

VALLEY FIRE DISTRICT



ANNUAL FINANCIAL REPORT 2023

Summit County
5287 Dogwood Drive
Peninsula, OH 44264

www.valleyfire.us

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$244,159	\$0	\$0	\$135,006	\$0	\$379,165
Charges for Services	519,541	0	0	0	0	519,541
Licenses, Permits and Fees	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Intergovernmental	28,118	0	0	1,715	0	29,833
Special Assessments	0	0	0	0	0	0
Earnings on Investments	19,422	0	0	0	0	19,422
Miscellaneous	148,194	0	0	0	0	148,194
Total Cash Receipts	959,434	0	0	136,721	0	1,096,155
Cash Disbursements						
Current:						
General Government	46,617	0	0	0	0	46,617
Public Safety	676,085	0	0	2,076	0	678,161
Public Works	0	0	0	0	0	0
Health	0	0	0	0	0	0
Human Services	0	0	0	0	0	0
Conservation-Recreation	0	0	0	0	0	0
Other	0	0	0	0	0	0
Intergovernmental	0	0	0	0	0	0
Capital Outlay	0	0	0	120,867	0	120,867
Debt Service:						
Principal Retirement	0	0	0	111,026	0	111,026
Payment to Refunded Bond Escrow Agent	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	19,668	0	19,668
Total Cash Disbursements	722,702	0	0	253,637	0	976,339
Excess of Receipts Over (Under) Disbursements	236,732	0	0	(116,916)	0	119,816
Other Financing Receipts (Disbursements)						
Sale of Bonds	0	0	0	0	0	0
Sale of Refunding Bonds	0	0	0	0	0	0
Sale of Notes	0	0	0	0	0	0
Loans Issued	0	0	0	0	0	0
Other Debt Proceeds	0	0	0	0	0	0
Premium and Accrued Interest on Debt	0	0	0	0	0	0
Discount on Debt	0	0	0	0	0	0

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) **All Governmental Fund Types**

For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Payment to Refunded Bond Escrow Agent	0	0	0	0	0	0
Sale of Capital Assets	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Other Financing Sources	0	0	0	61,402	0	61,402
Other Financing Uses	0	0	0	0	0	0
<i>Total Other Financing Receipts (Disbursements)</i>	0	0	0	61,402	0	61,402
Special Item	0	0	0	0	0	0
Extraordinary Item	0	0	0	0	0	0
<i>Net Change in Fund Cash Balances</i>	236,732	0	0	(55,514)	0	181,218
<i>Fund Cash Balances, January 1</i>	468,399	0	0	256,629	0	725,028
<i>Fund Cash Balances, December 31</i>	\$705,131	\$0	\$0	\$201,115	\$0	\$906,246

These financial statements have not been subjected to an audit or review or compilation engagement, and no assurance is provided on them.

Valley Fire District
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Valley Fire District, Summit County, Ohio (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 and an at-large member is appointed by those Board members from one of the subdivisions. Those subdivisions are the Village of Peninsula and Boston Township. The District provides fire protection and rescue services within the District. The District also contracts with the Village of Boston Heights to provide fire and rescue services.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Projects Fund These funds account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The District had the following significant Capital Project Fund:

Miscellaneous Capital Projects Fund The miscellaneous capital projects fund accounts for and reports receipts of levy money for the purpose of providing and maintaining fire apparatus and appliances, buildings and sites for apparatus and appliances.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

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Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary disbursements (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. Appropriations lapse at year end.

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

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 2023 budgetary activity appears in Note 3.

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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Leases

The District is the lessor/lessee in various leases (as defined by GASB 87) related to buildings, vehicles, and other equipment under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

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Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 2 – Summary of Significant Accounting Policies (continued)

SBITAs

The District has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems and various other software. Subscription disbursements are recognized when they are paid.

Fund Balance

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:

Nonspendable The District classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the District and the nonspendable portion of the corpus in permanent funds.

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.

Committed The 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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

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Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 770,705	\$ 959,434	\$ 188,729
Capital Projects	296,724	198,123	(98,601)

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 857,800	\$ 722,702	\$ 135,098
Capital Projects	333,000	253,637	79,363

Note 4 – Deposits and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the District's deposit and investment accounts are as follows:

	2023
Demand deposits	\$ 524,109
Total deposits	524,109
STAR Ohio	382,137
Total investments	382,137
Total deposits and investments	\$ 906,246

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the District does not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the District, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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For the Year Ended December 31, 2023

Note 5 – Taxes

Property Taxes

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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the District.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

There has been no significant reduction in coverage limits from the prior year. Settled claims did not exceed coverage for any of the past three years.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The District's Chief and Clerk belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2023.

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For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans (continued)

Ohio Police and Fire Pension Fund

One of the District's full-time firefighters belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The District contributed to OP&F an amount equal to 24% of full-time firefighters' wages. The District has paid all contributions required through December 31, 2023.

Social Security

The District's part-time firefighters contribute to social security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The District contributed an amount equal to 6.2% of participants' gross salaries. The District has paid all contributions required through December 31, 2023.

Note 8 - Postemployment Benefits

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4%; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5% to fund these benefits

Note 9 - Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2020 Pierce Saber Loan	\$290,894	2.48%
2022 Squad Loan	294,641	3.14%
Total	<u>\$585,535</u>	

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For the Year Ended December 31, 2023

Note 9 – Debt (continued)

Loans

In September 2020, the Fire District entered into a loan for the purchase of a new saber pumper. The loan was issued in the amount of \$510,965 from Huntington Capital Corporation. Payments of \$62,629 are due on October 1 of each year with a maturity date of October 1, 2028. The District intends to pay the loan from the Miscellaneous Capital Projects Fund.

In March 2022, the Fire District entered into a loan for the purchase of a new squad. The loan was issued in the amount of \$358,750 from Huntington Capital Corporation. Payments of \$38,089 are due on June 1 of each year with a maturity date of June 1, 2032. The District intends to pay the loan from the Miscellaneous Capital Projects Fund.

Amortization

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

Year Ending December 31:	2020 Pierce Saber Loan	2022 Squad Loan
2024	\$ 62,629	\$ 38,089
2025	62,629	38,089
2026	62,629	38,089
2027	62,629	38,089
2028	62,630	38,089
2029-2033	-	152,359
Total	<u>\$ 313,146</u>	<u>\$ 342,804</u>

Note 10 – Contingent Liabilities

The District may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the District's financial condition.

Note 11 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the District had none of the above fund balances.

The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the capital projects fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.