



OHIO AUDITOR OF STATE
KEITH FABER



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

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2023	5
Notes to the Financial Statements For the Year Ended December 31, 2023.....	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2022.....	17
Notes to the Financial Statements For the Year Ended December 31, 2022.....	18
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Tri-Township Joint Fire District
Delaware County
1725 Bowtown Road
Delaware, Ohio 43015

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Tri-Township Joint Fire District, Delaware County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1B.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of December 31, 2023 and 2022, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2024

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TRI TOWNSHIP FIRE DISTRICT, DELAWARE COUNTY

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

For the Year Ended December 31, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>(Memorandum)</u>
Cash Receipts				
Property and Other Local Taxes	\$1,408,447	\$0	\$197,751	\$1,606,198
Intergovernmental	11,834	0	16,152	27,986
Earnings on Investments	86,679	0	0	86,679
Miscellaneous	5,617	0	0	5,617
<i>Total Cash Receipts</i>	<u>1,512,577</u>	<u>0</u>	<u>213,903</u>	<u>1,726,480</u>
Cash Disbursements				
Current:				
Public Safety	944,714	0	41,526	986,240
Public Works	47,467	0	0	47,467
Capital Outlay	70,993	0	1,754,165	1,825,158
Debt Service:				
Principal Retirement	0	94,433	0	94,433
Interest and Fiscal Charges	0	149,253	0	149,253
<i>Total Cash Disbursements</i>	<u>1,063,174</u>	<u>243,686</u>	<u>1,795,691</u>	<u>3,102,551</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>449,403</u>	<u>(243,686)</u>	<u>(897,309)</u>	<u>(691,592)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	0	0	0	0
Transfers In	0	500,000	449,696	949,696
Transfers Out	(949,696)	0	0	(949,696)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(949,696)</u>	<u>500,000</u>	<u>449,696</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(500,293)</u>	<u>256,314</u>	<u>(447,613)</u>	<u>(691,592)</u>
<i>Fund Cash Balances, January 1</i>	<u>\$2,268,205</u>	<u>\$67,058</u>	<u>\$972,834</u>	<u>\$3,308,097</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,767,912</u></u>	<u><u>\$323,372</u></u>	<u><u>\$525,221</u></u>	<u><u>\$2,616,505</u></u>

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

TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2023

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. BASIS OF ACCOUNTING/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 and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are organized on a fund type basis

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). The basis is similar to the cash receipt and disbursements accounting basis. The Board 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 disclosures of material matters, as the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

C. CASH

Investments are included in fund cash balances. 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.

TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 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.
2. Capital Projects Fund: These funds account for and report financial resources that are restricted, committed, or assigned 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 funds:
 - *Fire Equipment Fund* - This fund receives tax and intergovernmental receipts to be used for the purchase and maintenance of fire-fighting equipment.
 - *Construction of New Fire Station*-This fund received cash for the loan of the new building and makes the payments to the General Contractor, Place Service Incorporated for the Construction of the new Fire Station at 1725 Bowtown Road, Delaware, OH 43015. Additional payments from the general fund were needed to complete the cost of the Construction. Temporary occupancy in December 2023. Permanent Occupancy is still yet to be obtained and the retainage payment will need to be paid in 2024.
3. Debt Service Fund: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Funds:
 - In 2022, Tri Township has been working on the Construction of a New Building at 1725 Bowtown Road. The Fire Station at 495 Sunbury Road was purchased by the State of Ohio for an expansion road project at the “point” for Delaware City. Per the loan agreement, with Richwood Bank, interest is being paid to Richwood on loan payments to Contractor, Place Services Incorporated. Principal and Interest payments have been paid from approved cash transfers from the general fund based upon the invoices and the Amortization Schedule from Richwood. Please see Note 8 for more information.

TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2023

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund (except for certain custodial funds) be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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.

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 individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year or carried over.

4. A summary of 2023 budgetary activity appears in Note 4.

F. 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:

1. **Non-spendable**-The District classifies assets as non-spendable 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.

TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2023

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**-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.
4. **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.
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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

G. 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.

H. 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.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2023**

I. LEASES

The District is the lessee in a lease for the copiers at the stations. Lease disbursements are recognized when they are paid. The District's lease is for 60 months beginning 5/5/2020 at \$329.67 a month. At December 31, 2023, the amount of lease owed is \$5,274.72.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2023</u>
Demand Deposits	2,069,527
Star Ohio	<u>546,978</u>
Total Deposits	<u>2,616,505</u>

Deposits and investments: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the District, or (3) collateralized by the financial institution's public entity deposit pool.

