



Dave Yost • Auditor of State

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2011	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fund Types - For the Year Ended December 31, 2010	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15
Schedule of Prior Audit Findings	19

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Dave Yost • 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.

A handwritten signature in black ink that reads "Robert R. Hinkle".

Robert Hinkle, CPA, CGFM
Chief Deputy Auditor

September 26, 2012

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Dave Yost • 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 the Tri Township Joint Fire District, Delaware County, Ohio, (the District) as of and for the years ended December 31, 2011 and 2010. 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(A) mandates 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 of the Tri Township Joint Fire District, Delaware County, Ohio, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2012, 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.



Robert Hinkle, CPA, CGFM
Chief Deputy Auditor

September 26, 2012

**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, 2011**

	Governmental Fund Types		Totals
	General	Capital Projects	(Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$ 679,865	\$ 121,485	\$ 801,350
Intergovernmental	114,788	22,115	136,903
Earnings on Investments	1,190	-	1,190
Miscellaneous	984	6,800	7,784
Total Cash Receipts	796,827	150,400	947,227
Cash Disbursements:			
Current:			
General Government	5,934	-	5,934
Public Safety	821,535	-	821,535
Capital Outlay	-	173,812	173,812
Debt Service:			
Principal Retirement	37,247	-	37,247
Interest and Fiscal Charges	29,757	-	29,757
Total Cash Disbursements	894,473	173,812	1,068,285
Total Receipts (Under) Disbursements	(97,646)	(23,412)	(121,058)
Fund Cash Balance, January 1	131,186	364,853	496,039
Fund Cash Balance, December 31			
Restricted	-	341,441	341,441
Unassigned	33,540	-	33,540
Fund Cash Balance, December 31	\$ 33,540	\$ 341,441	\$ 374,981

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, 2010**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$ 659,089	\$ 117,796	\$ 776,885
Intergovernmental	139,210	28,100	167,310
Earnings on Investments	2,054	-	2,054
Miscellaneous	4,906	209	5,115
	<u>805,259</u>	<u>146,105</u>	<u>951,364</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	1,909	-	1,909
Public Safety	894,003	-	894,003
Capital Outlay	124,990	62,661	187,651
Debt Service:			
Redemption of Principal	38,215	-	38,215
Interest and Other Fiscal Charges	28,789	-	28,789
	<u>1,087,906</u>	<u>62,661</u>	<u>1,150,567</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(282,647)</u>	<u>83,444</u>	<u>(199,203)</u>
Other Financing Receipts:			
Sale of Fixed Assets	<u>-</u>	<u>2,461</u>	<u>2,461</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(282,647)	85,905	(196,742)
Fund Cash Balance, January 1	<u>413,833</u>	<u>278,948</u>	<u>692,781</u>
Fund Cash Balance, December 31	<u>\$ 131,186</u>	<u>\$ 364,853</u>	<u>\$ 496,039</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, 2011 AND 2010**

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, (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 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.

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. 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.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(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 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 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011 fund balance is divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Trustees or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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.

2. Equity in Pooled Deposits

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

	<u>2011</u>	<u>2010</u>
Demand deposits	\$274,981	\$296,039
Certificates of deposit	100,000	200,000
Total Deposits	<u>\$374,981</u>	<u>\$496,039</u>

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

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending [End of Years Audited] follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$866,511	\$796,827	(\$69,684)
Capital Projects	142,977	150,400	7,423
Total	\$1,009,488	\$947,227	(\$62,261)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	894,473	(\$894,473)
Capital Projects	0	173,812	(173,812)
Total	\$0	\$1,068,285	(\$1,068,285)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$773,444	\$805,259	\$31,815
Capital Projects	136,585	146,105	9,520
Total	\$910,029	\$951,364	\$41,335

2010 Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$1,087,906	(\$1,087,906)
Capital Projects	0	62,661	(62,661)
Total	\$0	\$1,150,567	(\$1,150,567)

Contrary to Ohio law, the Fire District Board of Trustees did not approve permanent appropriations and the appropriations were not filed with the County for 2010 and 2011.

