

**VILLAGE OF SILVERTON
HAMILTON COUNTY**



REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

OHIO AUDITOR OF STATE
KEITH FABER



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Village Council
Village of Silverton
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Silverton, Ohio 45236

We have reviewed the *Independent Auditor's Report* of the Village of Silverton, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

May 18, 2021

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**VILLAGE OF SILVERTON
HAMILTON COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

Village Manager and
Members of Village Council
Village of Silverton
Hamilton County, Ohio

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Silverton, Ohio, (the Village) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2020, and the respective changes in modified cash financial position for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2021, on our consideration of the Village'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 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 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 Village's internal control over financial reporting and compliance.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
Cincinnati, Ohio
April 9, 2021

Village of Silverton
Hamilton County
Statement of Net Position - Modified Cash Basis
December 31, 2020

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$1,639,812</u>
Total Assets	<u><u>\$1,639,812</u></u>
Net Position	
Restricted for:	
Capital Projects	\$445,913
Debt Service	22,523
Other Purposes	215,495
Unrestricted	<u>955,881</u>
Total Net Position	<u><u>\$1,639,812</u></u>

See accompanying notes to the basic financial statements

Village of Silverton
Hamilton County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2020

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
Current:				
Security of Persons and Property	\$963,131	\$0	\$0	(\$963,131)
Leisure Time Activities	99,218	0	0	(99,218)
Community Environment	39,274	33,030	0	(6,244)
Basic Utility Services	2,618	329,433	0	326,815
Transportation	700,024	72,851	241,410	(385,763)
General Government	1,254,633	20,443	0	(1,234,190)
Capital Outlay	2,113,926	0	0	(2,113,926)
Debt Service:				
Principal Retirement	278,668	0	0	(278,668)
Interest and Fiscal Charges	53,219	0	0	(53,219)
Total Governmental Activities	5,504,711	455,757	241,410	(4,807,544)
		General Receipts:		
		Property Taxes Levied for:		
			General Purposes	569,689
			TIF Revenues	116,206
			Other Local Taxes	186,603
			Income Taxes	1,868,700
		Grants and Entitlements not		
			Restricted to Specific Programs	1,750,010
			Sale of Capital Assets	17,080
			Sale of Land	157,000
			Other Debt Proceeds	333,429
			Earnings on Investments	11,843
			Miscellaneous	40,736
			Total General Receipts	5,051,296
				Change in Net Position
				243,752
				Net Position Beginning of Year
				1,396,060
				Net Position End of Year
				\$1,639,812

See accompanying notes to the basic financial statements

Village of Silverton
Hamilton County
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2020

	General	Debt Service	OPWC	TIF	Capital Improvements	Jobs	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Investments	\$1,028,854	\$22,523	\$227,124	\$57,844	\$79,262	\$36,486	\$187,719	\$1,639,812
Total Assets	<u>\$1,028,854</u>	<u>\$22,523</u>	<u>\$227,124</u>	<u>\$57,844</u>	<u>\$79,262</u>	<u>\$36,486</u>	<u>\$187,719</u>	<u>\$1,639,812</u>
Fund Balances								
Restricted	\$0	\$0	\$227,124	\$57,844	\$79,262	\$36,486	\$143,179	\$543,895
Committed	0	0	0	0	0	0	44,540	44,540
Assigned	72,973	22,523	0	0	0	0	0	95,496
Unassigned (Deficit)	955,881	0	0	0	0	0	0	955,881
Total Fund Balances	<u>\$1,028,854</u>	<u>\$22,523</u>	<u>\$227,124</u>	<u>\$57,844</u>	<u>\$79,262</u>	<u>\$36,486</u>	<u>\$187,719</u>	<u>\$1,639,812</u>

See accompanying notes to the basic financial statements

Village of Silverton
Hamilton County
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Year Ended December 31, 2020

