



Mary Taylor, CPA
Auditor of State

TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY

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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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 1, 2008

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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, 2007 and 2006. 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 requires 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 governments 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, 2007 and 2006 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, 2007 and 2006, 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 Tri-Valley Fire District, Logan County, as of December 31, 2007 and 2006, 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 May 1, 2008, 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

May 1, 2008

**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, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$99,302		\$99,302
Intergovernmental	12,438		12,438
County Grant		\$5,984	5,984
Ambulance Runs		27,468	27,468
Interest	11,984		11,984
Miscellaneous	320	208	528
Total Cash Receipts	<u>124,044</u>	<u>33,660</u>	<u>157,704</u>
Cash Disbursements:			
Current Disbursements:			
Salaries	14,701		14,701
Employee Retirement	627		627
Workers Compensation	838		838
Assessments and Contributions	300		300
Building and Equipment	3,546		3,546
Utilities	10,109		10,109
Tools and Equipment	27,521	190	27,711
Supplies	8,172	14,015	22,187
Repairs	6,552	1,373	7,925
Insurance	13,745		13,745
Other	1,180	1,153	2,333
Total Cash Disbursements	<u>87,291</u>	<u>16,731</u>	<u>104,022</u>
Total Receipts Over Disbursements	36,753	16,929	53,682
Fund Cash Balances, January 1	<u>181,626</u>	<u>95,286</u>	<u>276,912</u>
Fund Cash Balances, December 31	<u><u>\$218,379</u></u>	<u><u>\$112,215</u></u>	<u><u>\$330,594</u></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, 2006**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$73,088		\$73,088
Intergovernmental	9,500	\$2,500	12,000
County Grant		5,984	5,984
Ambulance Runs		31,091	31,091
Interest	10,413		10,413
Miscellaneous	235	1,327	1,562
Total Cash Receipts	<u>93,236</u>	<u>40,902</u>	<u>134,138</u>
Cash Disbursements:			
Current Disbursements:			
Salaries	5,508		5,508
Employee Retirement	1,472		1,472
Workers Compensation	832		832
Assessments and Contributions	75		75
Building and Equipment	3,630		3,630
Utilities	9,322		9,322
Tools and Equipment	27,503	4,189	31,692
Supplies	9,797	16,448	26,245
Repairs	5,258	1,064	6,322
Insurance	11,138		11,138
Other	6,987	4,956	11,943
Total Cash Disbursements	<u>81,522</u>	<u>26,657</u>	<u>108,179</u>
Total Receipts Over Disbursements	<u>11,714</u>	<u>14,245</u>	<u>25,959</u>
Other Financing Receipts:			
Sale of Fixed Assets		9,000	9,000
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	11,714	23,245	34,959
Fund Cash Balances, January 1	<u>169,912</u>	<u>72,041</u>	<u>241,953</u>
Fund Cash Balances, December 31	<u><u>\$181,626</u></u>	<u><u>\$95,286</u></u>	<u><u>\$276,912</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, 2007 AND 2006**

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. 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. Cash 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, 2007 AND 2006
(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 reappropriated in the subsequent year

A summary of 2007 and 2006 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>2007</u>	<u>2006</u>
Demand deposits	<u>\$330,594</u>	<u>\$276,912</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, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,000	\$124,044	\$34,044
Special Revenue	30,000	33,660	3,660
Total	\$120,000	\$157,704	\$37,704

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$151,000	\$87,291	\$63,709
Special Revenue	53,000	16,731	36,269
Total	\$204,000	\$104,022	\$99,978

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$99,000	\$93,236	(\$5,764)
Special Revenue	30,984	49,902	18,918
Total	\$129,984	\$143,138	\$13,154

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$137,800	\$81,522	\$56,278
Special Revenue	48,000	26,657	21,343
Total	\$185,800	\$108,179	\$77,621

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 Township.

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, 2007 AND 2006
(Continued)**

5. RETIREMENT SYSTEMS

The District's officials and employee belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a 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 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the District contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The District has paid all contributions required through December 31, 2007.

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:

- Commercial Automobile Policy
- Commercial General Liability Coverage
- Commercial Property Coverage
- Commercial Crime Coverage
- Portable Equipment Coverage
- 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, 2007 and 2006, and have issued our report thereon dated May 1, 2008, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe the significant deficiency described as finding number 2007-002 is also a material weakness.

We also noted a certain matter that we reported to the District's management in a separate letter dated May 1, 2008.

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 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.



Mary Taylor, CPA
Auditor of State

May 1, 2008

**TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDING DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

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 on Auditing Standards (SAS) 112 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.

FINDING NUMBER 2007-002

Material Weakness

Format of Annual Financial Statements

The annual financial statements of the District should be presented in a manner that is consistent with the presentation used by governmental entities. The District prepared annual financial statements, however, the financial statements did not include the beginning 2006 fund balances for the General and Special Revenue Funds, in the amount of \$169,912 and \$72,041, respectively; and the beginning 2007 General and Special Revenue Funds, in the amount of \$181,626 and \$95,286, respectively. The 2006 financial statements did not present the excess of cash receipts over disbursements for the General Fund in the amount of \$11,714 or the excess of cash receipts and other financing receipts over cash disbursements in the amount of \$23,245 for the Special Revenue Fund. In addition, the 2007 financial statements did not present the excess of cash receipts over expenditures for the General Fund and Special Revenue Fund, in the amount of \$36,753 and \$16,929, respectively. In 2006, miscellaneous receipts in the General and Special Revenue Funds, in the amount of \$235 and \$1,327, respectively, were recorded in the intergovernmental receipts line item.

FINDING NUMBER 2007-002
(Continued)

In 2007, miscellaneous receipts in the General and Special Revenue Funds, in the amount of \$320 and \$208, respectively, were recorded in the intergovernmental receipts line item. During 2006 the sale of an asset in the amount of \$9,000 was recorded as miscellaneous revenue instead of sale of assets in the Special Revenue Fund. The accompanying financial statements have been adjusted to properly reflect the financial activity and balances of the District.

The failure to prepare financial statements that are consistent with the presentation used by governmental entities not only inhibits the user's ability to fully understand the results of operations but may also result in a material reporting errors.

The District should utilize governmental accounting resources such as those provided on the Auditor of State website when preparing annual financial statements.

OFFICIALS' RESPONSE:

The Fire District chose not to respond to the findings disclosed above.

TRI-VALLEY FIRE DISTRICT
LOGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Rev. Code Section 5705.09, the District failed to establish a separate fund to account for a grant.	Yes	



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
JUNE 12, 2008**