should be used.

We recommend the District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

The District’s financial statements and accounting records have been adjusted to accurately reflect the above adjustments and proper line-item classifications.

No Official Responses were received for the findings denoted above.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE 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	Monthly Bank Reconciliations	No	Reissued in Management Letter
2007-002	Financial Reporting	No	Reissued as Finding 2009-005
2007-003	Ohio Revised Code § 5705.41(B)--Expenditures Exceeding Appropriations	Yes	
2007-004	Ohio Revised Code § 5705.41(D)--Certification of Funds	No	Reissued as Finding 2009-006



Mary Taylor, CPA
Auditor of State

TRI TOWNSHIP JOINT FIRE DISTRICT

DELAWARE 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
SEPTEMBER 23, 2010**