

# Valley Fire District



## 2020 Annual Financial Report

Summit County  
5287 Dogwood Drive  
Peninsula, OH 44264

[www.valleyfire.us](http://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, 2020

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>						
Property and Other Local Taxes	\$231,077	\$0	\$0	\$101,866	\$0	\$332,943
Charges for Services	334,766	0	0	0	0	334,766
Licenses, Permits and Fees	0	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0	0
Intergovernmental	51,813	26,032	0	1,892	0	79,737
Special Assessments	0	0	0	0	0	0
Earnings on Investments	1,153	0	0	0	0	1,153
Miscellaneous	9,989	0	0	0	0	9,989
<b>Total Cash Receipts</b>	<b>628,798</b>	<b>26,032</b>	<b>0</b>	<b>103,758</b>	<b>0</b>	<b>758,588</b>
<b>Cash Disbursements</b>						
Current:						
General Government	40,676	0	0	0	0	40,676
Public Safety	589,900	26,032	0	1,562	0	617,494
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
Capital Outlay	0	0	0	222,967	0	222,967
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	0	0	0
<b>Total Cash Disbursements</b>	<b>630,576</b>	<b>26,032</b>	<b>0</b>	<b>224,529</b>	<b>0</b>	<b>881,137</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>(1,778)</b>	<b>0</b>	<b>0</b>	<b>(120,771)</b>	<b>0</b>	<b>(122,549)</b>
<b>Other Financing Receipts (Disbursements)</b>						
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
Sale of Capital Assets	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.

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, 2020

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
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	62,315	0	62,315
Other Financing Uses	0	0	0	0	0	0
<b>Total Other Financing Receipts (Disbursements)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>62,315</b>	<b>0</b>	<b>62,315</b>
Special Item	0	0	0	0	0	0
Extraordinary Item	0	0	0	0	0	0
<b>Net Change in Fund Cash Balances</b>	<b>(1,778)</b>	<b>0</b>	<b>0</b>	<b>(58,458)</b>	<b>0</b>	<b>(60,234)</b>
<b>Fund Cash Balances, January 1</b>	<b>479,527</b>	<b>2,257</b>	<b>0</b>	<b>333,297</b>	<b>0</b>	<b>815,081</b>
<b>Fund Cash Balances, December 31</b>	<b>\$477,749</b>	<b>\$2,257</b>	<b>\$0</b>	<b>\$274,841</b>	<b>\$0</b>	<b>\$754,847</b>

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, 2020*

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**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 Funds*** 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:

***Coronavirus Relief Fund*** The Coronavirus Relief fund accounts for and reports receipts of relief money for the purpose of purchasing emergency equipment.

***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**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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. 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 2020 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.

**Valley Fire District**  
*Summit County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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.

**Valley Fire District**  
*Summit County*  
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*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 619,662	\$ 628,798	\$ 9,136
Special Revenue	26,032	26,032	-
Capital Projects	153,661	166,073	12,412

  

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 688,827	\$ 630,576	\$ 58,251
Special Revenue	61,379	26,032	35,347
Capital Projects	262,100	224,529	37,571

**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:

	2020
Demand deposits	<u>\$398,525</u>
Total deposits	398,525
STAR Ohio	<u>356,322</u>
Total investments	356,322
Total deposits and investments	<u><u>\$754,847</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, 2020, 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.



**Valley Fire District**  
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*For the Year Ended December 31, 2020*

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**Note 4 – Deposits and Investments (continued)**

***Investments***

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

**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, Assistant 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, 2020.



**Valley Fire District**  
*Summit County*  
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**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, 2020.

**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 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 9 - Debt**

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Squad Lease	\$ 84,520	3.28%
2020 Pierce Saber Lease	448,899	2.48%
Total	<u>\$ 533,419</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.

**Valley Fire District**  
*Summit County*  
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*For the Year Ended December 31, 2020*

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**Note 9 – Debt (continued)**

***Amortization***

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

Year Ending December 31:	Squad Lease	Saber Lease
2021	\$ 30,041	\$ 62,629
2022	30,041	62,629
2023	30,041	62,629
2024	-	62,629
2025	-	62,629
2026-2028	-	187,887
Total	<u>\$ 90,123</u>	<u>\$ 501,032</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 unexpendable 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 nor encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue fund would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned. In the general fund, outstanding encumbrances would be considered assigned.

**Note 12 – Change in Accounting Principle**

For 2020, the District has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

**Valley Fire District**  
*Summit County*  
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*For the Year Ended December 31, 2020*

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**Note 13 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.