

VILLAGE OF MINERVA

STARK COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021





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Village Council
Village of Minerva
209 N. Market Street
Minerva, OH 44657

We have reviewed the *Independent Auditor's Report* of the Village of Minerva, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. 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 Minerva is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

July 11, 2023

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VILLAGE OF MINERVA
STARK COUNTY

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Charles E. Harris & Associates, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Minerva
Stark County
209 N. Market Street
Minerva, Ohio 44657

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Minerva, Stark County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position or cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 20, 2023

**VILLAGE OF MINERVA
STARK COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 166,602	\$ 118,860	\$ -	\$ 285,462
Municipal Income Tax	3,564,309	-	-	3,564,309
Intergovernmental	138,918	554,976	39,909	733,803
Charges for Services	72,717	47,700	-	120,417
Fines, Licenses and Permits	34,049	36,405	-	70,454
Earnings on Investments	21,089	7,443	6,447	34,979
Miscellaneous	1,987	12,038	-	14,025
<i>Total Cash Receipts</i>	<u>3,999,671</u>	<u>777,422</u>	<u>46,356</u>	<u>4,823,449</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,440,831	-	-	1,440,831
Public Health Services	20,453	28,523	-	48,976
Leisure Time Activities	-	140,669	-	140,669
Community Environment	45,338	-	-	45,338
Basic Utility Services	49,636	-	-	49,636
Transportation	-	580,874	-	580,874
General Government	967,540	3,594	-	971,134
Capital Outlay	45,126	306,288	248,182	599,596
Debt Service:				
Principal Retirement	19,084	-	8,807	27,891
Interest & Fiscal Charges	2,534	-	-	2,534
<i>Total Cash Disbursements</i>	<u>2,590,542</u>	<u>1,059,948</u>	<u>256,989</u>	<u>3,907,479</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	1,409,129	(282,526)	(210,633)	915,970
Other Financing Receipts (Disbursements)				
Transfers In	-	485,764	257,382	743,146
Transfers Out	(743,146)	-	-	(743,146)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(743,146)</u>	<u>485,764</u>	<u>257,382</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	665,983	203,238	46,749	915,970
<i>Fund Cash Balances, January 1</i>	<u>4,373,379</u>	<u>1,562,592</u>	<u>598,227</u>	<u>6,534,198</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 5,039,362</u>	<u>\$ 1,765,830</u>	<u>\$ 644,976</u>	<u>\$ 7,450,168</u>

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

**VILLAGE OF MINERVA
STARK COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Services</u>	
Operating Cash Receipts			
Charges for Services	\$ 1,538,706	\$ 704,000	\$ 2,242,706
Fines, Licenses and Permits	15,733	-	15,733
Miscellaneous	20,008	-	20,008
<i>Total Operating Cash Receipts</i>	1,574,447	704,000	2,278,447
Operating Cash Disbursements			
Personal Services	682,086	-	682,086
Contractual Services	237,612	-	237,612
Supplies and Materials	169,709	-	169,709
Other	-	627,132	627,132
<i>Total Operating Cash Disbursements</i>	1,089,407	627,132	1,716,539
<i>Operating Income (Loss)</i>	485,040	76,868	561,908
Non-Operating Receipts (Disbursements)			
Intergovernmental Receipts	150,000	-	150,000
Loan Proceeds	23,943	-	23,943
Earnings on Investments	7,762	826	8,588
Municipal Income Taxes	15,945	-	15,945
Capital Outlay	(515,768)	-	(515,768)
Principal Retirement	(38,539)	-	(38,539)
Interest and Other Fiscal Charges	(2,439)	-	(2,439)
<i>Total Non-Operating Receipts (Disbursements)</i>	(359,096)	826	(358,270)
<i>Net Change in Fund Cash Balance</i>	125,944	77,694	203,638
<i>Fund Cash Balances, January 1</i>	2,632,950	395,795	3,028,745
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,758,894</u>	<u>\$ 473,489</u>	<u>\$ 3,232,383</u>

