



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TRI- TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Second Floor
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Tri-Township Joint Fire District (the District), as of and for the years ended December 31, 2001 and December 31, 2000. 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 fund cash balances and reserves for encumbrances of the District, as of December 31, 2001 and December 31, 2000 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 October 23, 2002 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.

Tri-Township Joint Fire District
Delaware County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of 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, appearing to read "Jim Petro", with a large, stylized loop at the end.

JIM PETRO
Auditor of State

October 23, 2002

**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, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Local Taxes	\$423,752	\$122,216	\$545,968
Intergovernmental	27,709	8,040	35,749
Earnings on Investments	14,994	0	14,994
Miscellaneous	4,397	0	4,397
	<u>470,852</u>	<u>130,256</u>	<u>601,108</u>
Total Cash Receipts			
	<u>470,852</u>	<u>130,256</u>	<u>601,108</u>
Cash Disbursements:			
Public Safety	349,536	838	350,374
Capital Outlay	0	28,796	28,796
Other	4,750	1,969	6,719
	<u>354,286</u>	<u>31,603</u>	<u>385,889</u>
Total Disbursements			
	<u>354,286</u>	<u>31,603</u>	<u>385,889</u>
Total Receipts Over/(Under) Disbursements	116,566	98,653	215,219
Fund Cash Balances, January 1	<u>73,285</u>	<u>214,435</u>	<u>287,720</u>
Fund Cash Balances, December 31	<u>\$189,851</u>	<u>\$313,088</u>	<u>\$502,939</u>
Reserves for Encumbrances, December 31	<u>\$4,736</u>	<u>\$0</u>	<u>\$4,736</u>

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

**TRI-TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Capital Projects</u>	
Cash Receipts:			
Local Taxes	\$164,234	\$46,807	\$211,041
Intergovernmental	39,570	10,866	50,436
Earnings on Investments	4,750	0	4,750
Miscellaneous	0	737	737
	<u>208,554</u>	<u>58,410</u>	<u>266,964</u>
Total Cash Receipts			
	<u>208,554</u>	<u>58,410</u>	<u>266,964</u>
Cash Disbursements:			
Public Safety	351,330	476	351,806
Capital Outlay	0	17,943	17,943
Other	2,952	835	3,787
	<u>354,282</u>	<u>19,254</u>	<u>373,536</u>
Total Disbursements			
	<u>354,282</u>	<u>19,254</u>	<u>373,536</u>
Total Receipts Over/(Under) Disbursements	(145,728)	39,156	(106,572)
Fund Cash Balances, January 1	<u>219,013</u>	<u>175,279</u>	<u>394,292</u>
Fund Cash Balances, December 31	<u>\$73,285</u>	<u>\$214,435</u>	<u>\$287,720</u>
Reserves for Encumbrances, December 31	<u>\$3,155</u>	<u>\$0</u>	<u>\$3,155</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, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Tri-Township Joint Fire District, Delaware County, (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 three-member Board of Trustees. 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. 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

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.

Certificates of deposits and Repurchase agreements are valued at cost.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The District had the following significant Capital Project Fund:

Fire Equipment Fund - This fund receives taxes 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, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The District did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. 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.

G. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 follows:

**TRI- TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2001	2000
Demand deposits	\$4,166	\$18,295
Certificates of deposit	0	45,652
Total deposits	4,166	63,947
Repurchase agreement	505,000	230,000
Total deposits and investments	\$509,166	\$293,947

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the District.

Investments: The District's financial institution transfers securities to the District's agent to collateralize repurchase agreements. The securities are not in the District's name.

The District is unreconciled by \$ 6,227 at December 31, 2001 and 2000.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

	Budgeted Receipts	Actual Receipts	Variance
General	\$324,789	\$470,852	\$146,063
Capital Project	92,259	130,256	37,997
Total	\$417,048	\$601,108	\$184,060

2001 Budgeted vs. Actual Budgetary Basis Expenditures

	Appropriation Authority	Budgetary Expenditures	Variance
General	\$442,155	\$359,022	\$83,133
Capital Project	160,000	31,603	128,397
Total	\$602,155	\$390,625	\$211,530

	Budgeted Receipts	Actual Receipts	Variance
General	\$326,989	\$208,554	(\$118,435)
Capital Project	2,259	58,410	56,151
Total	\$329,248	\$266,964	(\$62,284)

**TRI- TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$414,877	\$357,437	\$57,440
Capital Project	220,137	19,254	200,883
Total	\$635,014	\$376,691	\$258,323

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

5. RETIREMENT SYSTEMS

The District's full-time fire fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong 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 2001 and 2000, members of OP&F contributed 10% of their wages to the OP&F. The District contributed an amount equal to 24% of their wages. PERS member employees contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000. The District has paid all contributions required through December 31, 2001.

**TRI- TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

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35 North Fourth Street
Second Floor
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 419-728-7199
www.auditor.state.oh.us

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL 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 (the District), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated October 23, 2002. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-40621-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated October 23, 2002.

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. However, we noted certain matters involving the internal control of financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-40621-002 through 004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2001-40621-002 and 004 to be a material weaknesses. We also 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 October 23, 2002.

Tri Township Joint Fire District
Delaware County
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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

October 23, 2002

**TRI- TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40621-001

Certification of Funds

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the District may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

One hundred percent of the expenditures tested did not contain the required fiscal officer's certificate at the time the District entered into contracts or purchase commitments.

We recommend the fiscal officer certify purchase orders at the time of entering into a contract or ordering an expenditure of money.

FINDING NUMBER 2001-40621-002

Timely Deposit of Cash Receipts

The District did not deposit tax receipts in a timely manner during the period. Untimely depositing resulted in the loss of a tax revenue check dated June 27, 2000 in the amount of \$ 162,935.70. This check was replaced by Delaware County on April 4, 2001. In addition, other check receipts were deposited from three to nineteen days after being received by the Clerk.

Holding checks for an extended period of time increases the risk of checks being lost or misplaced and that cash will not be available for expenditure or investment. We recommend that deposits be made on a daily basis both to improve cash flow and reduce the risk of loss. Additionally we recommend that the District consider having tax checks from Delaware County directly deposited into their depository account to better safeguard assets.

**TRI- TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

FINDING NUMBER 2001-40621-003

Financial Reporting

A certificate of deposit was purchased directly by the District with an endorsed tax proceeds check in the amount of \$2,010.43 on March 27, 2000.

Purchasing certificates of deposits directly and excluding receipts from District records understates revenue and leads to unreliable financial information.

We recommend the District recognize all revenue and input receipts and disbursements into the accounting system at accurate amounts. This should ensure proper recording of all receipts and disbursements.

FINDING NUMBER 2001-40621-004

Cash Reconciliations

As of December 31, 2002, The District is not reconciled by a variance of \$ 6,227. Additionally, bank reconciliations were not performed timely for the months of June through December 2000. Neglecting to perform timely monthly bank reconciliations resulted in errors occurring and going undetected for a significant period of time. Not reconciling depository balances to the cashbook could result in the misappropriation of assets without detection by management and inaccurate year end reporting to the tax payers.

We recommend cash reconciliations be performed on a monthly basis to help ensure all District assets are properly accounted for and accurate financial data is available to management in order to make sound financial decisions for the District. We also recommend that the District consider obtaining assistance from a visiting Uniform Accounting Network (UAN) clerk to assist in bringing the books into balance and making any necessary adjustments.

**TRI-TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-001	Cash Reconciliations	Not Corrected	Repeated in 2001
1999-002	Financial Reporting	Not Corrected	Repeated in 2001
1999-003	Pledged Collateral	Corrected	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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 12, 2002**