



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF FRAZEYSBURG
MUSKINGUM COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Frazeytsburg
Muskingum County
7 West Second Street
Frazeytsburg, Ohio 43822

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Frazeytsburg, Muskingum County, Ohio (the Village).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. 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 January 13, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.



Keith Faber
Auditor of State
Columbus, Ohio

January 13, 2022

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Village of Frazeyburg
Muskingum County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$39,758	\$123,257	\$0	\$163,015
Municipal Income Tax	160,974	0	0	160,974
Intergovernmental	19,681	195,975	0	215,656
Special Assessments	0	289	0	289
Charges for Services	367	40,193	0	40,560
Fines, Licenses and Permits	30,347	1,210	0	31,557
Earnings on Investments	262	653	0	915
Miscellaneous	17,845	4,146	0	21,991
<i>Total Cash Receipts</i>	<u>269,234</u>	<u>365,723</u>	<u>0</u>	<u>634,957</u>
Cash Disbursements				
Current:				
Security of Persons and Property	93,856	146,673	0	240,529
Leisure Time Activities	4,518	48,216	0	52,734
Transportation	0	30,657	0	30,657
General Government	110,689	90,768	0	201,457
<i>Total Cash Disbursements</i>	<u>209,063</u>	<u>316,314</u>	<u>0</u>	<u>525,377</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>60,171</u>	<u>49,409</u>	<u>0</u>	<u>109,580</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	11,840	0	11,840
Transfers Out	(11,840)	0	0	(11,840)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,840)</u>	<u>11,840</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	48,331	61,249	0	109,580
<i>Fund Cash Balances, January 1</i>	<u>52,475</u>	<u>175,649</u>	<u>1,066</u>	<u>229,190</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$100,806</u></u>	<u><u>\$236,898</u></u>	<u><u>\$1,066</u></u>	<u><u>\$338,770</u></u>

See accompanying notes to the basic financial statements

Village of Frazeyburg
Muskingum County
Statement of Receipts, Disbursements
and Change in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Enterprise
Operating Cash Receipts	
Charges for Services	\$658,574
Miscellaneous	10,135
	668,709
Operating Cash Disbursements	
Personal Services	142,833
Fringe Benefits	77,163
Contractual Services	133,234
Supplies and Materials	91,590
Other	343
	445,163
<i>Total Operating Cash Disbursements</i>	<i>445,163</i>
<i>Operating Income</i>	<i>223,546</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	70
Capital Outlay	(159,919)
Principal Retirement	(64,147)
Interest and Other Fiscal Charges	(54,665)
	(278,661)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(278,661)</i>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<i>(55,115)</i>
Transfers In	70,000
Transfers Out	(70,000)
	(55,115)
<i>Net Change in Fund Cash Balances</i>	<i>(55,115)</i>
<i>Fund Cash Balance, January 1</i>	<i>606,946</i>
<i>Fund Cash Balance, December 31</i>	<i>\$551,831</i>

See accompanying notes to the basic financial statements

Village of Frazeyburg
Muskingum County
Statement of Additions, Deductions
and Change in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Custodial
Additions	
Other Amounts Collected for Distribution	\$21,561
<i>Total Additions</i>	21,561
Deductions	
Distributions to Other Governments	4,341
Distributions to Other Funds (Primary Gov't)	18,110
<i>Total Deductions</i>	22,451
<i>Net Change in Fund Balances</i>	(890)
<i>Fund Cash Balance, January 1</i>	2,360
<i>Fund Cash Balance, December 31</i>	\$1,470

See accompanying notes to the basic financial statements

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Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Village of Frazeytsburg

The Village of Frazeytsburg (the Village), Muskingum County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, swimming pool and police services. The Village contracts with Frazeytsburg Fire Department to receive fire protection services. The Village appropriates local property tax money for the volunteer fire department.

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

The Village participates in a public entity risk pool and is associated with 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 Village’s management believes these financial statements present all activities for which the Village is financially accountable. Notes 8 and 14 to the financial statements provides additional information for these entities.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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

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

Street Construction Maintenance and Repair Fund – The street construction, maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Street Lighting Fund – The street lighting fund accounts for and reports special assessments that are based on property tax valuation to pay for Village street lighting.

Swimming Pool Fund – The swimming pool fund accounts for and reports money received from season pool passes, pool admittances, sale of concessions and general fund transfers used to operate the public swimming pool.