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 February 10. 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.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Property Tax (Continued)

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.

5. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Loan	\$563,168	5.50%

The District constructed 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.

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

Year ending December 31:	Note
2012	\$67,004
2013	67,004
2014	67,004
2015	67,004
2016	67,004
2017-2021	335,020
2022-2023	71,310
Total	\$741,350

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 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2011 and 2010, 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, 2011.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Retirement Systems (Continued)

All employees not otherwise covered by OP & F and OPERS have an option to choose Social Security. As of December 31, 2011, the majority of part-time employees of the District have elected Social Security. For 2011 and 2010, the social security members contributed 4.2% and 6.2%, respectively, of their gross salaries and the District's liability was 6.2% of participant's gross salaries for both 2011 and 2010. The District has paid all contributions required through December 31, 2011.

7. Risk Management

Commercial Insurance

The District is uninsured for the following risks:

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



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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 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, 2011 and 2010, and have issued our report thereon dated September 26, 2012 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. In addition, we noted the District adopted Governmental Accounting Boards Statement No.54. We also noted 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(A) mandates 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 2011-03 through 2011-05 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 2011-01 through 2011-03.

We also noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated September 26, 2012.

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



Robert R. Hinkle, CPA, CGFM
Chief Deputy Auditor

September 26, 2012

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-01

Noncompliance

Ohio Revised Code § 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Ohio Revised Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Ohio Revised Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

During 2011 and 2010 the Fire District Board of Trustees did not approve permanent appropriations and the appropriations were not filed with the County. The expenditures incurred in 2010 and 2011 for the General Fund and the Capital Projects Fund exceeded appropriations for each year.

In addition, the Fire District did not receive a certificate that total appropriations for each fund do not exceed the total official estimate of resources.

Failure to approve appropriations and file them with the County Auditor can lead to the District overspending resources available.

We recommend that the Board of Trustees review and approve annual appropriations at the beginning of each year and ensure the appropriations are filed with the County Auditor. In addition appropriations and the estimated receipts for the year should be accurately included in the Uniform Accounting Network system (UAN) and monthly budget versus actual reports from the UAN system should be provided the Board of Trustees each month for their review and approval. The monthly monitoring of the monthly budget vs. actual reports should include ensuring that actual financial activity is within the budget set. As needed amendments to the estimated receipts and appropriations throughout the year should be approved and filed with the County Auditor.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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FINDING NUMBER 2011-02

Noncompliance

Ohio Revised Code § 5705.04 requires the taxing authority of each subdivision to divide the taxes levied into various separate levies including the general levy for debt charges within the ten-mill limitation.

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 fire station to the County Auditor when the construction loan was issued, the District made general obligation interest and principal payments in 2011 and 2010 from the General Fund where general tax levy monies were commingled with other General Fund monies and the District did not separately identify those monies for current expenses.

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 District should separately identify those monies from the general levy revenues for current expenses.

FINDING NUMBER 2011-03

Noncompliance and 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 2011 and 2010, 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 an adjustment of \$15,528 and \$15,368 respectively from the General Fund to the Capital Projects Fund. The District's Fiscal Officer made the adjustments to the District's records and the adjustments are reflected in the accompanying financial statements.

By not posting the homestead and rollback receipts to capital projects fund for both 2011 and 2010 the District did not have accurate fund balances reported in the Uniform Accounting Network (UAN) throughout both years.

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

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-04

Material Weakness

The Fiscal Officer of the District should perform timely monthly bank to book reconciliations to ensure all receipts and expenditures have been appropriately recorded to the District's Uniform Accounting Network (UAN) system. Reconciling items, including deposits in transit, outstanding checks, or unposted interest, should be considered in the reconciliation to ensure the District's ledgers are reconciled to the bank balances.

Throughout 2011 and 2010, the District had unreconciled differences between the fund balance reported in the UAN system and the cash balance reported by the bank. At December 31, 2011, the District had an unreconciled difference of \$97,773, and at December 31, 2010, the District had an unreconciled difference of \$2,999.

