

LITTLE MIAMI JOINT FIRE AND RESCUE DISTRICT
HAMILTON COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020



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OHIO AUDITOR OF STATE
KEITH FABER



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(800) 282-0370

Board of Trustees
Little Miami Joint Fire and Rescue District
5800 Wooster Pike
Cincinnati, Ohio 45227

We have reviewed the *Independent Auditor's Report* of Little Miami Joint Fire and Rescue District, Hamilton County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Little Miami Joint Fire and Rescue District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 13, 2023

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Little Miami Joint Fire and Rescue District
Hamilton County
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For the Years Ended December 31, 2021 and 2020

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Independent Auditor's Report

Board of Trustees
Little Miami Joint Fire and Rescue District
Hamilton County
5800 Wooster Pike
Cincinnati, Ohio 45227

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of Little Miami Joint Fire and Rescue District, Hamilton County, Ohio (the District), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, 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 combined total as of and for the years ended December 31, 2021 and 2020, 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 2.

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, 2021 and 2020, 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 2 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 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matters

As discussed in note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

As discussed in note 13 to the financial statements for the year ended December 31, 2020, the District restated fund cash balances for the year ending December 31, 2019. We did not modify our opinion regarding this matter.

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

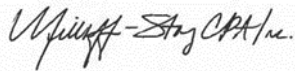
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 July 6, 2023, 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.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

July 6, 2023

Little Miami Joint Fire and Rescue District
Hamilton County
Combined Statement of Receipts, Disbursements and
Changes in Fund Cash Balances (Regulatory Cash Basis)
Governmental Fund Types
For the Year Ended December 31, 2021

	General	Debt Service	Combined Total
Cash Receipts:			
Property and Other Local Taxes	\$2,165,133	\$179,355	\$2,344,488
Charges for Services	647,197	0	647,197
Intergovernmental	176,490	112,958	289,448
Miscellaneous	25,817	0	25,817
Total Cash Receipts	3,014,637	292,313	3,306,950
Cash Disbursements:			
Current Disbursements:			
Security of Persons and Property:			
Salaries	1,616,948	0	1,616,948
Benefits	467,560	0	467,560
Purchased Services	256,731	0	256,731
Materials and Supplies	54,598	0	54,598
Other	9,575	0	9,575
Capital Outlay	3,486	0	3,486
Debt Service:			
Principal	348,250	0	348,250
Interest and Fiscal Charges	52,211	294,041	346,252
Total Cash Disbursements	2,809,359	294,041	3,103,400
Net Change in Fund Cash Balance	205,278	(1,728)	203,550
Fund Cash Balance, January 1	414,277	1,744	416,021
Fund Cash Balance, December 31	<u>\$619,555</u>	<u>\$16</u>	<u>\$619,571</u>

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

**Little Miami Joint Fire and Rescue District
Hamilton 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 Little Miami Joint Fire and Rescue District, Hamilton County, Ohio (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. Those subdivisions are Columbia Township, Village of Fairfax, and Village of Golf Manor. The District provides fire protection and rescue services within the District and by mutual aid to areas outside the District.

The District’s management believes this financial statement presents all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

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.

Debt Service Funds 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 Fund:

Bond Retirement Fund – This fund receives property taxes and annual federal interest subsidy payments to be used to repay a portion of interest obligations of the fire bonds.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 1172-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

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

Budgetary Process

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

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. Appropriations lapse at year end.

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in note 3.

Deposits and Investments

The District's cash and investments include deposits and a money market account. The District has all cash deposited in a checking account with a local financial institution.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

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 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

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

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 10.

Note 3 – Budgetary Activity

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

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,904,342	\$3,014,637	\$110,295
Debt Service	381,398	292,313	(89,085)
Total	\$3,285,740	\$3,306,950	\$21,210

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,848,757	\$2,809,359	\$39,398
Debt Service	381,398	294,041	87,357
Total	\$3,230,155	\$3,103,400	\$126,755

Note 4 – Deposits and Investments

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2021 was as follows:

Demand deposits	\$619,496
Money market	75
Total deposits	\$619,571

Deposits

Deposits are insured by the Federal Depository Insurance Corporation 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

PNC Bank holds the District’s money market account in book-entry form by, and in the name of, the District’s financial institution. The financial institution maintains records identifying the District as owner of the investment.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction 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

Little Miami Joint Fire and Rescue District
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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.

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2021.

Ohio Public Employees Retirement System

The District's fiscal officer belongs 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.

Social Security

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 required through December 31, 2021.

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

Postemployment Benefits

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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. OP&F contributes 0.5 percent of the employer contribution to fund these benefits. 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 8 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Fire Bonds	\$5,505,000	Variable
Village of Fairfax Loan	321,750	1.10%
Total	\$5,826,750	

In 2010, the District issued an \$8,135,000 series long term general obligation bond (LTGO) in taxable Build America Bonds (BAB) that carry an interest subsidy payment. The bonds were issued for the construction of two new fire houses. The bond has a final maturity of December 1, 2036. These bonds are being repaid from the General Fund and the Bond Retirement Fund.

In 2019, the District obtained a \$400,000 loan from the Village of Fairfax to provide funds to meet operating expenses. The loan carries a 1.10 percent interest rate and will be repaid in quarterly installments of \$20,564 to the Village of Fairfax beginning on March 31, 2020. In 2020, a resolution was passed to deferred payments by one year. This loan will be repaid from the General Fund.

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

Year ending December 31:	Fire Bonds	Fairfax Loan
2022	\$493,070	\$82,257
2023	493,333	82,257
2024	493,248	82,257
2025	492,816	82,256
2026	492,036	0
2027-2031	2,471,862	0
2032-2036	2,467,427	0
Total	\$7,403,792	\$329,027

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The District is not currently party to litigation.

Note 10 – 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 facilities effective cash planning and control.

The fund balance of debt service fund is restricted. This restricted amount in the debt service fund would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

The District did not have any unclaimed monies, unexpendable corpus of permanent funds, or outstanding encumbrances at December 31, 2021.

Note 11 – 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 ended in May 2023. During 2021, the District did not receive COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

Note 12 – Subsequent Events

The members of the District – Columbia Township, Village of Fairfax, and Village of Golf Manor – entered into confidential mediation with Government Conflict Resolution Services (GCRS), administered by the Supreme Court of Ohio. A mediation agreement dated July 14, 2020 was enacted indicating that the Village of Golf Manor will withdraw from the District effective January 1, 2022. The District's solicitor, along with District's board members and solicitors from Columbia Township and Village of Fairfax, continued to mediate with the solicitor and Board Members from Golf Manor regarding the division of assets.

The Village of Golf Manor officially withdrew from the District on March 1, 2022. Resolution R12-2021 authorized the District's board president to execute an agreement for the allocation of assets and apportionment of indebtedness of the Little Miami Joint Fire and Rescue District. The county auditor continued to collect real estate taxes in 2022 as if there was a three-member District and monies received by the District for Golf Manor's share (22.775%) were reimbursed to Golf Manor in 2022 as levy funds were received from the county auditor. The agreement further stated that the District shall pay Golf Manor one-fifth of its portion of cash available as of December 31, 2021 by March 1st of each year for 5 years (2022-2026). In addition, Golf Manor's share of Medicount collections for EMS for 2021 collected between January 1, 2022 and June 30, 2022 were remitted to Golf Manor by July 31, 2022.

In July 2022, a resolution was passed to deferred payments on the Village of Fairfax by one year.

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

In November 2022, the District placed a 1.75 mill levy on the ballot. This levy was passed by the voters and collections will begin in 2024.

In December 2022, the District authorized the purchase of an ambulance for \$297,841.

In April 2023, a resolution was passed to authorize the purchase of a new fire engine. In May 2023, the District entered into a lease purchase agreement in the amount of \$735,214 to finance the purchase.

Note 13 – Compliance

The District's budgetary information within its accounting system was not in agreement with approved budgetary documents, which is contrary to Ohio Administrative Code Section 117-2-02(C)(1).

Little Miami Joint Fire and Rescue District
Hamilton County
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
Governmental Fund Types
For the Year Ended December 31, 2020

	General	Debt Service	Combined Total
Cash Receipts:			
Property and Other Local Taxes	\$2,153,415	\$171,287	\$2,324,702
Charges for Services	607,209	0	607,209
Intergovernmental	189,388	119,016	308,404
Miscellaneous	76,569	0	76,569
Total Cash Receipts	3,026,581	290,303	3,316,884
Cash Disbursements:			
Current Disbursements:			
Security of Persons and Property:			
Salaries	1,540,537	0	1,540,537
Benefits	556,198	0	556,198
Purchased Services	304,065	0	304,065
Materials and Supplies	50,938	0	50,938
Other	4,302	0	4,302
Debt Service:			
Principal	265,000	0	265,000
Interest and Fiscal Charges	67,862	288,560	356,422
Total Cash Disbursements	2,788,902	288,560	3,077,462
Excess Receipts Over Disbursements	237,679	1,743	239,422
Other Financing Receipts:			
Sale of Capital Assets	1,220	0	1,220
Total Other Financing Receipts	1,220	0	1,220
Net Change in Fund Cash Balance	238,899	1,743	240,642
Fund Cash Balance, January 1-Restated	175,378	1	175,379
Fund Cash Balance, December 31	\$414,277	\$1,744	\$416,021

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

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Little Miami Joint Fire and Rescue District, Hamilton County, Ohio (the District) as a body corporate and politic. A six-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. Those subdivisions are Columbia Township, Village of Fairfax, and Village of Golf Manor. The District provides fire protection and rescue services within the District and by mutual aid to areas outside the District.

The District’s management believes this financial statement presents all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The District’s financial statement consists of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

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.

Debt Service Funds 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 Fund:

Bond Retirement Fund – This fund receives property taxes and annual federal interest subsidy payments to be used to repay a portion of interest obligations of the fire bonds.

Basis of Accounting

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 1172-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

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

Budgetary Process

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

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. Appropriations lapse at year end.

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

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

Encumbrances The Ohio Revised Code requires the District to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in note 3.

Deposits and Investments

The District's cash and investments include deposits and a money market account. The District has all cash deposited in a checking account with a local financial institution.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statement does not include a liability for unpaid leave.

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 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

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

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 10.

Note 3 – Budgetary Activity

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

Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,922,183	\$3,027,801	\$105,618
Debt Service	288,550	290,303	1,753
Total	\$3,210,733	\$3,318,104	\$107,371

Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,127,457	\$2,788,902	\$338,555
Debt Service	288,560	288,560	0
Total	\$3,416,017	\$3,077,462	\$338,555

Note 4 – Deposits and Investments

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2020 was as follows:

Demand deposits	\$415,946
Money market	75
Total deposits	\$416,021

Deposits

Deposits are insured by the Federal Depository Insurance Corporation 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

PNC Bank holds the District’s money market account in book-entry form by, and in the name of, the District’s financial institution. The financial institution maintains records identifying the District as owner of the investment.

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statement includes these credits and/or deduction amounts the State pays as intergovernmental receipts.

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

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.

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.

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The District contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2020.

Ohio Public Employees Retirement System

The District's fiscal officer belongs 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.

Social Security

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 required through December 31, 2020.

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

Postemployment Benefits

Both OP&F and OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include 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. OP&F contributes 0.5 percent of the employer contribution to fund these benefits. 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.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 8 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Fire Bonds	\$5,775,000	Variable
Village of Fairfax Loan	400,000	1.10%
Total	\$6,175,000	

In 2010, the District issued an \$8,135,000 series long term general obligation bond (LTGO) in taxable Build America Bonds (BAB) that carry an interest subsidy payment. The bonds were issued for the construction of two new fire houses. The bond has a final maturity of December 1, 2036. These bonds are being repaid from the General Fund and the Bond Retirement Fund.