	General	Debt Service	OPWC	TIF	Capital Improvements	Jobs	Other Governmental Funds	Total Governmental Funds
Receipts								
Municipal Income Taxes	\$1,868,700	\$0	\$0	\$0	\$0	\$0	\$0	\$1,868,700
Property Taxes	569,689	0	0	0	0	0	0	569,689
Other Local Taxes	63,181	0	0	0	0	0	85,464	148,645
Intergovernmental	171,037	0	815,460	116,206	230,000	211,199	635,320	2,179,222
Special Assessments	7,504	0	0	0	5,440	0	0	12,944
Charges for Services	329,433	0	0	0	0	0	37,083	366,516
Fines, Licenses and Permits	41,499	0	0	0	0	0	1,160	42,659
Earnings on Investments	11,020	0	0	0	0	0	823	11,843
Miscellaneous	21,733	8,003	0	11,000	0	0	0	40,736
Total Receipts	3,083,796	8,003	815,460	127,206	235,440	211,199	759,850	5,240,954
Disbursements								
Current:								
Security of Persons and Property	631,327	0	0	0	0	0	331,804	963,131
Leisure Time Activities	3,883	0	0	0	0	0	95,335	99,218
Community Environment	39,274	0	0	0	0	0	0	39,274
Basic Utility Services	0	0	0	0	0	0	2,618	2,618
Transportation	77,086	0	0	36,282	0	0	389,671	503,039
General Government	1,248,948	0	0	1,245	190	0	4,250	1,254,633
Capital Outlay	0	0	1,678,686	0	150,481	437,940	43,804	2,310,911
Debt Service:								
Principal Retirement	0	278,668	0	0	0	0	0	278,668
Interest and Fiscal Charges	0	53,219	0	0	0	0	0	53,219
Total Disbursements	2,000,518	331,887	1,678,686	37,527	150,671	437,940	867,482	5,504,711
Excess of Receipts Over (Under) Disbursements	1,083,278	(323,884)	(863,226)	89,679	84,769	(226,741)	(107,632)	(263,757)
Other Financing Sources (Uses)								
Sale of Capital Assets	340	0	0	0	0	16,740	0	17,080
Sale of Land	157,000	0	0	0	0	0	0	157,000
Other Debt Proceeds	0	0	333,429	0	0	0	0	333,429
Transfers In	0	333,417	88,669	0	55,000	0	74,800	551,886
Transfers Out	(492,469)	0	0	(59,417)	0	0	0	(551,886)
Advances In	170,439	0	0	0	0	0	20,000	190,439
Advances Out	(20,000)	0	0	(62,000)	(88,439)	0	(20,000)	(190,439)
Total Other Financing Sources (Uses)	(184,690)	333,417	422,098	(121,417)	(33,439)	16,740	74,800	507,509
Net Change in Fund Balances	898,588	9,533	(441,128)	(31,738)	51,330	(210,001)	(32,832)	243,752
Fund Balances Beginning of Year	130,266	12,990	668,252	89,582	27,932	246,487	220,551	1,396,060
Fund Balances End of Year	\$1,028,854	\$22,523	\$227,124	\$57,844	\$79,262	\$36,486	\$187,719	\$1,639,812

See accompanying notes to the basic financial statements

Village of Silverton
Hamilton County
Statement of Fiduciary Net Position - Modified Cash Basis
Fiduciary Funds
December 31, 2020

	<u>Custodial Funds</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$32,113</u>
Total Assets	<u><u>\$32,113</u></u>
Net Position	
Restricted for:	
Individuals, Organizations and Other Governments	<u>\$32,113</u>
Total Net Position	<u><u>\$32,113</u></u>

See accompanying notes to the basic financial statements

Village of Silverton
Hamilton County
Statement of Changes in Fiduciary Net Position - Modified
Cash Basis
Fiduciary Funds
December 31, 2020

	<u>Custodial Funds</u>
Additions	
Amounts Received as Fiscal Agent	\$7,500
Other Amounts Collected for Distribution	<u>2,130</u>
Total Additions	<u>9,630</u>
Deductions	
Distributions as Fiscal Agent	2,811
Distributions to Other Governments	<u>3,268</u>
Total Deductions	<u>6,079</u>
Change in Net Position	3,551
Net Position Beginning of Year - Restated	<u>28,562</u>
Net Position End of Year	<u><u>\$32,113</u></u>

