



**Auditor of State
Betty Montgomery**

**TRI COUNTY JOINT FIRE DISTRICT
MADISON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances for the Years Ended December 31, 2002 and December 31, 2001	3
Notes to the Financial Statements	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9

THIS PAGE INTENTIONALLY LEFT BLANK



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Tri County Joint Fire District
Madison County
P. O. Box 325
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Tri County Joint Fire District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2002, and December 31, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash fund balances of the District as of December 31, 2002, and December 31, 2001, and its cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

May 30, 2003

**TRI-COUNTY JOINT FIRE DISTRICT
MADISON COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001**

	2002	2001
Cash Receipts:		
Intergovernmental	\$1,622	\$1,385
Charges for Services	264,214	236,000
Earnings on Investments	5,063	4,873
Miscellaneous	3,242	11,793
Total Cash Receipts	274,141	254,051
Cash Disbursements:		
Current:		
Salaries and Benefits	88,402	43,135
New Buildings, Tools and Equipment	19,497	34,948
Utilities	5,930	7,266
Supplies	131	245
Repairs	21,558	24,918
Insurance	19,841	12,334
Other expenditures	49,854	26,144
Debt Service:		
Principal and Interest payments	0	66,886
Total Disbursements	205,213	215,876
Total Receipts Over Disbursements	68,928	38,175
Fund Cash Balances, January 1	204,577	166,402
Fund Cash Balances, December 31	\$273,505	\$204,577

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

THIS PAGE INTENTIONALLY LEFT BLANK

**TRI COUNTY JOINT FIRE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Tri County Joint Fire District, Madison County, Ohio, (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 the Village of Mount Sterling and Pleasant Township, Madison County; Darby Township and Monroe Township, Pickaway County; and Madison Township, Fayette County. These entities also provide funding to meet the District's operating costs under the agreement which established the District. 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The District invests in certificates of deposit that are valued at cost.

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.

D. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

E. Accumulated Leave

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

**TRI COUNTY JOINT FIRE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	\$173,505	\$204,577
Certificates of deposit	100,000	0
Total deposits	\$273,505	\$204,577

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

3. PROPERTY TAX

The District receives property tax money based on the contract with each member of the District. Each member passes a levy within its jurisdiction and its County collects the property taxes and remits the collections to the member through periodic settlements. Each member then pays the District according to the contract between the District and the member.

4. RETIREMENT SYSTEMS

The District's full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). The Clerk belongs to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 members of OP&F contributed 10% of their wages to the OP&F. The District contributed an amount equal to 24% of their wages. The PERS member employee contributed 8.5% of her gross salary. The District contributed an amount equal to 13.55% of the member participant's gross salary through December 31, 2001 and December 31, 2002. The District has paid all contributions required through December 31, 2002.

For 2002 and 2001, the District's part-time employees contributed 6.2% of their gross salaries to Social Security. The District contributed an amount equal to 6.2% of the part-time employees gross salaries through December 31, 2002.

5. RISK MANAGEMENT

The Tri County Joint Fire District has obtained commercial insurance for the following risks:

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

The District also provides health insurance coverage to the full-time employees through private carriers.

**TRI COUNTY JOINT FIRE DISTRICT
MADISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

6. RELATED PARTY TRANSACTIONS

The District's Fire Chief is also the Treasurer of the Tri County Fire Fighters Association, Inc. He manages three outside accounts consisting of a savings account, general checking account and a fire run account. The fire run account consists of receipts for volunteer fire pay. The District remits revenue to this account and records this as salary expenditures. The Association pays the volunteers for the fire runs which were participated in during the year. The other accounts consist of revenues from various fund raisers held by the Fire Fighters employed by the District.

7. SUBSEQUENT EVENTS

In November 2002, three participating members of the Fire District placed a 2.5 mil tax levy on the ballot to generate revenue for the District. As of January 1, 2003, the Tri County Joint Fire District became a taxing district as a result of the passage of this levy. Pleasant Township and the Village of Mt. Sterling in Madison County and Darby Township in Pickaway County are the three participating members affected by the tax levy.

THIS PAGE INTENTIONALLY LEFT BLANK



Auditor of State Betty Montgomery

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

Tri County Joint Fire District
Madison County
P.O. Box 325
Mt. Sterling, Ohio 43143

To the Board of Trustees:

We have audited the accompanying financial statements of Tri County Joint Fire District, Madison County, Ohio, (the District) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated May 30, 2003. 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.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated May 30, 2003.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Tri County Joint Fire District
Madison County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by 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

May 30, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

TRI COUNTY JOINT FIRE DISTRICT

MADISON 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 11, 2003**