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

VILLAGE OF MINERVA
STARK COUNTY
COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Fiduciary Fund Type
	Custodial
Additions	
Fines, Licenses and Permits	\$ 39,932
<i>Total Additions</i>	39,932
Deductions	
Distributions to Other Governments	31,787
Distributions to Other Funds	8,145
<i>Total Deductions</i>	39,932
<i>Net Change in Fund Cash Balance</i>	-
<i>Fund Cash Balances, January 1</i>	2,991
<i>Fund Cash Balances, December 31</i>	\$ 2,991

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

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Minerva (the Village), Stark 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. The Village operates under a Home Rule Charter, which provides for a Council - Administrator form of government. Under this plan, a publicly-elected four-member Council, plus the Mayor, directs the Village. The Charter concentrates actual administration in a Municipal Administrator who is appointed by, and at times is responsible to, the Council. The Village provides water and sewer utilities, street maintenance, a swimming pool, and police services. The Village contracts with Sandy Creek Fire District to receive fire protection and ambulance services.

The Village participates in several jointly governed organizations, including the Stark Council of Governments (SCOG), Stark Regional Planning Commission and the Carroll County Regional Planning Commission. Note 10 to the financial statements provides additional information for these entities.

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

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, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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 (which includes the Income Tax Fund for financial reporting purposes) 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 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.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies *(continued)*

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:

Capital Improvement Fund This fund receives local income taxes and state grants to provide for new equipment and capital improvements within the Village.

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 This fund receives charges for services from residents to cover water service costs.

Sewer Fund This fund receives charges for services from residents to cover sewer service costs.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Self-funded Insurance Medical Fund The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village had no trust funds.

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 funds account for fines, bonds and costs received that were assessed by the Village Mayor's Court and disburses these amounts to the State, Village or the payee. The Village also has a Fire Insurance Fund where funds are disbursed as directed by the individual, organization or other government. This fund holds insurance bonds for properties that have been destroyed by a fire until the repairs are made or demolition occurs. The bonds are then disbursed back to the payor.

Basis of Accounting

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

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

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies *(continued)*

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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 reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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:

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies *(continued)*

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The 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 12.

Note 3 – Budgetary Activity

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

Fund Type	2022 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$4,628,403	\$3,999,671	(\$628,732)
Special Revenue	1,227,623	1,263,186	35,563
Capital Projects	357,282	303,738	(53,544)
Enterprise	1,547,328	1,772,097	224,769
Internal Service	704,400	704,826	426

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 3 – Budgetary Activity *(continued)*

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$5,363,637	\$3,379,730	\$1,983,907
Special Revenue	1,555,540	1,063,573	491,967
Capital Projects	576,278	263,991	312,287
Enterprise	2,164,113	1,694,554	469,559
Internal Service	727,069	649,377	77,692

Note 4 – Deposits and Investments

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 and investments. A summary of the Village’s deposit and investment accounts are as follows:

	2022
<i>Cash Management Pool:</i>	
Demand deposits	\$ 2,728,707
Total deposits	2,728,707
Federal Farm Credit Bank	199,794
Federal Home Loan Bank	582,271
U.S. Treasury Notes	4,701,665
Money Markets	2,273,105
Total investments	7,756,835
Total carrying amount of deposits and investments held in the Pool (ties to FS)	\$ 10,485,542

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statements reflect gross payroll. The balance in the Village’s payroll clearing account represent unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Village’s financial institution transfers securities to the Village’s agent to collateralize repurchase agreements. The securities are not in the Village’s name.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – 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 1.50 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.

As of July 1, 2022, Village Income Tax collections are mostly collected by the Regional Income Tax Agency (RITA). The Village of Minerva still processes all collections previously turned over to the Ohio Attorney General Collections and also the State of Ohio Muni Net Profits Taxes.

Note 6 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public Officials' liability;
- Vehicles;
- Errors and omissions;
- Commercial inland marine;
- Employer's liability;
- Employee benefits' liability; and
- Crime.