See accompanying notes to the basic financial statements

Village of Silverton
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of Silverton (the Village) is a chartered municipal corporation established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The municipal government is known as a Council/Manager form of government. Legislative power is vested in a six-member council elected at large for four year terms, with the Mayor's position elected as a separate position. The Council appoints a Village Manager who serves as the chief executive officer.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the Village are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village provides the following services to its citizens: parks and recreation, planning, zoning, street maintenance and repairs, and solid waste disposal. Council establishes policies and goals and approves the budget. The Village Manager is responsible for administering the budget and implementing the policies and goals through the operation and control of these activities.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility.

The Village participates in a joint venture: the Deer Park-Silverton Joint Fire District. This organization is presented in Note 15 to the financial statements.

The Village participates in a public entity risk pool: the Ohio Plan Risk Management, Inc. This organization is presented in Note 16 to the financial statements.

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

Note 2 - Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from generally accepted accounting principles (GAAP) in the United States of America. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Village of Silverton
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions.

The statement of net position presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a modified cash basis or draws from the general receipts of the Village.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The Village 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 Village are presented in two categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General 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 Village for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the Village.

Debt Service The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest debt obligations.

Ohio Public Works Improvement (OPWC) Fund The OPWC Fund accounts for all OPWC loan and grant projects. For 2020, this included the completion of Kenton Avenue and the continuation of Elwynne Drive.

Stewart Road Tax Increment Financing (TIF) Fund The TIF Fund accounts for the TIF agreement established for Stewart Road proximate to BMW and Mini Showrooms. The TIF was created for 10 years.

Capital Improvements Fund The Capital Improvements Fund accounts for and reports other capital improvements, including facilities and road improvements. Revenues principally come from General Fund transfers.

Village of Silverton
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Job Creation, Redevelopment and Growth (Jobs) Fund The Jobs Fund accounts for and reports economic development related projects in this fund.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. The Village only has custodial funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust. The Village's custodial funds account for amounts collected and distributed on behalf of another government or organization. The Village's custodial funds include the Silverton Block Watch, Mayor's Court, and Silverton Community Improvement Corporation.

Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned. Disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund level for all funds with personal services identified. More detailed appropriation allocations may be made by the Finance Director or Village Manager as long as the allocations are within Council's appropriated amounts.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried

Village of Silverton
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Investments”. The Village’s Mayor’s Court has its own checking accounts for collection and distribution of court fines and forfeitures.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2020, the Village invested in a money market fund, U.S. Treasury Bills, and certificates of deposits. Investments are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund and Other Governmental Funds during 2020 were \$11,020 and \$823, respectively.

Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village’s modified cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village’s modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Village of Silverton
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for streets and highways, recycling, common areas and other items. None were restricted by enabling legislation. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute. The Finance Director may assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

Village of Silverton
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The Village 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.

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Operating Lease

In May of 2018, the Village of Silverton moved to their new town hall location of 6943 Montgomery Road.

In 2018, the Village finalized a Master Development Agreement with Highgrain Brewing Company (Highgrain) to lease the prior Municipal Building at 6860 Plainfield Road and to loan \$275,000 to Highgrain to create and or to preserve jobs in the Village. The lease is for a ten year period. A security deposit of \$25,000 was received and shall be held for securing the performance of the lease. No receivables are reflected in the financial statements. Of the \$275,000 loan, \$100,000 was granted in 2018 and \$175,000 was granted in 2019. Highgrain at their sole expense constructed at 6860 Plainfield Road, a high quality tap room, brewery and restaurant, together with all fixtures and improvements. Highgrain opened in May of 2019.

Note 3 – Deposits and Investments

The investment and deposit of Village monies are governed by the Ohio Revised Code. Additionally, the Village adopted an investment policy in 2006 which also governs investments. Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Village Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Village of Silverton
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in 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 by the financial institution.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and, with certain limitations including requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Village had \$600 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

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Deposits

Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions have the option of participating in OPCS or collateralizing utilizing the specific pledge method.