Mayor’s Court Computer Fund – The Mayor’s court computer fund accounts for and reports money from citations issued by the police department having the purpose of maintaining computer systems for the office of the clerk of the municipal court.

Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Fire Levy Fund – The fire levy fund accounts for and reports property tax levies passed by voters to support a fire department and to provide fire protection services.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Police Car & Equipment Fund – The police car & equipment fund was established to account for monies set aside to assist in purchasing vehicles and equipment.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. The Village also has a limited amount of customers using Village water outside of the Village limits.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Storm Water Fund The storm water fund accounts for the provision of storm water services to the residents and businesses located within the Village.

Sewer Surcharge Debt Fund – The sewer surcharge debt fund was established with sewer surcharges that are no longer collected, however funds remain for the repayment of loans incurred in planning and construction of the Village Sewer System.

USDA Water Debt Fund – The USDA water debt accounts for and reports water fund transfers required for the USDA loan agreement for the repayment of loans incurred in planning and construction of the Village Water System.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under trust agreements for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Custodials fund are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court activity.

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2020 budgetary activity appears in Note 4.

Deposits and Investments

During the period, the Village maintained a general checking account, certificate of deposit, savings account, and mayor's court checking account.

The Village has no investments.

Capital Assets

The Village 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 Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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 Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

Village of Frazeyburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 17.

Note 3 - Compliance

There were no material budgetary violations.

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$288,152	\$269,234	(\$18,918)
Special Revenue	371,120	377,563	6,443
Capital Projects	500	0	(500)
Enterprise	754,170	738,779	(15,391)
Fiduciary	50,000	21,561	(28,439)
Total	\$1,463,942	\$1,407,137	(\$56,805)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$340,405	\$220,956	\$119,449
Special Revenue	407,539	316,314	91,225
Capital Projects	1,200	0	1,200
Enterprise	1,046,973	798,221	248,752
Fiduciary	52,360	22,451	29,909
Total	\$1,848,477	\$1,357,942	\$490,535

Note 5 – Deposits

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

**Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020**

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$821,631
Total deposits	821,631
 <i>Segregated Accounts - Not held in the Pool:</i>	
Debt Accounts (Related to USDA Debt and Not held in Pool)	70,440
Total Outside Accounts	70,440

The Village has an accounts held outside of the deposit pool for retainage related to a USDA construction contract and for monies held in accordance with debt agreements. The Village has met the required amount according to the debt agreement with the USDA and the account earns interest monthly. This account is required to be maintained until the USDA loans are paid off in 2045.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation for the first \$250,000 and then 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 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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 Village.

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The Central Collection Agency administers the income tax for the Village.

Village of Frazzysburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Interfund Balances

Advances

There were no outstanding advances at December 31, 2020.

Note 8 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), 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 Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% 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% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Village 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.

Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent, of their gross salaries and the Village contributed an amount equaling 14 percent, of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

The Village's Council members and Board of Trustees of Public Affairs members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Council members and Board of Trustees of Public Affairs members contributed 6.2 percent of their gross salaries. The Village contributed 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

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

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

Note 11 – Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2005 USDA Rural Development Loan A	\$ 607,600	4.13%
2005 USDA Rural Development Loan B	338,800	4.13%
2005 USDA Rural Development Loan C	121,600	4.13%
2010 OPWC – Sewer Plant Improvements	76,005	0.00%
6038 OWDA – Storm Water Improvements	125,825	1.50%
2016 Community Bank – Excavator	38,699	2.93%
7930 OWDA – Hunter lift station	227,362	2.58%
Total	<u>\$ 1,535,891</u>	

Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The United States Department of Agriculture Rural Development (USDA) Loans A, B and C were used to pay off OWDA loan #3951 that relates to water system improvements. The original loan was for \$751,000, \$418,000 and \$150,000 respectively and the schedule above includes interest capitalized on these loans. The loans will be paid off in annual payments over the next 25 years. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The 2010 OPWC loan relates to a sewer plant improvement project. The original loan was for \$138,190. The loan will be repaid in semi-annual installments of \$3,455, including interest, over 20 years. The loan is collateralized by revenues generated from Village utilities.

The 2012 OWDA loan #6038 relates to a storm water improvement project. The original loan was for \$214,450. This loan will be repaid back over 20 years with semi-annual installments of \$6,225. The loan is collateralized by revenues generated from Village utilities.

The Community Bank loan, for an excavator, was for \$87,732. The excavator will be used for water, sewer and storm water lines. The loan payments are collateralized equally between the three funds revenues since 2017. The loan was for a 7 year term.

