



**Auditor of State
Betty Montgomery**

TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY

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**Auditor of State
Betty Montgomery**

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 a February 2, 2005 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 opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

April 19, 2006

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Auditor of State Betty Montgomery

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 Tri-Valley Fire District, Logan County, (the "District") as of and for the years ended December 31, 2005 and 2004. 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.

Revisions to GAAP would require the District to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 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 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, 2005 and 2004 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, 2005 and 2004, or its changes in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the District, as of December 31, 2005 and 2004, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 19, 2006, 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.



Betty Montgomery
Auditor of State

April 19, 2006

**TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
Cash Receipts:				
Property Tax	\$74,199			\$74,199
Intergovernmental	9,844	9,000		18,844
County Grant		5,984		5,984
Tanker Truck Grant			52,500	52,500
Ambulance Runs		23,642		23,642
Interest	4,968	3,371		8,339
Miscellaneous	1,335	7,619		8,954
	<u>90,346</u>	<u>49,616</u>	<u>52,500</u>	<u>192,462</u>
Total Cash Receipts				
	<u>90,346</u>	<u>49,616</u>	<u>52,500</u>	<u>192,462</u>
Cash Disbursements:				
Current:				
Salaries	3,360			3,360
Employment Retirement	298			298
Workers Compensation	2,320			2,320
Assessments and Contributions	150			150
Building and Equipment	530	840		1,370
Utilities	11,000			11,000
Tools and Equipment	6,039	110,278		116,317
Supply	8,319	8,880		17,199
Repair	4,944	370		5,314
Insurance	5,198	7,560		12,758
Other	1,015	3,918		4,933
Tanker Truck	42,562		112,500	155,062
	<u>85,735</u>	<u>131,846</u>	<u>112,500</u>	<u>330,081</u>
Total Cash Disbursements				
	<u>85,735</u>	<u>131,846</u>	<u>112,500</u>	<u>330,081</u>
Total Receipts Over (Under) Disbursements	4,611	(82,230)	(60,000)	(137,619)
Fund Cash Balances, January 1	<u>165,301</u>	<u>154,271</u>	<u>60,000</u>	<u>379,572</u>
Fund Cash Balances, December 31	<u><u>\$169,912</u></u>	<u><u>\$72,041</u></u>	<u><u>\$0</u></u>	<u><u>\$241,953</u></u>

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

**TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	
Cash Receipts:				
Property Tax	\$70,154			\$70,154
Intergovernmental	8,748	2,124		10,872
County Grant		5,984		5,984
Tanker Truck Grant			60,000	60,000
Ambulance Runs		37,533		37,533
Interest	1,403	1,143		2,546
Miscellaneous	3,003	1,944		4,947
Total Cash Receipts	<u>83,308</u>	<u>48,728</u>	<u>60,000</u>	<u>192,036</u>
Cash Disbursements:				
Current:				
Salaries	3,372			3,372
Employment Retirement	723			723
Workers Compensation	2,672			2,672
Assessments and Contributions	180			180
Building and Equipment	147			147
Utilities	9,646			9,646
Tools and Equipment	4,922	5,121		10,043
Supply	5,733	6,113		11,846
Repair	4,992	3,914		8,906
Insurance	12,714			12,714
Other	3,303	195		3,498
Total Cash Disbursements	<u>48,404</u>	<u>15,343</u>		<u>63,747</u>
Total Receipts Over Disbursements	34,904	33,385	60,000	128,289
Fund Cash Balances, January 1	<u>130,397</u>	<u>120,886</u>		<u>251,283</u>
Fund Cash Balances, December 31	<u><u>\$165,301</u></u>	<u><u>\$154,271</u></u>	<u><u>\$60,000</u></u>	<u><u>\$379,572</u></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, 2005 AND 2004**

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. One board member is appointed by each political subdivision within the District. Those subdivisions are Jefferson Township, the 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. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

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

These funds 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 Special Revenue Fund:

Ambulance Fund - This fund receives reimbursement payments for ambulance service from individuals and insurance companies. The fund is used to maintain, repair, and purchase ambulance equipment.

**TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Fund

These funds account for receipts restricted to acquiring or constructing major capital projects. The District had the following Capital Projects Fund:

Tanker Truck Grant – This fund is used to account for a grant from the US Fire Administration which was used to help purchase a new tanker truck.

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 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 CASH

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

	<u>2005</u>	<u>2004</u>
Demand deposits	<u>\$241,953</u>	<u>\$379,572</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, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$87,500	\$90,346	\$2,846
Special Revenue	30,000	49,616	19,616
Capital Project	52,500	52,500	
Total	\$170,000	\$192,462	\$22,462

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$118,800	\$85,735	\$33,065
Special Revenue	157,000	131,846	25,154
Capital Project	112,500	112,500	
Total	\$388,300	\$330,081	\$58,219

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$20,000	\$83,308	\$63,308
Special Revenue	20,000	48,728	28,728
Capital Project	60,000	60,000	
Total	\$100,000	\$192,036	\$92,036

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,100	\$48,404	\$19,696
Special Revenue	62,000	15,343	46,657
Total	\$130,100	\$63,747	\$66,353

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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 District.

**TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

5. RETIREMENT SYSTEMS

The District's officials and employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. 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 2005 and 2004, members of OPERS contributed 8.5 percent of their gross salaries. The District contributed an amount equaling 13.55 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2005.

6. RISK MANAGEMENT

The District has obtained commercial insurance for the following risks:

- Commercial Automobile Policy
- Commercial General Liability Coverage
- Commercial Property Coverage
- Commercial Crime Coverage
- Portable Equipment Coverage
- Management Liability Policy



**Auditor of State
Betty Montgomery**

**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, 2005 and 2004, and have issued our report thereon dated April 19, 2006, wherein we noted the District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated April 19, 2006, we reported a matter involving internal control over financial reporting we did not deem a reportable condition

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the District's management dated April 19, 2006, we reported another matter related to noncompliance we deemed immaterial.

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Tri-Valley Fire District
Logan County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

April 19, 2006

**TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Rev. Code Section 5705.09 requires 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 is to be paid into a special fund for such purpose. The District failed to establish a separate capitals projects fund to account for the grant from the U.S. Fire Administration which was used to help purchase a new tanker truck. The financial statements in this report have been adjusted to correctly account for the receipt and expenditure of this grant.

The District should implement controls to help assure the proper accountability of restricted revenues.



**Auditor of State
Betty Montgomery**

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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
MAY 23, 2006**