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There was no reduction in limits from the prior year.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management *(continued)*

Self-Insurance

The Village was a member of the Jefferson Health Plan during the 2021 and 2022 years. The self-insurance plan is a risk-sharing, claims servicing, and insurance purchasing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Village's behalf. The plan offers medical and prescription drug coverage on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The Village's Self Insurance Fund recovers the costs of this plan by charging the other funds based on an actuarially determined cost per employee. The Self Insurance Fund's cash and investments at December 31, 2022 is as follows:

Cash and Investments	<u>2022:</u> \$473,489
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Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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 health care 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, 2022.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care 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, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits *(continued)*

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

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission (CS04K)	\$106,667	0.00%
Ohio Public Works Commission (CT78F)	\$22,219	0.00%
Ohio Public Works Commission (CT73K)	\$108,672	0.00%
Ohio Public Works Commission (CS09Q)	\$62,500	0.00%
Ohio Public Works Commission (CS110)	\$11,654	0.00%
Ohio Public Works Commission (CT83R)	\$19,980	0.00%
Ohio Public Works Commission (CS17V)	\$68,942	0.00%
Ohio Public Works Commission (CS11W)	\$23,544	0.00%
Ohio Water Development Authority Loan (6617)	<u>\$468,597</u>	1.00%
Total	<u><u>\$892,775</u></u>	

The Ohio Public Works Commission (OPWC) Loan #CS04K is for the Market Street reconstruction project. The loan was approved in the amount of \$200,000 and the Village will repay the loan in semiannual installments of \$3,333 over a period of thirty years.

The Ohio Public Works Commission (OPWC) Loan #CT78F is for the water plant improvement project. The loan was approved in the amount of \$88,877 and the Village will repay the loan in semiannual installments of \$2,222 over a period of twenty years.

The Ohio Public Works Commission (OPWC) Loan #CT73K is for the water line replacement project. The loan was approved in the amount of \$210,333 and the Village will repay the loan in semiannual installments of \$3,505 over a period of thirty years.

The Ohio Public Works Commission (OPWC) Loan #CS09Q is for the waste water treatment plant headworks project. The loan was approved in the amount of \$100,000 and the Village will repay the loan in semiannual installments of \$2,500 over a period of twenty years.

The Ohio Public Works Commission (OPWC) Loan #CS110 is for the Jackson Street storm sewer and road construction project. The loan was approved in the amount of \$21,190.40 and the Village will repay the loan in semiannual installments of \$529.76 over a period of twenty years.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt *(continued)*

The Ohio Public Works Commission (OPWC) Loan #CT83R is for the Jackson Street storm sewer and road reconstruction project, Phase II. The loan was approved in the amount of \$27,000 and the Village will repay the loan in semiannual installments of \$540.00 over a period of 25 years.

The Ohio Public Works Commission (OPWC) Loan #CS17V is for the West Lincoln Way Water Main Replacement project. The loan was approved in the amount of \$75,208.31 and the Village will repay the loan in semiannual installments of \$1,253.47 over a period of 30 years.

The Ohio Public Works Commission (OPWC) Loan #CS11W is for the North Market St. Water Main Replacement project. The loan was approved in the amount of \$23,943 and the Village will repay the loan in semiannual installments of \$399.05 over a period of 30 years.

The Ohio Water Development Authority (OWDA) Loan #6617 relates to WWTP influent upgrade. The OWDA approved a loan in the amount of \$631,860.60 to the Village for this project and the Village will repay the loan in semiannual installments of \$21,618.55. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Year Ending December 31:	OPWC CS04K	OPWC CT78F	OPWC CT73K	OPWC CS09Q	OPWC CS110
2023	\$3,334	\$2,222	\$3,505	\$2,500	\$530
2024	6,667	4,444	7,011	5,000	1,060
2025	6,667	4,444	7,011	5,000	1,060
2026	6,667	4,444	7,011	5,000	1,060
2027	6,667	4,444	7,011	5,000	1,060
2028-2032	33,335	2,221	35,055	25,000	5,300
2033-2037	33,335	0	35,055	15,000	1,584
2038-2042	9,995	0	7,013	0	0
Total	<u>\$106,667</u>	<u>\$22,219</u>	<u>\$108,672</u>	<u>\$62,500</u>	<u>\$11,654</u>

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt *(continued)*

Year Ending December 31:	OPWC CT83R	OPWC CS17V	OPWC CS11W	OWDA 6617
2023	\$540	\$1,255	\$399	\$43,237
2024	1,080	2,507	798	43,237
2025	1,080	2,507	798	43,237
2026	1,080	2,507	798	43,237
2027	1,080	2,507	798	43,237
2028-2032	5,400	12,535	3,990	216,186
2033-2037	5,400	12,535	3,990	86,474
2038-2042	4,320	12,535	3,990	0
2043-2047	0	12,535	3,990	0
2048-2052	0	7,519	3,993	0
Total	<u>\$19,980</u>	<u>\$68,942</u>	<u>\$23,544</u>	<u>\$518,845</u>