The OWDA loan #7930 relates to construction of the hunter lift station. The original loan was for the \$252,293 and the schedule above includes interest capitalized on this loan. The loan will be paid in semi-annual installments of \$8,114, including interest, over 20 years. The loan is collateralized by revenue generated by the sewer facilities.

Amortization

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

Year Ending December 31:	USDA A,B,C	OPWC CTA1M	OWDA #6038	Community Bank	OWDA 7930
2021	\$69,412	\$6,910	\$12,451	\$13,846	\$16,227
2022	69,412	6,910	12,451	13,660	16,227
2023	69,412	6,910	12,451	13,472	16,227
2024	69,412	6,910	12,451		16,227
2025	69,412	6,910	12,451		16,227
2026-2030	347,060	34,548	62,255		81,136
2031-2035	347,060	6,907	12,451		81,136
2036-2040	347,060				40,568
2041-2045	347,060				
Total	\$1,735,300	\$76,005	\$136,961	\$40,978	\$283,975

Note 12 – Construction and Contractual Commitments

Council awarded Wolford Excavation emergency approval to replace 300 feet of collapsed sewer line along Basin Street for a total cost of \$158,324 according to Ohio Revised Code 735.051 and without formal bidding or advertising. Wolford Excavating received a discount for paying for supplies early and passed the savings to the Village and total invoices added up to \$149,836. The street was dug up to replace the sewer line and then filled with cold mix one the line was replaced. The street has not held up well and has been closed due to the sinking. As of December 31, 2020, the Village issued payment to Wolford Excavation but held the remaining \$20,000 check until the street was fixed and useable.

**Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020**

Note 13 – Contingent Liabilities

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

Note 14 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool'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 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. 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.

During 2020, the Village received CARES Act funding. Of the amounts received, \$85,780 was spent primarily for public safety employees' wages and covered benefits. There were also two employees who were required to be quarantined to enable compliance with COVID-19 public health precautions. These amounts are reflected as general governmental expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 16 – Related Party Transactions

A Village Council President is a Captain for the Frazeytsburg Volunteer Fire Department. The Village contracts with the Frazeytsburg Volunteer Fire Department for fire and emergency medical protection services. The Village paid \$129,434 during 2020 for these services with money that was received from tax levies.

Note 17 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

		Special	Capital	
Fund Balances	General	Revenue	Projects	Total
Outstanding Encumbrance	\$52			\$52
<i>Total</i>	\$52	\$0	\$0	\$52

Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Note 18 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Statement of Additions, Deductions and Change in Fund Balance (Regulatory Cash Basis) –Fiduciary Fund Type, and removing the fiduciary fund type from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Proprietary and Fiduciary Fund Types.

Village of Frazeyburg
Muskingum County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Project	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$35,166	\$111,109	\$0	\$146,275
Municipal Income Tax	169,164	0	0	169,164
Intergovernmental	19,226	101,236	0	120,462
Special Assessments	0	414	0	414
Charges for Services	2,173	34,030	0	36,203
Fines, Licenses and Permits	37,253	2,101	0	39,354
Earnings on Investments	441	374	0	815
Miscellaneous	7,728	8,792	0	16,520
<i>Total Cash Receipts</i>	<u>271,151</u>	<u>258,056</u>	<u>0</u>	<u>529,207</u>
Cash Disbursements				
Current:				
Security of Persons and Property	157,199	140,786	0	297,985
Leisure Time Activities	7,000	51,436	0	58,436
Transportation	0	42,061	0	42,061
General Government	121,223	4,069	0	125,292
Capital Outlay	4,726	17,446	0	22,172
<i>Total Cash Disbursements</i>	<u>290,148</u>	<u>255,798</u>	<u>0</u>	<u>545,946</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,997)</u>	<u>2,258</u>	<u>0</u>	<u>(16,739)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	5,460	0	5,460
Transfers In	0	10,000	0	10,000
Transfers Out	(10,000)	0	0	(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(10,000)</u>	<u>15,460</u>	<u>0</u>	<u>5,460</u>
<i>Net Change in Fund Cash Balances</i>	<u>(28,997)</u>	<u>17,718</u>	<u>0</u>	<u>(11,279)</u>
<i>Fund Cash Balances, January 1</i>	<u>81,472</u>	<u>157,931</u>	<u>1,066</u>	<u>240,469</u>
Fund Cash Balances, December 31				
Restricted	0	175,566	0	175,566
Assigned	52,475	83	1,066	53,624
<i>Fund Cash Balances, December 31</i>	<u>\$52,475</u>	<u>\$175,649</u>	<u>\$1,066</u>	<u>\$229,190</u>

