



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF BURTON
GEAUGA COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Burton
Geauga County
14588 West Park Street
P.O. Box 408
Burton, Ohio 44021

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 Burton, Geauga 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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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 Section 117.38 and Ohio Administrative Code Section 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 thereof for the years 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 14 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 October 27, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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

October 27, 2021

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Village of Burton
Geauga County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (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	\$507,447	\$219,670		\$727,117
Municipal Income Tax	649,966			649,966
Intergovernmental	42,593	415,557		458,150
Special Assessments		36,383		36,383
Charges for Services	64,883	33,281		98,164
Fines, Licenses and Permits	79,269	460		79,729
Earnings on Investments	6,825	2,344		9,169
Miscellaneous	33,216	537		33,753
<i>Total Cash Receipts</i>	<u>1,384,199</u>	<u>708,232</u>	<u>0</u>	<u>2,092,431</u>
Cash Disbursements				
Current:				
Security of Persons and Property		551,698		551,698
Public Health Services		8,310		8,310
Leisure Time Activities	15,078			15,078
Community Environment	8,572	28,474		37,046
Transportation	273	5,456		5,729
General Government	765,179	291,380		1,056,559
Capital Outlay		285,332	\$522,178	807,510
<i>Total Cash Disbursements</i>	<u>789,102</u>	<u>1,170,650</u>	<u>522,178</u>	<u>2,481,930</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>595,097</u>	<u>(462,418)</u>	<u>(522,178)</u>	<u>(389,499)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	140			140
Loan Proceeds			200,000	200,000
Transfers In		426,820	460,000	886,820
Transfers Out	(886,000)			(886,000)
Other Financing Sources	1,000		5,299	6,299
Other Financing Uses	(430)			(430)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(885,290)</u>	<u>426,820</u>	<u>665,299</u>	<u>206,829</u>
<i>Net Change in Fund Cash Balances</i>	<u>(290,193)</u>	<u>(35,598)</u>	<u>143,121</u>	<u>(182,670)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,196,825</u>	<u>547,575</u>	<u>104,160</u>	<u>1,848,560</u>
<i>Fund Cash Balances, December 31</i>	<u>\$906,632</u>	<u>\$511,977</u>	<u>\$247,281</u>	<u>\$1,665,890</u>

See accompanying notes to the basic financial statements

Village of Burton
Geauga County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,178,411
Fines, Licenses and Permits	100,950
Miscellaneous	31,677
	1,311,038
<i>Total Operating Cash Receipts</i>	<i>1,311,038</i>
Operating Cash Disbursements	
Personal Services	136,338
Employee Fringe Benefits	49,161
Contractual Services	62,500
Supplies and Materials	185,698
	433,697
<i>Total Operating Cash Disbursements</i>	<i>433,697</i>
<i>Operating Income (Loss)</i>	<i>877,341</i>
Non-Operating Receipts (Disbursements)	
Earnings on Investments	11,478
Loan Proceeds	2,724,419
Principal Retirement	(221,457)
Capital Outlay	(3,305,448)
	(791,008)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(791,008)</i>
<i>Income (Loss) before Transfers</i>	<i>86,333</i>
Transfers In	620,000
Transfers Out	(620,000)
	86,333
<i>Net Change in Fund Cash Balances</i>	<i>86,333</i>
<i>Fund Cash Balances, January 1</i>	<i>2,809,731</i>
<i>Fund Cash Balances, December 31</i>	<i>\$2,896,064</i>

See accompanying notes to the basic financial statements

Village of Burton
Geauga County, Ohio
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Private Purpose Trust
Additions	
Earnings on Investments	\$58
<i>Total Additions</i>	58
<i>Net Change in Fund Balances</i>	58
<i>Fund Cash Balances, January 1</i>	22,274
<i>Fund Cash Balances, December 31</i>	\$22,332

See accompanying notes to the basic financial statements

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

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Burton, Geauga County, as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park and street operations, and police services. The Village contracts with Burton Volunteer Fire Department to receive fire protection services and appropriates Special Revenue fund money to pay for fire and rescue services. The Village established a Single Trash Hauler Program for residents in April of 2019. This is funded through resident's monthly utility bill, then Waste Management is paid by the Village.

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 and proprietary fund types, and a combined statement of additions, deductions and change in fund balance for its 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 Operating Fund - This fund receives gasoline tax and motor vehicle tax money for maintaining, and repairing Village streets.

Police Operating Fund - This fund receives Police levy money for operation and support of protective services including vehicles, wages, and operating costs.

Fire and Rescue Fund - This fund receives Fire levy money for the purpose of contracting and supplying Fire, EMS and rescue support for the Village.

Street Light Assessment - This fund receives a special assessment from all property owners to pay for street lights in the Village.

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

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 funds:

Equipment Capitalization Fund – This fund receives transfers from the General Fund to purchase or acquire new capital equipment (vehicles, tractors, machinery) for the Village.

Street Capitalization Fund – This fund receives advances from the General Fund to construct, maintain and repair streets, parking lots and storm sewers in the Village.

Facilities Capitalization Fund – This fund receives transfers from the General Fund to purchase, maintain and repair buildings and facilities owned and maintained by 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 Operating Fund – The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund – The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents to cover sewer service cost.

Sewer Tap In Fees Fund – This fund receives funds from Sewer tap in fees and Sewer Fund Transfer to cover initial costs of design and improvement of the Village wastewater treatment plant.

Water Distributions Systems Capital Fund – This fund receives transfers from the Water Operating Fund to cover maintenance and repair of the water infrastructure in the Village.

Waterworks Replace and Improvement Fund – This fund receives transfers from the Water Fund to cover future painting and maintenance or replacement of the water tower.

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's private purpose trust funds are for the benefit of the cemetery endowment, Ford Memorial and the Village of Burton.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund account for Mayor's permits, Annexation review, and Zoning Appeals deposits and related charges.

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

Note 2 - Summary of Significant Accounting Policies - (Continued)

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 be budgeted annually.

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and re-appropriated in the subsequent year.

A summary of 2020 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.

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.

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

Note 2 - Summary of Significant Accounting Policies – (Continued)

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:

Non-spendable The Village classifies assets as *non-spendable* 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.

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.

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$668,996	\$1,385,339	\$716,343
Special Revenue	1,182,390	1,135,052	(47,338)
Capital Projects	785,299	665,299	(120,000)
Enterprise	1,368,143	4,666,935	3,298,792
Total	\$4,004,828	\$7,852,625	\$3,847,797

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,733,314	\$1,675,532	\$57,782
Special Revenue	1,248,703	1,170,650	78,053
Capital Projects	775,299	522,178	253,121
Enterprise	2,268,447	4,580,602	(2,312,155)
Total	\$6,025,763	\$7,948,962	(\$1,923,199)

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

Note 4 – Deposits and Investments

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

	<u>2020</u>
Demand deposits	<u>\$4,584,284</u>
Total deposits	<u>4,584,284</u>
Total deposits and investments	<u><u>\$4,584,284</u></u>

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

Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

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.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

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

Note 5 – Taxes – (Continued)

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.

Note 6 - 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.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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, 2020.

Ohio Police and Fire Retirement System

All of 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. 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, 2020.

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

Note 7 - Defined Benefit Pension Plans - (Continued)

Social Security

Several of the Village’s elected officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The elected officials 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 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. OPERS contributes 4 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

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

Note 9 – Debt

Debt outstanding December 31, 2020 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan - Design & Construction (This amount may be lower once a loan agreement is provided)	\$12,367,138	0%
Ohio Public Works Commission Loan - Construction Costs for the Goodwin Project	200,000	0%
Total	\$12,567,138	

The Ohio Water Development Authority Loan relates to a sewer plant expansion project to provide needed capacity prior to any Ohio Environmental Protection Agency mandate for the planning and design costs. The OWDA approved up to \$247,184 in loans for engineer planning to the Village for this project. There were several payments made toward this loan but it was incorporated into another loan for the construction of the sewer plant expansion project. The other Ohio Water Development Authority Loan relates to a sewer plant expansion project to provide needed capacity prior to any Ohio Environmental Protection Agency mandate for the construction costs. The OWDA approved up to \$13,287,416 in loans to the Village for this project. The Village began making payments on the 30-year loan in 2020. The loan agreement, with the schedule of payments will be provided to the Village after the project is complete. The Village has approved substantial completion of the project and we are anticipating final completion by the end of 2021. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Note 9 – Debt – (Continued)

The Ohio Public Works Commission provided the Village of Burton with a \$300,000 grant in 2020 for road, infrastructure, utility and storm water improvements on Goodwin Avenue. The project was completed in the fall of 2020. The village also received \$200,000 for a 0% interest, 20 year OPWC loan. Payments will begin in 2021 and village taxes will collateralize the loan.

Amortization

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

Year ending December 31:	<u>OPWC Loan</u>
2021	\$5,000
2022	10,000
2023	10,000
2024	10,000
2025	10,000
2026-2030	50,000
2031-2035	50,000
2036-2040	50,000
2041-2045	<u>5,000</u>
Total	<u><u>\$200,000</u></u>

Note 10 – Construction and Contractual Commitments

The Village of Burton is in the process of a sewer plant expansion project to provide needed capacity prior to any Ohio Environmental Protection Agency mandate for the construction. The project was completed by mid 2021. The Village has an agreement with the Ohio Water Development Authority to pay for the construction costs, and has began payment on an OWDA loan related to the sewer plant expansion in July 2020.

Note 11 – Contingent Liabilities

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

Note 12 – Fund Balance

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. 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. The Village of Burton didn't have any unclaimed fund balances for 2020.

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

Note 12 – Fund Balance – (Continued)

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 13 – 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 Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

The effect of this change restated beginning cash balance in the General Fund from \$1,179,311 to \$1,196,825, and in the in the Fiduciary Fund from \$39,787 to \$22,274.

Note 14 – COVID-19

During 2020, the Village received CARES Act funding in the amount of \$100,282, which earned \$56 in interest totaling in \$100,338. Of the amounts received, \$51,000.00 was sub-granted to the Burton Fire Department and other expenses included items or maintenance relating to the Coronavirus. The village utilized all funds and interest earned from the Coronavirus Relief Fund B18 in 2020.

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$75,636	\$221,270		\$296,906
Municipal Income Tax	639,712			639,712
Intergovernmental	55,128	142,552		197,680
Special Assessments		28,116		28,116
Charges for Services	22,605	24,751		47,356
Fines, Licenses and Permits	1,235	3,550		4,785
Earnings on Investments	12,727	4,088		16,815
Miscellaneous	28,978	930		29,908
<i>Total Cash Receipts</i>	<u>836,021</u>	<u>425,257</u>	<u>0</u>	<u>1,261,278</u>
Cash Disbursements				
Current:				
Security of Persons and Property		534,274		534,274
Public Health Services		8,811		8,811
Leisure Time Activities	52,209	17,447		69,656
Community Environment	11,462	28,522		39,984
Transportation		229,526		229,526
General Government	232,730	13,686		246,416
Capital Outlay		1,775	\$19,783	21,558
<i>Total Cash Disbursements</i>	<u>296,401</u>	<u>834,041</u>	<u>19,783</u>	<u>1,150,225</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>539,620</u>	<u>(408,784)</u>	<u>(19,783)</u>	<u>111,053</u>
Other Financing Receipts (Disbursements)				
Transfers In		529,000	75,000	604,000
Transfers Out	(604,000)			(604,000)
Other Financing Sources		799	11,005	11,804
Other Financing Uses	(7,243)			(7,243)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(611,243)</u>	<u>529,799</u>	<u>86,005</u>	<u>4,561</u>
<i>Net Change in Fund Cash Balances</i>	<u>(71,623)</u>	<u>121,015</u>	<u>66,222</u>	<u>115,614</u>
<i>Fund Cash Balances, January 1</i>	<u>1,250,934</u>	<u>426,560</u>	<u>37,938</u>	<u>1,715,432</u>
Fund Cash Balances, December 31				
Restricted		416,840	795	417,635
Committed		26,750	58,890	85,640
Assigned	869,607	103,985	44,475	1,018,067
Unassigned (Deficit)	309,704			309,704
<i>Fund Cash Balances, December 31</i>	<u>\$1,179,311</u>	<u>\$547,575</u>	<u>\$104,160</u>	<u>\$1,831,046</u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Type	Fiduciary Fund Types		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts				
Charges for Services	\$897,941	\$2,715		\$900,656
Fines, Licenses and Permits		500		500
Earnings on Investments	18,940		\$108	19,048
Miscellaneous	526,209			526,209
<i>Total Operating Cash Receipts</i>	<u>1,443,090</u>	<u>3,215</u>	<u>108</u>	<u>1,446,413</u>
Operating Cash Disbursements				
Personal Services	174,807			174,807
Employee Fringe Benefits	489			489
Contractual Services	236,544			236,544
Supplies and Materials	27,391			27,391
Other	800	1,837		2,637
<i>Total Operating Cash Disbursements</i>	<u>440,031</u>	<u>1,837</u>		<u>441,868</u>
<i>Operating Income (Loss)</i>	<u>1,003,059</u>	<u>1,378</u>	<u>108</u>	<u>1,004,545</u>
Non-Operating Receipts (Disbursements)				
Loan Proceeds	8,872,648			8,872,648
Capital Outlay	(9,437,268)			(9,437,268)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(564,620)</u>	<u>0</u>	<u>0</u>	<u>(564,620)</u>
<i>Income (Loss) before Transfers</i>	438,439	1,378	108	439,925
Transfers In	145,000			145,000
Transfers Out	(145,000)			(145,000)
<i>Net Change in Fund Cash Balances</i>	438,439	1,378	108	439,925
<i>Fund Cash Balances, January 1</i>	<u>2,371,292</u>	<u>16,137</u>	<u>22,165</u>	<u>2,409,594</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,809,731</u>	<u>\$17,515</u>	<u>\$22,273</u>	<u>\$2,849,519</u>

See accompanying notes to the basic financial statements

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

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Burton, Geauga County, as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park and street operations, and police services. The Village contracts with Burton Volunteer Fire Department to receive fire protection services and appropriates Special Revenue fund money to pay for fire and rescue services. The Village established a Single Trash Hauler Program for residents in April of 2019. This is funded through resident's monthly utility bill, then Waste Management is paid by the Village.

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, 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 Operating Fund - This fund receives gasoline tax and motor vehicle tax money for maintaining, and repairing Village streets.

Police Operating Fund - This fund receives Police levy money for operation and support of protective services including vehicles, wages, and operating costs.

Fire and Rescue Fund - This fund receives Fire levy money for the purpose of contracting and supplying Fire, EMS and rescue support for the Village.

Street Light Assessment - This fund receives a special assessment from all property owners to pay for street lights in the Village.

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

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 funds:

Equipment Capitalization Fund – This fund receives transfers from the General Fund to purchase or acquire new capital equipment (vehicles, tractors, machinery) for the Village.

Street Capitalization Fund – This fund receives advances from the General Fund to construct, maintain and repair streets, parking lots and storm sewers in the Village.

Facilities Capitalization Fund – This fund receives transfers from the General Fund to purchase, maintain and repair buildings and facilities owned and maintained by 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 Operating Fund – The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund – The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents to cover sewer service cost.

Sewer Tap In Fees Fund – This fund receives funds from Sewer tap in fees and Sewer Fund Transfer to cover initial costs of design and improvement of the Village wastewater treatment plant.

Water Distributions Systems Capital Fund – This fund receives transfers from the Water Operating Fund to cover maintenance and repair of the water infrastructure in the Village.

Waterworks Replace and Improvement Fund – This fund receives transfers from the Water Fund to cover future painting and maintenance or replacement of the water tower.

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's private purpose trust funds are for the benefit of the cemetery endowment, Ford Memorial and the Village of Burton.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund account for Mayor's permit, Annexation review, and Zoning Appeals deposits and related charges.

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

Note 2 - Summary of Significant Accounting Policies- (Continued)

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 be budgeted annually.

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and re-appropriated in the subsequent year.

A summary of 2019 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.

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.

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

Note 2 - Summary of Significant Accounting Policies – (Continued)

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:

Non-spendable The Village classifies assets as *non-spendable* 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.

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.

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$671,899	\$836,021	\$164,122
Special Revenue	910,402	955,056	44,654
Capital Projects	86,024	86,005	(19)
Enterprise	1,870,991	10,460,738	8,589,747
Total	\$3,539,316	\$12,337,820	\$8,798,504

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$971,614	\$907,644	\$63,970
Special Revenue	989,441	834,041	155,400
Capital Projects	76,024	19,783	56,241
Enterprise	1,924,694	10,022,299	(8,097,605)
Total	\$3,961,773	\$11,783,767	(\$7,821,994)

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

Note 4 – Deposits and Investments

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

	<u>2019</u>
Demand deposits	<u>\$4,680,564</u>
Total deposits	<u>4,680,564</u>
Total deposits and investments	<u><u>\$4,680,564</u></u>

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

Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

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.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

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

Note 5 – Taxes – (Continued)

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.

Note 7 - 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.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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, 2019.

Ohio Police and Fire Retirement System

All of 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. 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, 2019.

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

Note 8 - Defined Benefit Pension Plans – (Continued)

Social Security

Several of the Village’s elected officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The elected officials 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 9 - 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. OPERS contributes 4 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

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

Note 10 – Debt

Debt outstanding December 31, 2019 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan - Design & Construction (This amount may be lower once a loan agreement is provided)	\$9,864,176	0%
Total	\$9,864,176	

The Ohio Water Development Authority Loan relates to a sewer plant expansion project to provide needed capacity prior to any Ohio Environmental Protection Agency mandate for the planning and design costs. The OWDA approved up to \$247,184 in loans for engineer planning to the Village for this project. There were several payments made toward this loan but it was incorporated into another loan for the construction of the sewer plant expansion project. The other Ohio Water Development Authority Loan relates to a sewer plant expansion project to provide needed capacity prior to any Ohio Environmental Protection Agency mandate for the construction costs. The OWDA approved up to \$13,287,416 in loans to the Village for this project. The Village began making payments on the 30-year loan in 2020. The loan agreement, with the schedule of payments will be provided to the Village after the project is complete. The Village has approved substantial completion of the project and we are anticipating final completion by the end of 2021. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Note 11 – Construction and Contractual Commitments

The Village of Burton is in the process of a sewer plant expansion project to provide needed capacity prior to any Ohio Environmental Protection Agency mandate for the construction. The project was completed by mid 2021. The Village has an agreement with the Ohio Water Development Authority to pay for the construction costs, and will begin payment on an OWDA loan related to the sewer plant expansion in July 2020.

Note 12 – Contingent Liabilities

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

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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 Burton
Geauga County
14588 West Park Street
P.O. Box 408
Burton, Ohio 44021

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 Burton, Geauga County, Ohio (the Village) and have issued our report thereon dated October 27, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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*.

Village's Response to Findings

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

October 27, 2021

VILLAGE OF BURTON
GEAUGA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019

FINDING NUMBER 2020-001

Material Weakness - Financial Statement Adjustments

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16. **Governmental Accounting Standards Board (GASB) Statement No. 54** – Fund Balance Reporting and Governmental Fund Type Definitions (Codified as GASB Codification 1800.165-.179) introduced five governmental fund balance classifications and clarified the existing governmental fund type definitions. **GASB Statement 54, Paragraph 16** indicates, when an appropriations measure is adopted for the subsequent year, if a portion of the existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Auditor of State Bulletin 2011-004 provides additional guidance on GASB Statement 54.

Ohio Rev. Code § 5705.42 specifies when the United States government or the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of section 5705.41 of the Revised Code.

The following errors were identified in the 2020 financial statements and were adjusted to the financial statements as approved by management:

- General Fund Miscellaneous Receipts were overstated by \$216,676, respectively, and Ending Fund Balance, Charges for Services Receipts, Fines, Licenses and Permits Receipts, Property Tax Receipts, General Government Disbursements and Beginning Fund Balance were understated by \$25,852, \$30,709, \$7,692, \$432,045, \$245,432 and \$17,514, respectively, due to the net effect of various financial statement mispostings.
- Special Revenue Funds' Charges for Services Receipts, Leisure Time Activities Disbursements, and Ending Fund Balance were overstated by \$6,000, \$1,041, and \$37,398, respectively, and Beginning Fund Balance, Earnings on Investment Receipts, Transfer-in Receipts, Community Environment Disbursements, Capital Outlay, and Ending Fund Balance were understated by \$20, \$56, \$6,000, \$28,474, and \$10,041, respectively, due to the net effect of various financial statement mispostings.
- Capital Projects Funds' Beginning Fund Balance and Ending Fund Balance were overstated by \$143,121 and \$143,121, respectively, and Loan Proceeds and Capital Outlay were understated \$200,000 and \$200,000, respectively, due to the failure to record on-behalf OPWC loans and net effect of various financial statement mispostings.

FINDING NUMBER 2020-001 – (Continued)

- Enterprise Funds' Earnings on Investment Receipts, Transfer-in Receipts, Contractual Services Disbursements, Ending Fund Balance, and Beginning Fund Balance were overstated by \$10, \$5,295, \$1,043, \$3,737 and \$27, respectively, and Miscellaneous Receipts, Supplies and Materials Disbursements, Principal Retirement Disbursements, Loan Proceeds Receipts, and Capital Outlay Disbursements were understated by \$5,295, \$4,743, \$221,457, \$2,724,419, and \$2,502,962, respectively, due to the failure to record on-behalf OWDA loans and net effect of various financial statement mispostings.
- Custodial Funds' Ending Fund Balance, Beginning Fund Balance, Charges for Services Receipts, Fines, Licenses and Permits Receipts and Other Distributions were overstated by \$25,258, \$16,920, \$30,709, \$7,692 and \$30,063, respectively, due to the net effect of various financial statement mispostings.

The following immaterial errors were also identified in the 2020 financial statements and reported to management but were not adjusted to the financial statements:

- Special Revenue Funds' Property Tax Receipts and General Government Disbursements were understated by \$5,131 due to Property Tax Receipts being posted net instead of gross of deductions.

The following errors were identified in the 2019 financial statements and were adjusted to the financial statements as approved by management:

- General Fund Unassigned Fund Balance was overstated by \$869,607 and Assigned Fund Balance was understated by \$869,607, due to not accounting for the portion of fund balance appropriated at year-end as required by GASB Statement No. 54.
- Special Revenue Funds' Charges for Services Receipts were overstated by \$9,998, and Transportation Disbursements, Beginning Fund Balance and Ending Fund Balance were understated by \$567, \$10,585 and \$20, respectively, due to the net effect of various financial statement mispostings.
- Enterprise Funds' Contractual Services, Loan Proceeds, and Capital Outlay were understated by \$27, \$8,872,648, and \$8,872,648, respectively, and Ending Fund Balance was overstated by \$27 due to the failure to record on-behalf OWDA loans and net effect of various financial statement mispostings.
- Agency Funds' Beginning Fund Balance and Ending Fund Balance were understated by \$563 due to the net effect of various financial statement mispostings.
- Private Purpose Trust Funds' Beginning Fund Balance and Ending Fund Balance were understated by \$31 due to the net effect of various financial statement mispostings.

FINDING NUMBER 2020-001 – (Continued)

The following immaterial errors were also identified in the 2019 financial statements and reported to management but were not adjusted to the financial statements:

- Special Revenue Funds' Property Tax Receipts and General Government Disbursements were understated by \$2,545 due to Property Tax Receipts being posted net instead of gross of deductions.

Management should review the financial statements to help ensure they are supported by sufficient documentation, reconciled to the trial balances, free of obvious errors and omissions, and consistent with their financial expectations. These procedures should help avoid financial statement errors and ensure more accurate financial reporting.

Officials' Response: The Village of Burton has reviewed and acknowledged the finding and will take corrective action to address the issues noted in the future.

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Village of Burton
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 Burton, Ohio 44021
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 villageofburton@sbcglobal.net



**VILLAGE OF BURTON
 GEAUGA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Noncompliance Finding/Significant Deficiency- Water and Sewer rates: Water and Sewer rates were not correctly updated in the accounting system resulting in several customers being undercharged.	Corrected	
2018-002	Material Weakness - Financial Reporting: Improperly classified funds and various material reclassifications.	Not Corrected	Repeated as Finding Number 2020-001

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF BURTON

GEAUGA 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 11/16/2021

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

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