



OHIO AUDITOR OF STATE
KEITH FABER



TRI-COUNTY JOINT FIRE DISTRICT
MADISON COUNTY

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Tri-County Joint Fire District
Madison County
PO Box 325
Mt Sterling, OH 43143

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Tri-County Joint Fire District, Madison 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 31, 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 *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 April 1, 2025, 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

April 1, 2025

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Tri-County Joint Fire District
Madison 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

	All Fund Types		
	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$393,297	\$0	\$393,297
Charges for Services	176,368	0	176,368
Intergovernmental	85,142	119,477	204,619
Earnings on Investments	86	0	86
Miscellaneous	73,370	0	73,370
<i>Total Cash Receipts</i>	<i>728,263</i>	<i>119,477</i>	<i>847,740</i>
Cash Disbursements			
Current Disbursements:			
Security of Persons and Property:			
Salaries & Benefits	542,419	0	542,419
Materials and Supplies	16,227	0	16,227
Repairs	48,189	3,492	
Equipment	0	115,985	115,985
Other	175,100	0	175,100
<i>Total Cash Disbursements</i>	<i>781,935</i>	<i>119,477</i>	<i>849,731</i>
<i>Net Change in Fund Cash Balance</i>	<i>(53,672)</i>	<i>0</i>	<i>(53,672)</i>
<i>Fund Cash Balances, January 1</i>	<i>994,009</i>	<i>0</i>	<i>994,009</i>
<i>Fund Cash Balances, December 31</i>	<i><u>\$940,337</u></i>	<i><u>\$0</u></i>	<i><u>\$940,337</u></i>

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

Tri-County Joint Fire District
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Tri County Joint Fire District, Madison County, (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. Those subdivisions are (Village of Mount Sterling and Pleasant Township, Madison County; Darby Township, Pickaway County; and Madison Township, Fayette County). 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.

Fund Accounting

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

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

Special Revenue Fund This fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District had the following significant Special Revenue Fund: Federal Emergency Management Agency (FEMA), which receives revenue from the Assistance to Firefighters Grant program and expends money according to Grant requirements.

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 that each fund be budgeted annually.

Tri-County Joint Fire District
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Tri-County Joint Fire District
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Note 3 – Budgetary Activity

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

Fund Type	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$507,833	\$728,263	\$220,430
Special Revenue	119,477	119,477	0
Total	\$627,310	\$847,740	\$220,430

2022 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgetary	Variance
	Appropriation	
General	\$798,523	\$781,935
Special Revenue	119,477	119,477
Total	\$918,000	\$901,412

Note 4 – Deposits

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

	2022
Demand deposits	\$767,584
Other time deposits (savings accounts)	172,753
Total deposits	\$940,337

Tri-County Joint Fire District
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits (Continued)

Deposits

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.

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

The Tri-County Joint Fire District participates in a workers compensation program sponsored by Ohio Rural Water Association. CompManagement, LLC is the program's third-party administrator. Ohio Rural Water Association serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Workers' Compensation (OBWC) and the Ohio Workers' Compensation Fund. This may be accomplished through participation in a group rating program or through group retrospective rating. The Tri-County Joint Fire District has chosen to participate in a group rating program for 2022. Participation in the program is restricted to members who meet enrollment criteria and are in good standing with Ohio Rural Water Association, a certified sponsor recognized by OBWC.

The District provides health insurance, dental and vision insurance, and short-term disability insurance coverage to full-time employees through a private carrier. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Tri-County Joint Fire District
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

The District's Full-Time Chief and Full-Time 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.

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 combined plan was 2 percent and for the traditional pension 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 is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. 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.

Tri-County Joint Fire District
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Related Party Transactions

The Tri-County Fire Fighters Association, Inc. (the “Association”) is considered a related party of the District. The Association is considered a related party as it would be misleading not to disclose the relationship between the District and the Association. The District’s Fire Chief is also the Treasurer of the Tri-County Fire Fighters Association, Inc. He manages three outside accounts consisting of a savings account, general checking account and a fire run account. The fire run account consists of receipts from the District for volunteer fire pay. The District records this as contract services expenditures. The Association pays the volunteers for the fire runs which were participated in during the year. The other accounts consist of revenues from various fund raisers held by the Fire Fighters employed by the District.

Note 11 – Fund Balances

The District does not have any restricted, committed, or assigned fund balances.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2022, the District did not receive any Coronavirus Aid, Relief, and Economic Security (CARES) Act funding.