Failure to reconcile District's book balance to the bank in a timely manner has resulted in incorrect financial statements and accounting ledgers requiring adjustments. The District's Fiscal Officer made the following audit adjustments to the District's records and the adjustments are reflected in the accompanying financial statements:

- An audit adjustment to reduce the fund balance in the General Fund at December 31, 2010 by \$2,487 for old outstanding checks the District deleted from the UAN system without posting a fund balance adjustment.
- An adjustment to reduce the fund balance in the General Fund by \$100,000 at December 31, 2011 for a receipt the District posted when a certificate of deposit was cashed which overstated the District's fund balance in the UAN system.

Once the above audit adjustments were posted to the UAN system the remaining unreconciled balance was \$512 at December 31, 2010 and \$260 at December 31, 2011.

Failure to accurately reconcile the District's book balance to the bank in a timely manner and to properly record accounting entries including reconciling items can result in incorrect financial statements and accounting ledgers which will prohibit the Board of Trustees from monitoring accurate financial data in a timely manner.

We recommend the District complete accurate and timely bank reconciliations. Variances between the bank account and accounting system should be identified and traced to supporting documentation. These reconciliations and accounting adjustments, if applicable, should be provided to and reviewed by the Board of Trustees on a monthly basis and acknowledged in the minutes.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-05

Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statement is complete and accurate.

In addition to the audit adjustments noted in Findings 2011-03 and 2011-04 audit reclassifications were made to the financial statements for the following:

- On the December 31, 2011 financial statements tax replacement receipts were incorrectly posted as property tax receipts rather than intergovernmental receipts in the General Fund for \$4,778 and the Capital Projects Fund for \$1,229.
- On the December 31, 2010 financial statements rollback and homestead receipts and other tax replacement receipts were incorrectly posted as property taxes rather than intergovernmental receipts in the General Fund for \$116,697 and in the Capital Projects Fund for \$3,462.
- On the December 31, 2011 financial statements the following receipts were incorrectly posted as intergovernmental receipts:
 - \$322,667 and \$57,730 of property taxes in the General Fund and the Capital Projects Fund, respectively.
 - \$159 of earnings on investments in the General Fund
 - \$984 and \$6,800 of miscellaneous receipts in the General Fund and the Capital Projects Fund, respectively
- On the December 31, 2010 financial statements the following receipts were incorrectly posted as intergovernmental receipts:
 - \$5,156 and \$935 of property taxes in the General Fund and the Capital Projects Fund, respectively
 - \$4,906 and \$209 of miscellaneous receipts in the General Fund and the Capital Projects Fund, respectively
 - \$2,461 of receipts from the sale of assets in the Capital Projects Fund
 - \$1,049 of earnings on investment in the General Fund
- On the December 31, 2010 financial statements disbursements of \$124,990 related to the construction of the fire station was incorrectly posted as a public safety disbursement rather than a capital outlay disbursement.

Failure to properly classify receipts and disbursements result in inaccurate financial reports being disseminated to the Board of Trustees, as well as financial statement readers.

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.

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

**TRI TOWNSHIP FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Revised Code § 5705.36 & 5705.39 Certificate of Estimated Resources.	Yes	N/A
2009-002	Ohio Revised Code § 4115.04 & 4115.05 Construction contracts should include prevailing wage provisions.	Yes	N/A
2009-003	Ohio Revised Code § 5705.10(C) Restricted monies posted to the correct fund.	No	Reissued as Finding #2011-03
2009-004	Ohio Revised Code § 5705.04 and 5705.05 Debt Service Fund should be established	No	Reissued as Finding #2011-02
2009-005	Fiscal Officer needs to take steps to ensure accurate presentation of financial statements.	No	Reissued as Finding #2011-05
2009-006	ORC 5705.41(D) District should certify purchases prior to obligation date.	Yes	N/A

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Dave Yost • 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
NOVEMBER 8, 2012**