The Village's financial institute participates in the 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. OPCS requires the total market value of the securities pledged to be 50 percent of the deposits being secured or a rate set by the Treasurer of State. The Village currently has total market value of securities pledged at 105 percent as of December 31, 2020. At year end, none of the Village's bank balance of \$1,039,383 was exposed to custodial credit.

Investments

As of December 31, 2020, the Village had the two investments both maturing in less than 1 year: \$734,991 in U.S. Treasury Bills and \$3,376 in a money market fund.

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy states that the maximum maturity for any investment is limited to a final stated maturity of five years. This policy is in line with State statute that also requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk The Village's investment policy states that investment in corporate entities must have a debt rating of Aa or better by Standard & Poors' or Moody's rating service. The Village's investment in U.S. Treasury Notes were rated A-1+ by Standard & Poor's and P-1 by Moody's Investors Service. Investments in certificates of deposits and the money market fund were not rated.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk The Village places no limit on the amount it may invest in any one issuer. The Village has invested approximately 99.5 percent in U.S. Treasury Bills and 0.5 percent in a money market fund.

Village of Silverton
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 4 – Income Taxes

The Village levies a 1.25 percent income tax on substantially all income earned in the Village. In addition, the residents of the Village are required to pay income tax on income earned outside of the Village. The Village does not allow a credit for income taxes paid to another municipality.

Employers within the Village are required to withhold income tax on employee compensation and remit the tax to the Village monthly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. Beginning in 2018, employers, upon their election, may file one municipal net profit tax return through the Ohio Business Gateway for processing by the Ohio Department of Taxation. The Ohio Department of Taxation handles all administrative functions for those centrally-filed returns and distributed payments to the Village. The proceeds were allocated to the General Fund.

Note 5 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

Real property taxes for 2020 are levied after October 1, 2020, on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. Real property taxes for 2020 are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes for 2020 which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2020, was \$8.15 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Property	\$80,996,860
Public Utility Personal Property	5,345,140
Total	<u><u>\$86,342,000</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Village of Silverton
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Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 6 – Tax Abatements

For purposes of GASB Statement No 77, the definition of a tax abatement is the following: a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. (GASB 77, paragraph 4) See paragraphs 7 and 8 of GASB 77 for specific information related to disclosures of tax abatements.

The Village passed Ordinances 08-2378, 16-3506, and 16-3507 for Silverton’s Community Reinvestment Area (CRA), which implemented sections 3735.65 to 3735.70 of the Ohio Revised Code regarding designation of CRA’s, which encourages economic stability, maintain real property values, and generates new employment opportunities in the Village. There are no recapture provisions, no commitments made in exchange for the abatement, except for remodeling of the property. There is nothing that will be received, or due from other governments in association with the abated taxes and no other associated commitments were made by the abated government.

The Village has no properties abated for 2020. The Village has submitted applications for verification which are expected to financially affect the Village for 2021 on five properties.

The Village had no tax abatement agreements with other governments which would reduce the Village’s tax revenues.

Note 7 - Interfund Transfers

During 2020 the following transfers were made by the Village:

	Transfers In	Transfers Out
General Fund	\$0	\$492,469
Debt Service Fund	333,417	0
OPWC Fund	88,669	0
TIF Fund	0	59,417
Capital Improvements Fund	55,000	0
Other Governmental Funds	74,800	0
Total	\$551,886	\$551,886

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, except as noted below.

The General Fund and the TIF Funds made transfers to the Debt Service Fund to be used to make debt service payments for the year. The General Fund also made transfers to OPWC Fund, Capital Improvements Fund, and Other Governmental Funds to provide additional resources for current operations, capital improvements, and other Village operations.

Village of Silverton
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 For the Year Ended December 31, 2020

During 2020 the following advances were made by the Village:

	Advances In	Advances Out
General Fund	\$170,439	\$20,000
TIF Fund	0	62,000
Capital Improvements Fund	0	88,439
Other Governmental Funds	20,000	20,000
Total	\$190,439	\$190,439

A remaining outstanding interfund balance at December 31, 2020, consists of \$535,000 in the TIF Fund, that provided capital to pay the LLK Verdict in 2019. The advance will be repaid over several years to the General Fund.