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Tri-County Joint Fire District
Madison 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

	<u>General</u>
Cash Receipts	
Property and Other Local Taxes	\$396,654
Charges for Services	200,688
Intergovernmental	46,909
Earnings on Investments	<u>86</u>
<i>Total Cash Receipts</i>	<u>644,337</u>
Cash Disbursements	
Current Disbursements:	
Security of Persons and Property:	
Salaries & Benefits	432,285
Materials and Supplies	11,347
Equipment	5,566
Repairs	11,474
Other	123,038
Capital Outlay	<u>19,898</u>
<i>Total Cash Disbursements</i>	<u>603,608</u>
<i>Net Change in Fund Cash Balance</i>	40,729
<i>Fund Cash Balances, January 1</i>	<u>953,280</u>
<i>Fund Cash Balances, December 31</i>	<u>\$994,009</u>

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

Tri-County Joint Fire District
Madison 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 Tri-County Joint Fire District, Madison County, (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. Those subdivisions are (Village of Mount Sterling and Pleasant Township, Madison County; Darby Township, Pickaway County; and Madison Township, Fayette County). 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.

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.

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 that each fund be budgeted annually.

Tri-County Joint Fire District
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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:

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.

Tri-County Joint Fire District
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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	\$633,839	\$644,337	\$10,498
Total	<u>\$633,839</u>	<u>\$644,337</u>	<u>\$10,498</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$776,000	\$603,608	\$172,392
Total	<u>\$776,000</u>	<u>\$603,608</u>	<u>\$172,392</u>

Note 4 – Deposits

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

	2021
Demand deposits	\$821,341
Other time deposits (savings account)	172,668
Total deposits	<u>\$994,009</u>

Tri-County Joint Fire District
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits (Continued)

Deposits

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.

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

The Tri-County Joint Fire District participates in a workers compensation program sponsored by Ohio Rural Water Association. CompManagement, LLC is the program's third-party administrator. Ohio Rural Water Association serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Workers' Compensation (OBWC) and the Ohio Workers' Compensation Fund. This may be accomplished through participation in a group rating program or through group retrospective rating. The Tri-County Joint Fire District has chosen to participate in a group rating program for 2021. Participation in the program is restricted to members who meet enrollment criteria and are in good standing with Ohio Rural Water Association, a certified sponsor recognized by OBWC.

The District provides health insurance, dental and vision insurance, and short-term disability insurance coverage to full-time employees through a private carrier. Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

Commercial Insurance

The District has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Tri-County Joint Fire District
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans

Ohio Police and Fire Retirement System

The District's Full-Time Chief and Full-Time 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.

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 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 is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor. 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.

Tri-County Joint Fire District
Madison County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Related Party Transactions

The Tri-County Fire Fighters Association, Inc. (the “Association”) is considered a related party of the District. The Association is considered a related party as it would be misleading not to disclose the relationship between the District and the Association. The District’s Fire Chief is also the Treasurer of the Tri-County Fire Fighters Association, Inc. He manages three outside accounts consisting of a savings account, general checking account and a fire run account. The fire run account consists of receipts from the District for volunteer fire pay. The District records this as contract services expenditures. The Association pays the volunteers for the fire runs which were participated in during the year. The other accounts consist of revenues from various fund raisers held by the Fire Fighters employed by the District.

Note 11 – Fund Balances

The District does not have any restricted, committed, or assigned fund balances. For the year ending December 31, 2021, the District only used a General Fund.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2021, the District did not receive any Coronavirus Aid, Relief, and Economic Security (CARES) Act funding.

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Tri-County Joint Fire District
Madison County
PO Box 325
Mt Sterling, OH 43143

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 for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Tri-County Joint Fire District, Madison County, Ohio (the District) and have issued our report thereon dated April 1, 2025, 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 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 as item 2022-001 that we consider to be a material weakness.

Tri-County Joint Fire District
Madison County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page 2

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 matters 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

April 1, 2025

TRI-COUNTY JOINT FIRE DISTRICT
MADISON 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

Material Weakness and Material Noncompliance – Recording in Incorrect Fund

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Tri-County Joint Fire District inappropriately recorded \$119,476 of Federal Assistance to Firefighters Grant Revenue and Expenditures in the General Operating Fund. Given the source of the revenue, this should have been recorded in separate grant fund. Audit adjustments are reflected in the financial statements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Tri-County Joint Fire District should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response: The District will closely review all transactions to ensure that each is properly reported.

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OHIO AUDITOR OF STATE KEITH FABER



TRI-COUNTY JOINT FIRE DISTRICT

MADISON 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 4/17/2025

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

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