

Valley Fire District



2022 Annual Financial Report

Summit County
5287 Dogwood Drive
Peninsula, OH 44264

www.valleyfire.us

VALLEY FIRE DISTRICT, SUMMIT COUNTY

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$250,254	\$0	\$0	\$109,690	\$0	\$359,944
Charges for Services	377,479	0	0	0	0	377,479
Licenses, Permits and Fees	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Intergovernmental	26,973	0	0	1,528	0	28,501
Special Assessments	0	0	0	0	0	0
Earnings on Investments	291	0	0	0	0	291
Miscellaneous	35,313	0	0	32,381	0	67,694
Total Cash Receipts	690,310	0	0	143,599	0	833,909
Cash Disbursements						
Current:						
General Government	46,603	0	0	0	0	46,603
Public Safety	594,748	0	0	2,218	0	596,966
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	183,532	0	183,532
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	14,032	0	14,032
Total Cash Disbursements	641,351	0	0	199,782	0	841,133
Excess of Receipts Over (Under) Disbursements	48,959	0	0	(56,183)	0	(7,224)
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
Payment to Refunded Bond Escrow Agent	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.

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All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
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	61,355	0	61,355
Other Financing Uses	0	0	0	0	0	0
Total Other Financing Receipts (Disbursements)	0	0	0	61,355	0	61,355
Special Item	0	0	0	0	0	0
Extraordinary Item	0	0	0	0	0	0
Net Change in Fund Cash Balances	48,959	0	0	5,172	0	54,131
Fund Cash Balances, January 1	477,749	2,257	0	274,841	0	754,847
Fund Cash Balances, December 31	\$526,708	\$2,257	\$0	\$280,013	\$0	\$808,978

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Valley Fire District
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 are 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.

Special Revenue Fund These funds account for and report financial resources that are restricted to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund:

FEMA Grant Fund The FEMA grant fund accounts for and reports receipts of grant money for the purpose of purchasing fire equipment and providing training.

Capital Project 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 improving fire stations and acquiring new vehicles.

Valley Fire District
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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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 (D). 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).

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 (D) 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. Unencumbered appropriations lapse at year end.

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 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 carried over, and need not be reappropriated.

A summary of 2021 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.

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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

Fund Type	2021 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 678,315	\$ 690,310	\$ 11,995
Capital Projects	157,133	204,954	47,821

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For the Year Ended December 31, 2021

Note 3 – Budgetary Activity (continued)

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
	Appropriation	Budgetary	
Fund Type	Authority	Disbursements	Variance
General	\$ 735,000	\$ 641,351	\$93,649
Capital Projects	207,772	199,782	7,990

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:

	2021
Demand deposits	<u>\$452,364</u>
Total deposits	<u>452,364</u>
STAR Ohio	<u>356,614</u>
Total investments	<u>356,614</u>
Total deposits and investments	<u><u>\$808,978</u></u>

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, 2021, 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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Notes to the Financial Statements
For the Year Ended December 31, 2021

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 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, 2021.

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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans (continued)

Social Security

The District's 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, 2021.

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4% during calendar year 2021.

Note 9 - Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2020 Pierce Saber Lease	\$397,530	2.48%
Squad Lease	57,251	3.28%
	<u>\$454,781</u>	

Lease

In January 2017, the Fire District entered into a lease for the purchase of a new squad. The lease was issued in the amount of \$186,094 from Huntington Capital Corporation. Payments of \$30,041 are due on December 1 of each year with a maturity date of December 1, 2023. The District intends to pay the lease from the Miscellaneous Capital Projects Fund.

In September 2020, the Fire District entered into a lease for the purchase of a new saber pumper. The lease 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 lease from the Miscellaneous Capital Projects Fund.

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Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (continued)

Amortization

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

Year Ending December 31:	2020 Pierce Saber Lease	Squad Lease
2022	\$ 62,629	\$ 30,041
2023	62,629	30,041
2024	62,629	-
2025	62,629	-
2026	62,629	-
2027-2028	125,259	-
	<u>\$ 438,404</u>	<u>\$ 60,082</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

Fund balances may include money that the District cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpended corpus of the permanent funds. 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 special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.