Note 10 – Jointly Governed Organizations

The Stark Council of Governments (SCOG) is a jointly governed organization. The SCOG is a regional council of governments formed under chapter 167 of the Ohio Revised Code. The SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and Canton Crime Lab. The SCOG is governed by the membership, including Stark County, and other villages, cities and townships. The membership elects a nine-member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel, and performs accounting and finance-related activities. Continued existence of the agency is dependent on the Village's continued participation; however, the Village does not have an equity interest in the agency. The agency is not accumulating significant financial resources nor is it experiencing fiscal stress, which would cause additional financial benefit or burden to the Village. Complete financial statements may be obtained from the SCOG at P.O. Box 21451, Canton, Ohio 44701-1451.

The Village participates in the Stark County Regional Planning Commission (Commission), which is a statutorily created political subdivision of the state. The Commission is jointly governed among Stark County and other villages, cities and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short-term range, dealing with the economic physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting and designing management. The Village shares in the financial responsibility for any of the Commission's liabilities. Complete financial statements may be obtained from the Stark County Regional Planning Commission, Canton, Ohio.

The Village also participates in the Carroll County Regional Planning Commission (Commission), which is a statutorily created political subdivision of the state. The Commission is jointly governed among Carroll County and other villages, cities and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short-term range, dealing with the economic physical environment of Carroll County. The Board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting and designing management. The Village shares in the financial responsibility for any of the Commission's liabilities. Complete financial statements may be obtained from the Carroll County Regional Planning Commission, Carroll County, Ohio.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – 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:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 46,042	\$ 3,625	\$ 7,000	\$ 56,667

The fund balance of special revenue funds is either restricted or committed. The fund balance of the capital projects fund is restricted committed or assigned. These restricted, committed or assigned amounts in the special revenue and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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.

During 2022, the Village received funds from the American Rescue Plan Act. These funds were used for revenue replacement. Although none of the funds received during 2022 were spent, the Village plans to begin a water meter replacement program with the funds.

**VILLAGE OF MINERVA
STARK COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 155,804	\$ 117,465	\$ -	\$ 273,269
Municipal Income Tax	2,984,053	-	-	2,984,053
Intergovernmental	128,202	468,604	-	596,806
Charges for Services	76,849	28,815	-	105,664
Fines, Licenses and Permits	45,829	26,125	-	71,954
Earnings on Investments	5,480	1,008	694	7,182
Miscellaneous	58,994	1,894	19,440	80,328
<i>Total Cash Receipts</i>	<u>3,455,211</u>	<u>643,911</u>	<u>20,134</u>	<u>4,119,256</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,390,568	1,500	-	1,392,068
Public Health Services	19,538	22,666	-	42,204
Leisure Time Activities	-	127,383	-	127,383
Community Environment	95,895	-	-	95,895
Basic Utility Services	45,345	-	-	45,345
Transportation	-	541,801	-	541,801
General Government	657,885	3,022	-	660,907
Capital Outlay	66,010	171,124	144,287	381,421
Debt Service:				
Principal Retirement	19,353	-	8,807	28,160
Interest & Fiscal Charges	5,447	-	-	5,447
<i>Total Cash Disbursements</i>	<u>2,300,041</u>	<u>867,496</u>	<u>153,094</u>	<u>3,320,631</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	1,155,170	(223,585)	(132,960)	798,625
Other Financing Receipts (Disbursements)				
Transfers In	-	444,150	221,575	665,725
Transfers Out	(665,725)	-	-	(665,725)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(665,725)</u>	<u>444,150</u>	<u>221,575</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	489,445	220,565	88,615	798,625
<i>Fund Cash Balances, January 1</i>	<u>3,883,934</u>	<u>1,342,027</u>	<u>509,612</u>	<u>5,735,573</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,373,379</u>	<u>\$ 1,562,592</u>	<u>\$ 598,227</u>	<u>\$ 6,534,198</u>

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

VILLAGE OF MINERVA
 STARK COUNTY
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
 AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2021

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating Cash Receipts			
Charges for Services	\$ 1,474,329	\$ 704,000	\$ 2,178,329
Fines, Licenses and Permits	5,774	-	5,774
Miscellaneous	66,944	523	67,467
<i>Total Operating Cash Receipts</i>	1,547,047	704,523	2,251,570
Operating Cash Disbursements			
Personal Services	578,090	-	578,090
Contractual Services	268,540	-	268,540
Supplies and Materials	143,763	-	143,763
Other	-	652,962	652,962
<i>Total Operating Cash Disbursements</i>	990,393	652,962	1,643,355
<i>Operating Income (Loss)</i>	556,654	51,561	608,215
Non-Operating Receipts (Disbursements)			
Earnings on Investments	552	-	552
Municipal Income Taxes	87,649	-	87,649
Capital Outlay	(81,755)	-	(81,755)
Principal Retirement	(56,294)	-	(56,294)
Interest and Other Fiscal Charges	(2,724)	-	(2,724)
<i>Total Non-Operating Receipts (Disbursements)</i>	(52,572)	-	(52,572)
<i>Net Change in Fund Cash Balance</i>	504,082	51,561	555,643
<i>Fund Cash Balances, January 1</i>	2,128,868	344,234	2,473,102
<i>Fund Cash Balances, December 31</i>	\$ 2,632,950	\$ 395,795	\$ 3,028,745

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

VILLAGE OF MINERVA
STARK COUNTY
COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Fiduciary Fund Type
	Custodial
Additions	
Fines, Licenses and Permits	\$ 41,977
<i>Total Additions</i>	41,977
Deductions	
Distributions to Other Governments	30,972
Distributions to Other Funds	11,005
<i>Total Deductions</i>	41,977
<i>Net Change in Fund Cash Balance</i>	-
<i>Fund Cash Balances, January 1</i>	2,991
<i>Fund Cash Balances, December 31</i>	\$ 2,991

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

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Village of Minerva (the Village), Stark 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. The Village operates under a Home Rule Charter, which provides for a Council - Administrator form of government. Under this plan, a publicly-elected four-member Council, plus the Mayor, directs the Village. The Charter concentrates actual administration in a Municipal Administrator who is appointed by, and at time is responsible to, the Council. The Village provides water and sewer utilities, street maintenance, a swimming pool, and police services. The Village contracts with Sandy Creek Fire District to receive fire protection and ambulance services.

The Village participates in several jointly governed organizations, including the Stark Council of Governments (SCOG), Stark Regional Planning Commission and the Carroll County Regional Planning Commission. Note 10 to the financial statements provides additional information for these entities.

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

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, a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all 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 (which includes the Income Tax Fund and Employee Retirement Fund for financial reporting purposes) 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 Fund:

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 repairing of streets within the Village.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies *(continued)*

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:

Capital Improvement Fund – This fund receives local income taxes and state grants to provide for new equipment and capital improvements within the Village.

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 This fund receives charges for services from residents to cover water service costs.

Sewer Fund This fund receives charges for services from residents to cover sewer service costs.

Internal Service Fund This fund accounts for services provided by one department to other departments of the government unit. The Village had the following Internal Service Fund:

Self-funded Insurance Medical Fund – The self-funded insurance medical fund accounts for insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village had no trust funds.

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 funds account for fines, bonds and costs received that were assessed by the Village Mayor's Court and disburses these amounts to the State, Village or the payee. The Village also has a Fire Insurance Fund where funds are disbursed as directed by the individual, organization or other government. This fund holds insurance bonds for properties that have been destroyed by a fire until the repairs are made or demolition occurs. The bonds are then disbursed back to the payor.

Basis of Accounting

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

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

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies *(continued)*

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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 reappropriated.

A summary of 2021 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 - Summary of Significant Accounting Policies *(continued)*

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

The 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 11.