See accompanying notes to the basic financial statements

Village of Frazeyburg
Muskingum County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Custodial	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$647,691	\$0	\$647,691
Miscellaneous	1,715	0	1,715
<i>Total Operating Cash Receipts</i>	<u>649,406</u>	<u>0</u>	<u>649,406</u>
Operating Cash Disbursements			
Personal Services	126,103	0	126,103
Fringe Benefits	70,595	0	70,595
Contractual Services	119,166	0	119,166
Supplies and Materials	76,774	0	76,774
Other	773	0	773
<i>Total Operating Cash Disbursements</i>	<u>393,411</u>	<u>0</u>	<u>393,411</u>
<i>Operating Income (Loss)</i>	<u>255,995</u>	<u>0</u>	<u>255,995</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	6,500	0	6,500
Earnings on Investments (proprietary funds only)	249	0	249
Sale of Fixed Assets	5,840	0	5,840
Miscellaneous Receipts	97	33,103	33,200
Capital Outlay	(101,528)	0	(101,528)
Principal Retirement	(67,587)	0	(67,587)
Interest and Other Fiscal Charges	(56,515)	0	(56,515)
Other Financing Uses	0	(35,585)	(35,585)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(212,944)</u>	<u>(2,482)</u>	<u>(215,426)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	43,051	(2,482)	40,569
Transfers In	70,000	0	70,000
Transfers Out	(70,000)	0	(70,000)
<i>Net Change in Fund Cash Balances</i>	43,051	(2,482)	40,569
<i>Fund Cash Balances, January 1</i>	<u>563,895</u>	<u>4,842</u>	<u>568,737</u>
<i>Fund Cash Balances, December 31</i>	<u>\$606,946</u>	<u>\$2,360</u>	<u>\$609,306</u>

See accompanying notes to the basic financial statements

Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Village of Frazeytsburg

The Village of Frazeytsburg (the Village), Muskingum County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, swimming pool and police services. The Village contracts with Frazeytsburg Fire Department to receive fire protection services. The Village appropriates local property tax money for the volunteer fire department.

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

The Village participates in a public entity risk pool and is associated with 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 Village’s management believes these financial statements present all activities for which the Village is financially accountable. Notes 8 and 13 to the financial statements provides additional information for these entities.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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

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

Street Construction Maintenance and Repair Fund – The street construction, maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Street Lighting Fund – The street lighting fund accounts for and reports special assessments that are based on property tax valuation to pay for Village street lighting.

Swimming Pool Fund – The swimming pool fund accounts for and reports money received from season pool passes, pool admittances, sale of concessions and general fund transfers used to operate the public swimming pool.

Mayor’s Court Computer Fund – The Mayor’s court computer fund accounts for and reports money from citations issued by the police department having the purpose of maintaining computer systems for the office of the clerk of the municipal court.

Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Fire Levy Fund – The fire levy fund accounts for and reports property tax levies passed by voters to support a fire department and to provide fire protection services.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Police Car & Equipment Fund – The police car & equipment fund was established to account for monies set aside to assist in purchasing vehicles and equipment.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. The Village also has a limited amount of customers using Village water outside of the Village limits.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Storm Water Fund The storm water fund accounts for the provision of storm water services to the residents and businesses located within the Village.

Sewer Surcharge Debt Fund – The sewer surcharge debt fund was established with sewer surcharges that are no longer collected, however funds remain for the repayment of loans incurred in planning and construction of the Village Sewer System.

USDA Water Debt Fund – The USDA water debt accounts for and reports water fund transfers required for the USDA loan agreement for the repayment of loans incurred in planning and construction of the Village Water System.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under trust agreements for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court activity.

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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2019 budgetary activity appears in Note 4.

Deposits and Investments

During the period, the Village maintained a general checking account, certificate of deposit, savings account, and mayor's court checking account.

The Village has no investments.

Capital Assets

The Village 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 Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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 Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Village of Frazeyburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 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.

Note 3 - Compliance

There were no material budgetary violations.