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

3. TAXES

Levies-The District is funded by two Levies outside of the 10 Mill limitations. One is a general fund tax levy that generates revenue up to \$1,382.295 annually at 5.5 Mil for providing and maintaining the fire apparatus, appliances, buildings, sites, salaries for firefighting and administrative personnel for the District. This levy will end in 2023 for funding in 2024. The other levy is a .90 Mil levy that generates \$214,000 annually for the purchase and maintaining fire equipment. This levy will end in 2027 for funding in 2028. Both levies are 5 year levies.

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2023**

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2023 follows:

<u>2023 Budgeted vs Actual Receipts</u>			
<u>Fund:</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$1,385,268	1,512,577	\$ (127,309)
Capital Projects Fund	1,600,211	1,348,078	252,133
Debt Service	<u>323,000</u>	<u>500,000</u>	<u>(177,000)</u>
 Total	 \$3,308,479	 3,360,655	 (52,176)

<u>2023 Budgeted vs Actual Budgetary Basis Disbursements</u>			
<u>Fund:</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General Fund	\$ 2,445,060	2,012,870	432,190
Capital Projects Fund	2,549,208	1,795,691	490,674
Debt Service	<u>323,000</u>	<u>243,686</u>	<u>79,314</u>
 Total	 \$ 5,317,268	 4,052,247	 1,265,021

Budgetary expenditures did not exceed appropriations in the General fund for the year ended December 31, 2023. Appropriations did not exceed estimated resources exceeded in the General fund for the year ended December 31, 2023.

5. RETIREMENT SYSTEMS

The District's full-time certified fire fighters belong to the Ohio Police & Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are state operated, 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.

From Jan. 1, 2023 through December 31, 2023, OP&F plan members were required to contribute 12.25% of their annual covered wages. From Jan. 1, 2023 through December 31, 2023, OPERS plan members were required to contribute 10.00% of their annual covered wages throughout 2023, the District contributed 24% and 14% of participants' annual covered wages for OP&F and OPERS, respectively.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2023**

Some District employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions through December 31, 2023.

6. 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 percent for members in the traditional pension plan and 2 percent 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 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits

7. RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

As of January 1, 2023, the District belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) York functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Construction Insurance-In 2023, Board purchased construction insurance from Burnham & Flower Agency for \$2,819.70 as needed per Richwood Bank.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2023**

Risk Pool Membership

The Tri Township Joint Fire District is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Tri Township Fire District policy. The Pool covers the following risks:

- General Liability and casualty
- Public Official's liability
- Cyber
- Automobile liability
- Vehicles
- Property
- Equipment

The Pool reported the following summary of assets and actuarially measured liabilities available to those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$33,494,457
Actuarial Liabilities	\$10,885,549

By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions To OTARMA
<u>2023</u>
\$19,961

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. DEBT

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

	Principal	Interest Rate
Principal	\$4,345,240	3.75%
Copier Lease	5,275	
Total	\$4,350,515	

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2023**

The District ordered a new fire truck in 2022 in the amount of \$399,715.00. To date, the truck is still in the process of being completed at the plant. The purchase will be paid from our Capital Projects Fund.

The District’s debt is a construction loan from Richwood Bank to build our new station because of the State purchasing our old station.

The mortgage revenue bond covenant requires the District to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2023, is \$323,371.

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

Year Ending December 31:	Interest	Principal
2024	\$160,762	\$153,795
2025	154,438	160,119
2026	148,330	166,228
2027	141,988	172,570
2028	135,791	178,767
2029-2033	569,528	1,003,264
2034-2038	374,351	1,205,367
2039-2043	131,165	1,305,127
Total	\$1,816,353	\$4,345,237

9. FUND BALANCES

Included in fund balance are amounts 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 balances of these amounts were zero.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would be including the outstanding encumbrances. In the general fund, outstanding encumbrances of \$42,135 are considered assigned.

10. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

In November 2023, voters approved a 0.9 mil renewal fire levy that will collect approximately \$214,000 annually, collections are set to begin in 2024.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2023**

The District will place a replacement levy on the November 2024 ballot. This levy, if passed, will generate approximately \$2,229,000 annually, at a rate not exceeding 5.5 mills for each \$1 of taxable value, which amounts to \$193 for each \$100,000 of the County auditor's appraised value, for 5 years commencing in 2024, first due in calendar year 2025.