Note 3 - Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,790,052	\$3,455,211	\$665,159
Special Revenue	1,061,970	1,088,061	26,091
Capital Projects	254,015	241,709	(12,306)
Enterprise	1,465,725	1,635,248	169,523
Internal Service	699,200	704,523	5,323

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 - Budgetary Activity (continued)

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$3,221,977	\$3,001,336	\$220,641
Special Revenue	1,157,570	870,764	286,806
Capital Projects	274,780	237,032	37,748
Enterprise	1,555,900	1,484,545	71,355
Internal Service	749,200	652,962	96,238

Note 4 – Deposits and Investments

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 and investments. The Village also has segregated accounts which include a clearing account. A summary of the Village's deposit and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$ 1,834,835
Certificates of deposit	908,740
Total deposits	2,743,575
Federal Farm Credit Bank	199,794
Federal Home Loan Bank	300,000
U.S. Treasury Notes	3,650,742
Money Markets	2,671,823
Total investments	6,822,359
Total carrying amount of deposits and investments held in the Pool (ties to FS)	\$ 9,565,934

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statements reflect gross payroll. The balance in the Village's payroll clearing account was \$0.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – 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 homestead and rollback deductions. The financial statements include homestead and rollback 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 1.50 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.

Note 6 - Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public officials' liability;
- Vehicles;
- Errors and omissions
- Commercial inland marine;
- Employer's liability;
- Employee benefits' liability; and
- Crime.

Settlement amounts did not exceed insurance coverage for the past three fiscal years. There was no reduction in limits from prior year.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 - Risk Management *(continued)*

Self-Insurance

The Village was a member of the Jefferson Health Plan during the 2021 and 2020 years. The self-insurance plan is a risk-sharing, claims servicing, and insurance purchasing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Village's behalf. The plan offers medical and prescription drug coverage on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The Village's Self Insurance Fund recovers the costs of this plan by charging the other funds based on an actuarially determined cost per employee. The Self Insurance Fund's cash and investments at December 31, 2021 is as follows:

	<u>2021</u>
Cash and investments	\$395,794

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

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% of their wages from for 2021. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2021. OP&F contributed 0.5% to fund these benefits in 2021.

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission (CS04K)	\$113,334	0%
Ohio Public Works Commission (CT78F)	\$26,663	0%
Ohio Public Works Commission (CT73K)	\$115,683	0%
Ohio Public Works Commission (CS09Q)	\$67,500	0%
Ohio Public Works Commission (CS110)	\$12,714	0%
Ohio Public Works Commission (CT83R)	\$21,060	0%
Ohio Public Works Commission (CS17V)	\$71,448	0%
Ohio Water Development Authority Loan (6617)	506,860	1%
Total	\$935,262	

OPWC Loan CS04K was understated by \$3,334.

The Ohio Public Works Commission (OPWC) Loan #CS04K is for the Market Street reconstruction project. The loan was approved in the amount of \$200,000 and the Village will repay the loan in semiannual installments of \$3,333 over a period of thirty years.

The Ohio Public Works Commission (OPWC) Loan #CT78F is for the water plant improvement project. The loan was approved in the amount of \$88,877 and the Village will repay the loan in semiannual installments of \$2,222 over a period of twenty years.

The Ohio Public Works Commission (OPWC) Loan #CT73K is for the water line replacement project. The loan was approved in the amount of \$210,333 and the Village will repay the loan in semiannual installments of \$3,505 over a period of thirty years.

The Ohio Public Works Commission (OPWC) Loan #CS09Q is for the waste water treatment plant headworks project. The loan was approved in the amount of \$100,000 and the Village will repay the loan in semiannual installments of \$2,500 over a period of twenty years.

The Ohio Public Works Commission (OPWC) Loan #CS110 is for the Jackson Street storm sewer and road construction project. The loan was approved in the amount of \$21,190.40 and the Village will repay the loan in semiannual installments of \$529.76 over a period of twenty years.

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt *(continued)*

The Ohio Public Works Commission (OPWC) Loan #CT83R is for the Jackson Street storm sewer and road reconstruction project, Phase II. The loan was approved in the amount of \$27,000 and the Village will repay the loan in semiannual installments of \$540.00 over a period of 25 years.

The Ohio Public Works Commission (OPWC) Loan #CS17V is for the West Lincoln Way Water Main Replacement project. The loan was approved in the amount of \$75,208.31 and the Village will repay the loan in semiannual installments of \$1,253.47 over a period of 30 years.