Note 8 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM). See Note 16 for further information regarding the Plan.

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The intent of the GRP is to achieve the benefit of reduced premiums for the participants, foster safer working conditions and foster cost-effective claims management skills by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating local governments is calculated as one experience and a common premium is applied to all local governments in the GRP. Each participant pays its workers’ compensation premium to the state based on the rate for all local governments in the GRP rather than its individual rate. Total savings are then calculated and each participant’s individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the “Equity Pooling Fund”. This “equity pooling” arrangements ensure that each participant shares equally in the overall performance of the GRP.

The Village manages employee health benefits on a self-funded insurance basis. The employee health benefit plan provides basic health coverage through United Health Care (UHC), the third party administrator (TPA) of the program, which reviews and processes or disallows the claims. Jefferson Health Plan (JHP) releases the claims payments to the providers as a consortium outside UHC. JHP is a jointly governed organization established as a joint insurance pool. The Village is a member of the Center for Local Government Benefits Pool (CLGBP) which is a member of JHP. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$150,000 per employee per year. The 2020 monthly family and employee plus one premiums were \$1,984.06 and \$1,212.23. The TPA charges the Village an administration fee of \$57.27 per employee per month.

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

Note 9 - Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan. The combined plan is a combined cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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For the Year Ended December 31, 2020

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula:	Traditional Plan Formula:	Traditional Plan Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula:	Combined Plan Formula:	Combined Plan Formula:
1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula:	Traditional Plan Formula:	Traditional Plan Formula:
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost of living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost of living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, currently law provides for a 3 percent simple COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefits (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2020 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee ***	10.0%	*	**
2020 Actual Contribution Rates			
Employer			
Pension	14.0%	18.1%	18.1%
Post-employment Health Care Benefits ****	0.0%	0.0%	0.0%
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>18.1%</u>
Employee	<u>10.0%</u>	<u>12.0%</u>	<u>13.0%</u>

- * This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- ** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- *** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- **** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$74,422 for year 2020.

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Plan Description – Social Security

Two Village employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contribute 6.2 percent of their gross salaries. The Village contributes an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have 20 or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The postemployment health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Please see OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

Disclosures for health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board, a portion of each employers' contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the traditional pension plan and combined plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$10,632 for 2020.

Note 11 – Long-Term Obligations

The changes in the Village's long-term obligations during 2020 were as follows:

	Balance 12/31/19	Issued	Retired	Balance 12/31/20
General Obligation Bonds				
2010 Building Acquisition Bonds	\$160,000	\$0	(\$15,000)	\$145,000
2016 Road Improvement Bonds	365,000	0	(50,000)	315,000
2017 Building Acquisition Bonds	1,205,000	0	(125,000)	1,080,000
Total General Obligation Bonds	<u>1,730,000</u>	<u>0</u>	<u>(190,000)</u>	<u>1,540,000</u>
Other Long-Term Obligations				
2019 Direct Loan Various				
Purpose Bonds	250,000	0	(21,000)	229,000
OPWC Loans from Direct Borrowing				
Fire Hydrant	48,940	0	(5,438)	43,502
Stoll Lane	125,252	0	(11,387)	113,865
E. Gatewood Lane	45,075	0	(4,098)	40,977
Sampson Lane	96,365	0	(6,424)	89,941
Plainfield Road	203,026	0	(12,689)	190,337
Belkenton and Grace Lane	85,702	0	(4,285)	81,417
East Avenue	85,239	0	(2,664)	82,575
Sibley Avenue	191,279	0	(5,626)	185,653
South Broadlawn Avenue	138,443	0	(4,072)	134,371
North Avenue	186,790	0	(5,048)	181,742
Park Avenue	231,563	0	(5,937)	225,626
Kenton Avenue	0	178,072	0	178,072
Elwynne Drive	0	155,357	0	155,357
Total OPWC	<u>1,437,674</u>	<u>333,429</u>	<u>(67,668)</u>	<u>1,703,435</u>
Total Other Long-Term Obligations	<u>1,687,674</u>	<u>333,429</u>	<u>(88,668)</u>	<u>1,932,435</u>
Total General Obligation Bonds and Other Long-Term Obligations	<u>\$3,417,674</u>	<u>\$333,429</u>	<u>(\$278,668)</u>	<u>\$3,472,435</u>