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TRI TOWNSHIP FIRE DISTRICT, DELAWARE COUNTY

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

For the Year Ended December 31, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>(Memorandum)</u>
Cash Receipts				
Property and Other Local Taxes	\$1,401,666	\$0	\$196,695	\$1,598,361
Intergovernmental	632,106	0	15,611	647,717
Earnings on Investments	9,208	0	0	9,208
Miscellaneous	6,603	0	0	6,603
<i>Total Cash Receipts</i>	<u>2,049,583</u>	<u>0</u>	<u>212,306</u>	<u>2,261,889</u>
Cash Disbursements				
Current:				
Public Safety	927,708	0	34,869	962,577
Public Works	197,231	0	0	197,231
Capital Outlay	3,845	0	3,434,280	3,438,125
Debt Service:				
Payment to Refunded Bond Escrow Agent	0	7,068	0	7,068
Interest and Fiscal Charges	0	30,874	0	30,874
<i>Total Cash Disbursements</i>	<u>1,128,784</u>	<u>37,942</u>	<u>3,469,149</u>	<u>4,635,875</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>920,799</u>	<u>(37,942)</u>	<u>(3,256,843)</u>	<u>(2,373,986)</u>
Other Financing Receipts (Disbursements)				
Loan Proceeds	0	0	3,434,280	0
Transfers In	0	105,000	619,990	724,990
Transfers Out	(724,990)	0	0	(724,990)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(724,990)</u>	<u>105,000</u>	<u>4,054,270</u>	<u>3,434,280</u>
<i>Net Change in Fund Cash Balances</i>	<u>195,809</u>	<u>67,058</u>	<u>797,427</u>	<u>1,060,294</u>
<i>Fund Cash Balances, January 1</i>	<u>\$2,072,396</u>	<u>\$0</u>	<u>\$175,407</u>	<u>\$2,247,803</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,268,205</u></u>	<u><u>\$67,058</u></u>	<u><u>\$972,834</u></u>	<u><u>\$3,308,097</u></u>

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

TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022

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. 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). The basis is similar to the cash receipt and disbursements accounting basis. The Board 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 disclosures of material matters, as the financial reporting provisions of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

C. CASH

Investments are included in fund cash balances. 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.

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:

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022**

1. General Fund: The general fund reports all financial resources except those required by law or contract to be accounted for in another fund.

2. Capital Projects Fund: This fund accounts for receipts restricted to acquiring or constructing major capital projects. The District had the following significant Capital Projects Fund:
 - *Fire Equipment Fund* - This fund receives tax and intergovernmental receipts to be used for the purchase and maintenance of fire-fighting equipment.
 - *Construction of New Fire Station*-This fund received cash for the loan of the new building and makes the payments to the General Contractor, Place Service Incorporated for the Construction of the new Fire Station at 1725 Bowtown Road, Delaware, OH 43015. Construction is to be completed May/June of 2023.

3. Debt Service Fund: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The District had the following significant Debt Service Funds:
 - In 2022, Tri Township has begun Construction of a New Building at 1725 Bowtown Road. The Fire Station at 495 Sunbury Road was purchased by the State of Ohio for an expansion road project at the “point” for Delaware City. Per the loan agreement, with Richwood Bank, interest is being paid to Richwood on loan payments to Contractor, Place Services Incorporated. When the Construction is complete, Principal and Interest payments will be paid from cash transferred from the general fund based upon the Amortization Schedule from Richwood.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund (except for certain custodial funds) be budgeted annually. A budget of estimated cash receipts and disbursements is prepared by the Fiscal Officer, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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.

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 individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year or carried over.

4. A summary of 2022 budgetary activity appears in Note 4.

F. 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:

1. **Non-spendable**-The District classifies assets as non-spendable 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.
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**-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.

TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022

4. **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.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 8.

G. 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.

H. 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.

I. LEASES

The District is the lessee in a lease for the copiers at the stations. Lease disbursements are recognized when they are paid. Lease is for 60 months beginning 5/5/2020 at \$329.67 a month. At December 31, 2022, the amount of lease owed is \$9,230.76.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2022</u>
Demand Deposits	2,688,919
Certificates of Deposit	<u>100,000</u>
Total deposits	<u>2,788,919</u>
Star Ohio	<u>519,178</u>
Total deposits and investments	<u>3,308,097</u>

Deposits and investments: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the District, or (3) collateralized by the financial institution’s public entity deposit pool.

3. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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.

Public utilities are also taxed on personal and real property located within the District.

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

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2022 follows:

<u>Fund:</u>	<u>2022 Budgeted vs Actual Receipts</u>		<u>Variance</u>
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	
General Fund	\$2,018,973	\$2,049,581	\$ (30,610)
Capital Projects Fund	5,159,776	4,266,576	893,200
Debt Service	<u>105,000</u>	<u>105,000</u>	<u>0</u>
 Total	 \$7,283,749	 \$6,421,159	 \$862,590

<u>Fund:</u>	<u>2022 Budgeted vs Actual Budgetary Basis Disbursements</u>		<u>Variance</u>
	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	
General Fund	\$ 2,468,728	\$1,853,774	\$614,954
Capital Projects Fund	4,837,200	3,469,149	1,368.051
Debt Service	105,000	37,942	67,058
 Total	 \$ 7,410,928	 5,360,865	 2,050,063

Budgetary expenditures did not exceed appropriations in the General fund for the year ended December 31, 2022. Appropriations did not exceed estimated resources exceeded in the General fund for the year ended December 31, 2022.

5. RETIREMENT SYSTEMS

The District's full-time certified fire fighters belong to the Ohio Police & Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are state operated, 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.

From Jan. 1, 2022 through December 31, 2022, OP&F plan members were required to contribute 12.25% of their annual covered wages. From Jan. 1, 2022 through December 31, 2022, OPERS plan members were required to contribute 10.00% of their annual covered wages throughout 2022, the District contributed 24% and 14% of participants' annual covered wages for OP&F and OPERS, respectively.

Some District employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. Employees contributed 6.2 percent of their gross salaries. The District contributed an amount equal to 6.2 percent of participants' gross salaries. The District has paid all contributions through December 31, 2022.

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022**

6. RISK MANAGEMENT

The District is exposed to various risks of property and casualty losses, and injuries to employees.

The District insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

As of January 1, 2022, the District belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) York functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Construction Insurance-In 2022, Board purchased construction insurance from Burnham & Flower Agency for \$8,140.50 as needed per Richwood Bank.

Risk Pool Membership

The Tri Township Joint Fire District is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Tri Township Fire District policy. The Pool covers the following risks:

- General Liability and casualty
- Public Official's liability
- Cyber
- Automobile liability
- Vehicles
- Property
- Equipment

The Pool reported the following summary of assets and actuarially measured liabilities available to those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial Liabilities	\$ 9,146,434

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022**

By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions To OTARMA
<u>2022</u>
\$16,338.00

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. DEBT

Debt outstanding at December 31, 2022 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Principal	\$4,420,000	3.75%
Copier Lease	9,231	
Total	<u>\$4,429,231</u>	

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 The Richwood Banking Company a first mortgage with assignment of rents and leases on the real estate located on 2.00-acre tract of land situated on 1725 Bowtown Road, City of Delaware.

The following is a summary of the District's future annual debt service requirements:

<u>Year Ending December 31:</u>	<u>Interest</u>	<u>Principal</u>
2023	\$123,844	\$74,759
2024	160,763	153,796
2025	154,439	160,120
2026	148,330	166,229
2027	141,988	172,570
2028-2032	606,772	966,022
2033-2037	411,469	1,163,633
2038-2043	192,597	1,562,871
Total	<u>\$1,940,202</u>	<u>\$4,420,000</u>

**TRI TOWNSHIP JOINT FIRE DISTRICT
DELAWARE COUNTY, OHIO
Notes to the Financial Statements
For the Year Ended December 31, 2022**

8. FUND BALANCES

Included in fund balance are amounts 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 balances of these amounts were zero.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would be including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned. The District did not have any outstanding encumbrances at year end.

9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

Tri Township Fire District must relocate due to road changes at SR 36 in Delaware. The State is purchasing our building and we are relocating to a temporary station across the road until a new building can be built on Bowtown Road.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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800-282-0370

INDEPENDENT AUDITOR'S 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
1725 Bowtown Road
Delaware, Ohio 43015

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements of the Tri-Township Joint Fire District, Delaware County, (the Board) and have issued our report thereon dated September 30, 2024, wherein we noted the District followed financial reporting provisions Ohio Rev. Code §117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. 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 District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2024

OHIO AUDITOR OF STATE KEITH FABER



TRI-TOWNSHIP JOINT FIRE DISTRICT

DELAWARE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/15/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov