



**ALLEN-CLAY JOINT FIRE DISTRICT  
OTTAWA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2022-2021**



ALLEN-CLAY JOINT FIRE DISTRICT  
OTTAWA COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

Allen-Clay Joint Fire District  
Ottawa County  
3155 North Genoa-Clay Center Road  
Genoa, Ohio 43430-9464

To the Board of Trustees:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of Allen-Clay Joint Fire District, Ottawa 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, 2022 and 2021, 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, 2022 and 2021, 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 2022 and 2021, 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.

***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 December 19, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 19, 2023

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**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Combined Statement of Receipts, Disbursements,*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2022*

	<u>All Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$770,141		\$770,141
Charges for Services	51,643	\$296,170	347,813
Intergovernmental	136,086		136,086
Earnings on Investments	4,978		4,978
Miscellaneous	279,397	830	280,227
<i>Total Cash Receipts</i>	<u>1,242,245</u>	<u>297,000</u>	<u>1,539,245</u>
<b>Cash Disbursements</b>			
Current Disbursements:			
Security of Persons and Property:			
General Government	386,625		386,625
Public Safety	450,322	263,795	714,117
Capital Outlay	62,057		62,057
Debt Service:			
Principal Retirement	299,444		299,444
Interest and Fiscal Charges	25,273		25,273
<i>Total Cash Disbursements</i>	<u>1,223,721</u>	<u>263,795</u>	<u>1,487,516</u>
<i>Net Change in Fund Cash Balance</i>	18,524	33,205	51,729
<i>Fund Cash Balances, January 1</i>	<u>944,933</u>	<u>54,515</u>	<u>999,448</u>
<i>Fund Cash Balances, December 31</i>	<u>\$963,457</u>	<u>\$87,720</u>	<u>\$1,051,177</u>

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

**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Allen-Clay Joint Fire District, Ottawa County, Ohio (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member and one alternate that is to serve in the even the primary Board member cannot attend meetings. Those subdivisions are Clay Township, Allen Township, the Village of Genoa, and the Village of Clay-Center. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The District had the following significant Special Revenue Fund:

***EMS Fund*** The EMS Fund is used to record the receipts and disbursements for the ambulance and paramedics for the District. Revenues are derived from billing for transports made to a hospital.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Budgetary Process***

The Ohio Revised Code requires 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.

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

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

A summary of 2022 budgetary activity appears in Note 3.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do 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.

**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

**Unassigned** Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,241,903	\$1,242,245	\$342
Special Revenue	296,350	297,000	650
<b>Total</b>	<b>\$1,538,253</b>	<b>\$1,539,245</b>	<b>\$992</b>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,547,650	\$1,223,721	\$323,929
Special Revenue	279,648	263,795	15,853
<b>Total</b>	<b>\$1,827,298</b>	<b>\$1,487,516</b>	<b>\$339,782</b>

**Note 4 - Deposits**

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

**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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	<u>2022</u>
<b><i>Cash Management Pool (the Pool):</i></b>	
Demand deposits	\$118,565
Other time deposits (savings account)	<u>932,612</u>
<i>Total carrying amount of deposits held in the Pool</i>	<u><u>\$1,051,177</u></u>

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits are insured by the Federal Deposit 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.

**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 statements include 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 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**

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Portable equipment coverage;
- Management liability coverage; and
- Errors and omissions.

**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The District contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages. The District has paid all contributions required through December 31, 2022.

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent of participants' gross salaries. The District has paid all contributions required through December 31, 2022.

***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, 2022.

**Note 8 - 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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

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.

**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 9 - Debt**

Debt outstanding at December 31, 2022 was as follows:

	Principal	Interest Rate
Building Promisory Note 85%	\$517,639	Variable

During a prior audit period, the District entered into a promissory note with First Federal in the amount of \$807,500 to finance construction of the new fire department building. The note will be repaid in monthly installments of \$4,476, including interest, commencing July 2014 through July 2019 at which time payments will be calculated based on a variable rate. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

During a prior audit period, the District entered into a promissory note with First Federal in the amount of \$129,873 to finance construction of the new fire department building. The note was paid off during 2022. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

During a prior audit period, the District obtained an installment loan through Croghan Colonial Bank in the amount of \$194,879 to finance the purchase of a fire truck. The loan was paid off during 2022. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

During a prior audit period, the District obtained an installment loan through Genoa Bank in the amount of \$200,000 to finance the purchase of an ambulance. The loan was paid off during 2022. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

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

Year Ending December 31:	Building Note 85%
2023	\$55,781
2024	55,781
2025	55,781
2026	55,781
2027	55,781
2028-2032	278,906
2033-2034	75,001
Total	\$632,812

**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 10 - Fund Balances**

The fund balance of Special Revenue Funds is either restricted or committed.

**Note 11 - Miscellaneous Receipts**

General Fund miscellaneous receipts primarily consisted of donations.



**Allen-Clay Joint Fire District**  
*Ottawa County*  
**Combined Statement of Receipts, Disbursements,  
and Changes in Fund Balances (Regulatory Cash Basis)**  
*All Governmental Fund Types*  
For the Year Ended December 31, 2021

	<b>All Fund Types</b>			<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$764,074			\$764,074
Charges for Services	50,880	\$246,436		297,316
Intergovernmental	110,344			110,344
Earnings on Investments	1,234			1,234
Miscellaneous	388,847			388,847
<i>Total Cash Receipts</i>	<u>1,315,379</u>	<u>246,436</u>		<u>1,561,815</u>
<b>Cash Disbursements</b>				
Current Disbursements:				
Security of Persons and Property:				
General Government	413,040			413,040
Public Safety	357,831	297,908		655,739
Capital Outlay	17,648			17,648
Debt Service:				
Principal Retirement			\$119,812	119,812
Interest and Fiscal Charges			29,447	29,447
<i>Total Cash Disbursements</i>	<u>788,519</u>	<u>297,908</u>	<u>149,259</u>	<u>1,235,686</u>
<i>Excess Receipts Over (Under) Disbursements</i>	<u>526,860</u>	<u>(51,472)</u>	<u>(149,259)</u>	<u>326,129</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	1	40,000	103,127	143,128
Transfers Out	(143,127)		(1)	(143,128)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(143,126)</u>	<u>40,000</u>	<u>103,126</u>	
<i>Net Change in Fund Cash Balance</i>	383,734	(11,472)	(46,133)	326,129
<i>Fund Cash Balances, January 1</i>	<u>561,199</u>	<u>65,987</u>	<u>\$46,133</u>	<u>673,319</u>
<i>Fund Cash Balances, December 31</i>	<u>\$944,933</u>	<u>\$54,515</u>		<u>\$999,448</u>

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

**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 - Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Allen-Clay Joint Fire District, Ottawa County, Ohio (the District) as a body corporate and politic. A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member and one alternate that is to serve in the even the primary Board member cannot attend meetings. Those subdivisions are Clay Township, Allen Township, the Village of Genoa, and the Village of Clay-Center. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects. The District had the following significant Special Revenue Fund:

***EMS Fund*** The EMS Fund is used to record the receipts and disbursements for the ambulance and paramedics for the District. Revenues are derived from billing for transports made to a hospital.

***Capital Project Funds*** 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 Projects Fund:

***Building & Apparatus Capital Projects Fund*** The Building & Apparatus Capital Projects Fund receives proceeds from the sale of capital assets owned by the District as well as transfers from the General Fund. This fund is used to account for debt service payments associated with outstanding District debt issuances.

**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

The Ohio Revised Code requires 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.

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

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

A summary of 2021 budgetary activity appears in Note 3.

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do 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:

**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***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 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 ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,315,379	\$1,315,380	\$1
Special Revenue	275,821	286,436	10,615
Capital Projects	137,459	103,127	(34,332)
<b>Total</b>	<b>\$1,728,659</b>	<b>\$1,704,943</b>	<b>(\$23,716)</b>

**Allen-Clay Joint Fire District**  
*Ottawa County*  
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*For the Year Ended December 31, 2021*

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,318,032	\$931,646	\$386,386
Special Revenue	325,987	297,908	28,079
Capital Projects	149,260	149,260	
<b>Total</b>	<b>\$1,793,279</b>	<b>\$1,378,814</b>	<b>\$414,465</b>

**Note 4 - Deposits**

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

	2021
<b><i>Cash Management Pool (the Pool):</i></b>	
Demand deposits	\$12,200
Other time deposits (savings account)	987,248
<i>Total carrying amount of deposits held in the Pool</i>	<i>\$999,448</i>

The District does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings.

Deposits are insured by the Federal Deposit 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.

**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 statements include 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 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.

**Allen-Clay Joint Fire District**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 6 - Risk Management**

***Commercial Insurance***

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Portable equipment coverage;
- Management liability coverage; and
- Errors and omissions.

**Note 7 - Defined Benefit Pension Plans**

***Ohio Police and Fire Retirement System***

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

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

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the District contributed an amount equaling 14 percent 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.

**Allen-Clay Joint Fire District**  
*Ottawa County*  
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*For the Year Ended December 31, 2021*

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**Note 8 - Postemployment Benefits**

Both OPERS and OP&F 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. 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. OP&F contributes 0.5 percent to fund these benefits.

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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 9 - Debt**

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Building Promisory Note 85%	\$562,802	Variable
Building Promisory Note 15%	90,525	Variable
Fire Truck Loan	27,567	2.60%
Ambulance Loan	135,876	2.75%
Total	\$816,770	

During a prior audit period, the District entered into a promissory note with First Federal in the amount of \$807,500 to finance construction of the new fire department building. The note will be repaid in monthly installments of \$4,476, including interest, commencing July 2014 through July 2019 at which time payments will be calculated based on a variable rate. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

During a prior audit period, the District entered into a promissory note with First Federal in the amount of \$129,873 to finance construction of the new fire department building. The note will be repaid in monthly installments of \$720, including interest, commencing July 2014 through July 2019 at which time the payments will be calculated based on a variable rate. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

**Allen-Clay Joint Fire District**  
*Ottawa County*  
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*For the Year Ended December 31, 2021*

During a prior audit period, the District obtained an installment loan through Croghan Colonial Bank in the amount of \$194,879 to finance the purchase of a fire truck. The loan has a 2.60 percent interest rate and will be repaid in monthly installments of \$3,470, including interest, for a period of five years commencing in September 2018. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

During a prior audit period, the District obtained an installment loan through Genoa Bank in the amount of \$200,000 to finance the purchase of an ambulance. The loan has a 2.75 percent interest rate and will be repaid in monthly installments of \$3,571, including interest, for a period of five years commencing in May 2020. There is no provision in the Ohio Revised Code for the District to enter into this type of debt.

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

Year Ending December 31:	Building Note 85%	Building Note 15%	Fire Truck Loan	Ambulance Loan
2022	\$64,488	\$8,972	\$27,839	\$42,861
2023	55,781	8,972		42,861
2024	55,781	8,972		42,861
2025	55,781	8,972		13,796
2026	55,781	8,972		
2027-2031	278,906	44,858		
2032-2034	130,782	22,441		
Total	<u>\$697,300</u>	<u>\$112,159</u>	<u>\$27,839</u>	<u>\$142,379</u>

**Note 10 - Fund Balances**

The fund balance of Special Revenue Funds is either restricted or committed. The fund balance of Capital Projects Funds is restricted, committed, or assigned.

**Note 11 - Miscellaneous Receipts**

General Fund miscellaneous receipts primarily consisted of donations.





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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Allen-Clay Joint Fire District  
Ottawa County  
3155 North Genoa-Clay Center Road  
Genoa, Ohio 43430-9464

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, 2022 and 2021 and the related notes to the financial statements of Allen-Clay Joint Fire District, Ottawa County, Ohio (the District) and have issued our report thereon dated December 19, 2023, 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 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 as item 2022-001.

***District's Response to Finding***

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

***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

December 19, 2023

ALLEN-CLAY JOINT FIRE DISTRICT  
OTTAWA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2022-001

**Noncompliance Citation**

**Ohio Rev. Code Chapter 133** authorizes certain methods by which subdivisions may incur debt.

**Ohio Rev. Code § 133.26(A)** provides in part that securities issued by a subdivision shall state on their face the purposes, stated in summary terms, for which, and identify the legislation under which, they are issued. They shall bear interest at a rate or rates as provided for in that legislation.

During 2022 and 2021, the District made principal payments on outstanding promissory notes and installment loans in the amount of \$299,444 and \$119,812, respectively. The promissory notes and installment loans were used by the District to purchase an ambulance, construct a new building, and purchase a fire truck.

The securities issued for the building and fire truck do not state in summary terms the purposes for which they were issued, and the securities for the ambulance, building, and fire truck do not identify the legislation under which they were issued. The District authorized an interest rate of 2% for the building, but the security was issued at a rate of 2.95%.

The District should consult with legal counsel before incurring debt or issuing securities to determine if the debt is authorized by statute and to ensure compliance with Ohio Rev. Code Ch. 133.

**Officials' Response:**

It was the decision of the Board in place at the time of securing the loan and on the advice of the County Prosecutor in office at the time of the application, we applied and obtained a conventional loan through the bid process. It was also the decision of the Board in place at the time of securing the loan that it was the most expeditious and cost-effective use of Fire District taxpayers' monies.



# ALLEN-CLAY JOINT FIRE DISTRICT

## Headquarters

3155 N. Genoa-Clay Center Rd.  
Genoa, OH 43430

Phone: 419-855-4733

Fax: 419-855-1074

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Finding was first reported during the audit of the 2014 financial statements. Material weakness for errors in financial reporting.	Partially corrected and reissued as part of the management letter.	This matter was not fully corrected due to deficiencies in the District's internal control over financial report. However, errors were not material or significant to the District as a whole, thus supporting reduction to management letter reporting. Fiscal Officer will double check the HINKLE report to ensure that budget matches the UAN system.
2020-002	Finding was first reported during the audit of the 2014 financial Statements. Ohio Rev. Code Chapter 133 and § 505.401 for issuing unallowable debt instruments.	Not corrected and reissued as Finding 2022-001 in this report.	This matter was not corrected due to deficiencies in the District's internal controls over debt compliance. It was the decision of the Board in place at the time of securing the loan and on the advice of the County Prosecutor in office at the time of the application, we applied and obtained a conventional loan through the bid process. It was also the decision of the Board in place at the time of securing the loan that it was the most expeditious and cost-effective use of Fire District taxpayers' monies.
2020-003	Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	Fully corrected.	
2020-004	Noncompliance related to a debt covenant (loan #2609592). District did not submit its annual financial statements to the bank.	Fully corrected.	
2020-005	Noncompliance related to a debt covenant (loan #2203956). District did not submit its annual financial statements to the bank.	Fully corrected.	
2020-006	Finding for recovery related to unsupported credit card purchases.	Fully corrected.	

# OHIO AUDITOR OF STATE KEITH FABER



**ALLEN-CLAY JOINT FIRE DISTRICT**

**OTTAWA 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 1/2/2024**

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](http://www.ohioauditor.gov)