In 2019, the District obtained a \$400,000 loan from the Village of Fairfax to provide funds to meet operating expenses. The loan carries a 1.10 percent interest rate and will be repaid in quarterly installments of \$20,564 to the Village of Fairfax beginning on March 31, 2020. In 2020, a resolution was passed to deferred payments by one year. This loan will be repaid from the General Fund.

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

Year ending December 31:	Fire Bonds	Fairfax Loan
2021	\$492,459	\$82,257
2022	493,070	82,257
2023	493,333	82,257
2024	493,248	82,257
2025	492,816	82,256
2026-2030	2,469,723	0
2031-2035	2,467,460	0
2036	494,142	0
Total	\$7,896,251	\$411,284

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The District is not currently party to litigation.

Note 10 – 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 facilities effective cash planning and control.

The fund balance of the debt service fund is restricted. This restricted amount in the debt service fund would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

The District did not have any unclaimed monies, unexpendable corpus of permanent funds, or outstanding encumbrances at December 31, 2020.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the District. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 12 – Subsequent Events

The members of the District – Columbia Township, Village of Fairfax, and Village of Golf Manor – entered into confidential mediation with Government Conflict Resolution Services (GCRS), administered by the Supreme Court of Ohio. A mediation agreement dated July 14, 2020 was enacted indicating that the Village of Golf Manor will withdraw from the District effective January 1, 2022. The District's solicitor, along with District's board members and solicitors from Columbia Township and Village of Fairfax, continued to mediate with the solicitor and Board Members from Golf Manor regarding the division of assets.

The Village of Golf Manor officially withdrew from the District on March 1, 2022. Resolution R12-2021 authorized the District's board president to execute an agreement for the allocation of assets and apportionment of indebtedness of the Little Miami Joint Fire and Rescue District. The county auditor continued to collect real estate taxes in 2022 as if there was a three-member District and monies received by the District for Golf Manor's share (22.775%) were reimbursed to Golf Manor in 2022 as levy funds were received from the county auditor. The agreement further stated that the District shall pay Golf Manor one-fifth of its portion of cash available as of December 31, 2021 by March 1st of each year for 5 years (2022-2026). In addition, Golf Manor's share of Medicount collections for EMS for 2021 collected between January 1, 2022 and June 30, 2022 were remitted to Golf Manor by July 31, 2022.

In July 2022, a resolution was passed to deferred payments on the Village of Fairfax by one year.

In November 2022, the District placed a 1.75 mill levy on the ballot. This levy was passed by the voters and collections will begin in 2024.

In December 2022, the District authorized the purchase of an ambulance for \$297,841.

In April 2023, a resolution was passed to authorize the purchase of a new fire engine. In May 2023, the District entered into a lease purchase agreement in the amount of \$735,214 to finance the purchase.

**Little Miami Joint Fire and Rescue District
Hamilton County**

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

Note 13 – Restatement of Beginning Balances

The District reexamined the definition of “special revenue funds” in relation to activities accounted for as special revenue within its accounting system. The District also corresponded with its attorney regarding potential restrictions that may exist over its property tax levies. It was determined that the District did not have any funds that required reporting under special revenue funds, and consequently the District restated beginning balances to move balances to the general fund that had been previously reported as special revenue. That restatement had the following effect on previously reported balances.

	General	Special Revenue
Fund Cash Balances, As Reported, December 31, 2019	(\$65,193)	\$240,571
Restatements	240,571	(240,571)
Fund Cash Balances, As Restated, January 1, 2020	<u>\$175,378</u>	<u>\$0</u>

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Trustees
Little Miami Joint Fire and Rescue District
Hamilton County
5800 Wooster Pike
Cincinnati, Ohio 45227

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Governmental Auditing Standards*), the financial statements of Little Miami Joint Fire and Rescue District, Hamilton County, Ohio (the District) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements and have issued our report thereon dated July 6, 2023, wherein we noted the District followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code 117-2-03(C) permit. We also noted the District restated fund cash balances for the year ending December 31, 2019 and that the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the District.