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$276,761	\$271,151	(\$5,610)
Special Revenue	272,209	273,516	1,307
Capital Projects	500	0	(500)
Enterprise	702,690	732,092	29,402
Fiduciary	50,000	33,103	(16,897)
Total	\$1,302,160	\$1,309,862	\$7,702

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$356,584	\$300,804	\$55,780
Special Revenue	339,974	255,881	84,093
Capital Projects	1,200	0	1,200
Enterprise	968,221	691,373	276,848
Fiduciary	52,255	35,585	16,670
Total	\$1,718,234	\$1,283,643	\$434,591

Note 5 – Deposits and Investments

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

Demand deposits	2019 \$838,496
Total deposits	\$838,496

Village of Frazzysburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation for the first \$250,000 and then 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 6 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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 Village.

Income Taxes

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The Central Collection Agency administers the income tax for the Village.

Note 7 – Interfund Balances

Advances

There were no outstanding advances at December 31, 2019.

Note 8 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), 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 Plan is legally separate from its member governments.

Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% 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% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

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

Assets	\$15,920,504
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.

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Village 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 Village contributed an amount equaling 14 percent, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Social Security

The Village's Council members and Board of Trustees of Public Affairs members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Village of Frazeyburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Council members and Board of Trustees of Public Affairs members contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 10 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

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

Note 11 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
2005 USDA Rural Development Loan A	\$ 621,400	4.13%
2005 USDA Rural Development Loan B	346,400	4.13%
2005 USDA Rural Development Loan C	124,300	4.13%
2010 OPWC – Sewer Plant Improvements	82,914	0.00%
6038 OWDA – Storm Water Improvements	136,271	1.50%
2016 Community Bank – Excavator	51,226	2.93%
7930 OWDA – Hunter lift station	237,527	2.58%
Total	\$ 1,600,038	

The Village paid off OWDA loan #4163 related to construction of a lift station.

The United States Department of Agriculture Rural Development (USDA) Loans A, B and C were used to pay off OWDA loan #3951 that relates to water system improvements. The original loan was for \$751,000, \$418,000 and \$150,000 respectively and the schedule above includes interest capitalized on these loans. The loans will be paid off in annual payments over the next 25 years. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The 2010 OPWC loan relates to a sewer plant improvement project. The original loan was for \$138,190. The loan will be repaid in semi-annual installments of \$3,455, including interest, over 20 years. The loan is collateralized by revenues generated from Village utilities.

The 2012 OWDA loan #6038 relates to a storm water improvement project. The original loan was for \$214,450. This loan will be repaid back over 20 years with semi-annual installments of \$6,225. The loan is collateralized by revenues generated from Village utilities.

The Community Bank loan, for an excavator, was for \$87,732. The excavator will be used for water, sewer and storm water lines. The loan payments will be split equally between the three funds over 7 years beginning in 2017.

Village of Frazeytsburg, Ohio
Muskingum County
Notes to the Financial Statements
For the Year Ended December 31, 2019

The OWDA loan #7930 relates to construction of the hunter lift station. The original loan was for the \$252,293 and the schedule above includes interest capitalized on this loan. The loan will be paid in semi-annual installments of \$8,114, including interest, over 20 years. The loan is collateralized by revenue generated by the sewer facilities.

Amortization

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

Year Ending December 31:	USDA A,B,C	OPWC CTA1M	OWDA #6038	Community Bank	OWDA 7930
2020	\$69,412	\$6,910	\$12,451	\$14,033	\$16,227
2021	69,412	6,910	12,451	13,846	16,227
2022	69,412	6,910	12,451	13,660	16,227
2023	69,412	6,910	12,451	13,472	16,227
2024	69,412	6,910	12,451		16,227
2025-2029	347,060	34,548	62,255		81,136
2030-2034	347,060	13,816	24,902		81,136
2035-2039	347,060				56,795
2040-2044	347,060				
2045	69,412				
Total	\$1,804,712	\$82,914	\$149,412	\$55,011	\$300,202

Note 12 – Contingent Liabilities

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

Note 13 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool'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 14 – Related Party Transaction

A Village Council member is a Captain for the Frazeytsburg Volunteer Fire Department. The Village contracts with the Frazeytsburg Volunteer Fire Department for fire protection services. The Village paid \$122,270 during 2019 for these services.

Note 15 – Subsequent Event - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. 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.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Frazeytsburg
Muskingum County
7 West Second Street
Frazeytsburg, Ohio 43822

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Frazeytsburg, Muskingum County, Ohio (the Village), and have issued our report thereon dated January 13, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 13, 2022

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FRAZEYSBURG

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/25/2022

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