The Ohio Water Development Authority (OWDA) Loan #6617 relates to WWTP influent upgrade. The OWDA approved a loan in the amount of \$631,860.60 to the Village for this project. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	<u>OPWC CS04K</u>	<u>OPWC CT78F</u>	<u>OPWC CT73K</u>	<u>OPWC CS09Q</u>	<u>OPWC CS110</u>
2022	\$6,667	\$4,444	\$7,011	\$5,000	\$1,060
2023	6,667	4,444	7,011	5,000	1,060
2024	6,667	4,444	7,011	5,000	1,060
2025	6,667	4,444	7,011	5,000	1,060
2026-2030	33,335	8,887	35,055	25,000	5,300
2031-2035	33,335	0	35,055	22,500	3,174
2036-2040	19,996	0	17,529	0	0
Total	<u>\$113,334</u>	<u>\$26,663</u>	<u>\$115,683</u>	<u>\$67,500</u>	<u>\$12,714</u>

Year ending December 31:	<u>OPWC CT83R</u>	<u>OPWC CS17V</u>	<u>OWDA 6617</u>
2022	\$540	\$0	\$50,953
2023	1,080	2,507	50,953
2024	1,080	2,507	50,953
2025	1,080	2,507	50,953
2026	1,080	2,507	50,953
2027-2031	5,400	12,535	254,765
2032-2036	5,400	12,535	26,664
2037-2041	5,400	12,535	0
2042-2046	0	12,535	0
2047-2051	0	11,280	0
Total	<u>\$21,060</u>	<u>\$71,448</u>	<u>\$536,194</u>

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Jointly Governed Organizations

The Stark Council of Governments (SCOG) is a jointly governed organization. The SCOG is a regional council of governments formed under chapter 167 of the Ohio Revised Code. The SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and Canton Crime Lab. The SCOG is governed by the membership, including Stark County, and other villages, cities and townships. The membership elects a nine-member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel, and performs accounting and finance-related activities. Continued existence of the agency is dependent on the Village's continued participation; however, the Village does not have an equity interest in the agency. The agency is not accumulating significant financial resources nor is it experiencing fiscal stress, which would cause additional financial benefit or burden to the Village. Complete financial statements may be obtained from the SCOG at P.O. Box 21451, Canton, Ohio 44701-1451.

The Village participates in the Stark County Regional Planning Commission (Commission), which is a statutorily created political subdivision of the state. The Commission is jointly governed among Stark County and other villages, cities and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short-term range, dealing with the economic physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting and designing management. The Village shares in the financial responsibility for any of the Commission's liabilities. Complete financial statements may be obtained from the Stark County Regional Planning Commission, Canton, Ohio.

The Village also participates in the Carroll County Regional Planning Commission (Commission), which is a statutorily created political subdivision of the state. The Commission is jointly governed among Carroll County and other villages, cities and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short-term range, dealing with the economic physical environment of Carroll County. The Board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting and designing management. The Village shares in the financial responsibility for any of the Commission's liabilities. Complete financial statements may be obtained from the Carroll County Regional Planning Commission, Carroll County, Ohio.

Note 11 – 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:

Fund Balances	General	Special Revenue	Capital Projects	Total
Outstanding Encumbrances	\$ 35,570	\$ 3,268	\$ 83,938	\$ 122,776
<i>Total</i>	<u>\$ 35,570</u>	<u>\$ 3,268</u>	<u>\$ 83,938</u>	<u>\$ 122,776</u>

Village of Minerva, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Fund Balances *(continued)*

The fund balance of special revenue funds is either restricted or committed. The fund balance of the capital projects fund is restricted committed or assigned. These restricted, committed or assigned amounts in the special revenue and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. 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.

Charles E. Harris & Associates, Inc.

Certified Public Accountants

**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 of Minerva
Stark County
209 N. Market Street
Minerva, Ohio 44657

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type of the Village of Minerva, Stark County, (the Village) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated June 20, 2023, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Report on 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 Village's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.


Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Entity'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*.

However, we noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 20, 2023.

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



Charles E. Harris & Associates, Inc.

June 20, 2023

**VILLAGE OF MINERVA
STARK COUNTY**

For the Years Ended December 31, 2022 and 2021

SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2020-001	On-Behalf Payments	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MINERVA

STARK 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 7/25/2023

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

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