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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2021-002 that we consider to be a material weakness.

Report on Compliance and Other Matters

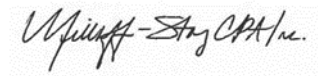
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2021-001.

District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

July 6, 2023

Little Miami Joint Fire and Rescue District
Hamilton County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

Finding Number 2021-001

Noncompliance – Budgetary Information Within Accounting System

Monitoring controls are regular management and supervisory activities established to oversee whether management’s objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action.

When designing the system of internal control and the specific control activities, management should consider ensuring:

- a) Reliability of financial reporting;
- b) Effectiveness and efficiency of operations;
- c) Compliance with applicable laws and regulations.

Ohio Administrative Code Section 117-2-02(C)(1) requires all local public offices to integrate the budgetary accounts, at the level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely budgetary information at the fund level. Failure to update the system with the official budget increases the risk of relying on inaccurate information for monitoring compliance with applicable laws, operations, and proper reporting.

During testing, we noted variances between the District’s certificate of estimated resources and formally approved appropriations and those reported in the budgetary reports within the accounting system for the year ended December 31, 2021. Failure to update the accounting system with approved budgetary balances increases the risk of relying on inaccurate information for monitoring compliance with applicable laws, operations, and proper reporting. The District should monitor budgetary information entered into its accounting system to ensure accurate accounting records are maintained.

District’s Response:

We’ll make sure budgets are set up in the accounting system and match approved appropriations and certificates of resources.

Finding Number 2021-002

Material Weakness – Financial Reporting

A sound internal control environment is pertinent to ensure that management properly presents the financial activity of the District. During the course of testing, we noted various misstatements and misclassifications within the District’s accounting records and financial statements. These misstatements and misclassifications included property taxes restricted for debt service and related debt service payments posted to incorrect funds, reporting of EMS charges for services net of service organization fees, and misclassified COVID grants and various expenses. We also analyzed activities reported in a special revenue fund and, with input from management and legal counsel, determined that such funds did not merit special revenue recognition. These amounts were reclassified into the general fund. In addition, we noted that the District had an unrecorded outside bank account and does not include its investment balances and related activity within its accounting system, which requires additional computations and adjustments to present its financial activity in its annual financial report. Lastly, footing errors and various other corrections were also made to the financial statements and related note disclosures. The District should implement additional operating and monitoring procedures to ensure that financial activity is presented accurately and completely within the accounting records, financial statements, and note disclosures.

Little Miami Joint Fire and Rescue District
Hamilton County
Schedule of Findings and Responses
For the Years Ended December 31, 2021 and 2020

District's Response:

The 2024 budget has been submitted to the Hamilton County Auditor with special revenue funds reclassified to the general fund. 2022 and 2023 financial reports will be adjusted to reflect these reclassifications. Misclassification of funds will be corrected. Net charges for services will be posted as gross.

Little Miami Joint Fire and Rescue District
Hamilton County
Schedule of Prior Audit Findings
For the Years Ended December 31, 2021 and 2020

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding 2019-001	Noncompliance – Ohio Administrative Code Section 117-2-02(C)(1) – Budgetary Information Within Accounting System	No	Reissued as finding 2021-001
Finding 2019-002	Noncompliance – Ohio Revised Code Section 5705.39 – Appropriations in Excess of Estimated Resources	No	Reissued in management letter
Finding 2019-003	Noncompliance – Ohio Revised Code Section 5705.10(I) – Negative Fund Balances	Yes	
Finding 2019-004	Material Weakness – Financial Reporting	No	Reissued as finding 2021-002

OHIO AUDITOR OF STATE KEITH FABER



LITTLE MIAMI JOINT FIRE AND RESCUE DISTRICT

HAMILTON 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 11/28/2023

88 East Broad 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