On April 12, 2010, the Village issued Building Acquisition Bonds in the amount of \$930,000. The bonds were issued at an interest rate of 4.74 percent through 2029. On February 2, 2011, the Village partially defeased the 2010 Building Acquisition Bonds. This was a consequence of the sale of the building acquired with the bonds, plus the adjoining parking lot parcels on December 9, 2010. The amount that was defeased was \$605,000.

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On May 24, 2016, the Village issued Road Improvement General Obligation Bonds in the amount of \$500,000. The bonds were issued at an interest rate of 2.58 percent through 2026.

On October 17, 2017, the Village issued Building Acquisition and Renovation Bonds in the amount of \$1,500,000. The bonds were issued at an interest rate of 2.24 percent through 2031.

On November 19, 2019, the Village issued Direct Loan Various Purpose Bonds in the amount of \$250,000. The 2019 Various Purpose Bonds were issued for building improvements, a municipal vehicle, and roadway improvements. The bonds were issued at an interest rate of 3.2 percent through 2029. The Direct Loan does not contain a default provision nor a default rate.

In October 2001, the Village entered into a project loan agreement with the Ohio Public Works Commission (OPWC) for fire hydrant replacements. The original loan amount was \$217,518, payable over 20 years, without interest. The Village is responsible for the OPWC fire hydrant loan payments; however, due to terms pertaining to the Deer Park-Silverton Joint Fire District, the Village of Deer Park is reimbursing the Village 70.61 percent of the loan payments.

During 2020, the Village received \$178,072 from OPWC for Kenton Avenue and finalized the loan agreement with the Village. This loan will be payable without interest over 20 years with equal payments made in January and July each year. Beginning in January of 2021, the first payment due will be \$4,452 and the final payment will occur in July of 2041.

As of December 31, 2020, the Village also received \$155,357 from OPWC for Elwynne Drive road project. In February of 2021, the Village received another \$228,868 from OPWC for Elwynne but the loan agreement has not been finalized.

The following loan agreements were entered into with OPWC in previous years for the purpose of various road projects listed below. All are payable without interest to be repaid over 20 years.

	<u>Year</u>	<u>Original Amount</u>
OPWC Loans		
Stoll Lane	2004	\$455,461
E. Gatewood Lane	2004	163,903
Sampson Lane	2006	256,966
Plainfield Road	2007	507,572
Belkenton and Grace Lane	2009	171,411
East Avenue	2010	133,182
Sibley Avenue	2016	225,035
South Broadlawn Avenue	2016	162,875
North Avenue	2017	201,935
Park Avenue	2019	237,500

The Village's outstanding OPWC Loans of \$1,703,435 all contain a provision that in an event of default, the amount of such default shall bear interest thereafter at the rate of 8 percent per annum until the date of payment, and outstanding amounts become immediately due. Also, the State may direct the county treasurer to pay the outstanding amount from portion of the local government fund that would otherwise be appropriated to the Village.

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Principal and interest requirements to retire general obligation bonds and direct loan as well as principal requirements for the OPWC loans outstanding at December 31, 2020, were as follows:

Year	General Obligation Bonds		Direct Loan		OPWC
	Principal	Interest	Principal	Interest	Principal
2021	\$190,000	\$40,216	\$22,000	\$7,328	\$150,454
2022	190,000	35,339	23,000	6,624	150,454
2023	150,000	30,461	24,000	5,888	150,454
2024	160,000	26,516	25,000	5,120	150,454
2025	160,000	22,216	25,000	4,320	139,577
2026-2030	585,000	54,587	110,000	8,960	436,772
2031-2035	105,000	2,445	0	0	309,062
2036-2045	0	0	0	0	216,208
Total	\$1,540,000	\$211,780	\$229,000	\$38,240	\$1,703,435

Note 12 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Debt Service	OPWC	TIF	Capital Improvement	Jobs	Other Governmental	Total Governmental Funds
Restricted for:								
Street								
Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$109,860	\$109,860
State Highway	0	0	0	0	0	0	16,608	16,608
Recycling	0	0	0	0	0	0	7,372	7,372
GCCU Commons	0	0	0	0	0	0	6,963	6,963
Mayor's Court								
Special Projects	0	0	0	0	0	0	1,458	1,458
Drug Offender	0	0	0	0	0	0	261	261
OPWC	0	0	227,124	0	0	0	0	227,124
TIF	0	0	0	57,844	0	0	0	57,844
Capital								
Improvements	0	0	0	0	79,262	0	0	79,262
Park								
Improvements	0	0	0	0	0	0	657	657
Jobs Fund	0	0	0	0	0	36,486	0	36,486
Committed to:								
Capital								
Equipment	0	0	0	0	0	0	44,540	44,540
Assigned to:								
Debt Service	0	22,523	0	0	0	0	0	22,523
Year 2021	72,973	0	0	0	0	0	0	72,973
Unassigned	955,881	0	0	0	0	0	0	955,881
	\$1,028,854	\$22,523	\$227,124	\$57,844	\$79,262	\$36,486	\$187,719	\$1,639,812

Village of Silverton
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 13 – Construction Commitments

As of December 31, 2020, the Village had the following construction commitments with respect to capital projects: Elwynne Drive for \$360,291 and Lillian Avenue for \$39,987.

Note 14 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors 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.

Note 15 – Joint Governed Organizations

The Village is a member of the Deer Park-Silverton Joint Fire District (DPSJFD), which is a joint venture between the Village of Silverton and the City of Deer Park. The DPSJFD was created to provide fire protection services to the residents of the two governments.

The DPSJFD Board of Trustees consists of eight trustees, with each government appointing four of the trustees. The Village's ability to effect operations is limited to its representation on the Board. The funding for the operation of the DPSJFD is provided by tax revenues from a continuing levy approved by the electorate of both governments. There is no explicit and measurable equity interest in the DPSJFD. The DPSJFD has not accumulated significant financial resources or experiencing fiscal distress that may cause additional burden to the Village.

Note 16 – Public Entity Risk Pool

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The OPRM is legally separate from its member governments.

Pursuant to Section 2744.081 of the ORC, the OPRM provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty treaty and 30 percent of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30 percent for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM property retention remained unchanged; however, the OPRM assumed 100 percent of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30 percent to 33 percent, while the casualty treaty remains unchanged and still assumes 100 percent of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

Village of Silverton
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Plan members are responsible to notify OPRM of their intent to renew coverage by their renewal date. If a member chooses not to renew with OPRM, they have no other financial obligation to OPRM, but still need to promptly notify OPRM of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of OPRM.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

OPRM's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

	2019
Assets	<u>\$15,920,504</u>
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The GRP's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 17 – Implementation of New Accounting Principles

Governmental Accounting Standards Board (GASB) Statement Number 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* was issued in June 2018. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The implementation of GASB Statement Number 89 did not have an effect on the financial statements of the Village.

GASB Statement Number 91, *Conduit Debt Obligations* was issued in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. The implementation of GASB Statement Number 91 did not have an effect on the financial statements of the Village.

Note 18 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the coronavirus pandemic. The financial impact of the coronavirus pandemic and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Silverton
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

During 2020, the Village received Coronavirus Aid, Relief and Economic Security (CARES) Act funding. The Village received \$265,126 as an on-behalf of grant from another government and \$66,619 was spent by Hamilton County for the Village. These amounts are recorded in the Security of Persons and Property in the Coronavirus Relief Special Revenue Fund.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Village Manager and
Members of Village Council
Village of Silverton
Hamilton County, Ohio

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, the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Silverton, Ohio (the Village), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements, and have issued our report thereon dated April 9, 2021, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village'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 Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
April 9, 2021

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SILVERTON

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/1/2021

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