
ALGER & ASSOCIATES, Inc.



PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES

VILLAGE OF MINERVA

STARK COUNTY

A&A
REGULAR AUDIT

For the Years Ended

December 31, 2020 -2019

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North Canton, OH 44720
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OHIO AUDITOR OF STATE
KEITH FABER



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Members of 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 Alger & Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 05, 2021

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**VILLAGE OF MINERVA
STARK COUNTY**

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ALGER & ASSOCIATES, Inc.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Minerva
Stark County
209 North Market Street
Minerva, Ohio 44657

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Minerva, Stark County, Ohio (the Village) as of and for the years ended December 31, 2020 and 2019.

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.

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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 by fund type, and related notes of the Village of Minerva, Stark County as of December 31, 2020 and 2019, for the years then ended 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 2020's Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. In addition, as discussed in 2020's Note 13 to the financial statements, the Village adopted the changes to their cash basis-reporting model. We did not modify our opinion regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 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.

**Karen S
Alger, CPA**
Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

Digitally signed by Karen S Alger,
CPA
DN: cn=Karen S Alger, CPA,
o=Alger & Associates, Inc, ou,
email=ksalger46@att.net, c=US
Date: 2021.03.29 14:29:04 -04'00'

March 22, 2021

Village of Minerva, Ohio
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, 2020

| | Governmental Fund Types | | | Total (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|-------------------------------|
| | General | Special Revenue | Capital Projects | |
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$156,690 | \$117,089 | - | \$273,779 |
| Municipal Income Taxes | 2,596,718 | - | - | 2,596,718 |
| Intergovernmental | 173,303 | 603,039 | - | 776,342 |
| Charges for Services | 53,510 | 23,620 | - | 77,130 |
| Fines, Licenses and Permits | 49,831 | 6,602 | - | 56,433 |
| Earnings on Investments | 36,708 | 9,926 | \$15,632 | 62,266 |
| Miscellaneous | 11,619 | 3,660 | - | 15,279 |
| <i>Total Cash Receipts</i> | <u>3,078,379</u> | <u>763,936</u> | <u>15,632</u> | <u>3,857,947</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 1,148,881 | 226,290 | - | 1,375,171 |
| Public Health Services | 19,698 | 24,266 | - | 43,964 |
| Leisure Time Activities | - | 118,138 | - | 118,138 |
| Community Environment | 89,989 | - | - | 89,989 |
| Basic Utility Services | 42,455 | 219 | - | 42,674 |
| Transportation | - | 483,845 | - | 483,845 |
| General Government | 693,346 | 58,940 | - | 752,286 |
| Capital Outlay | 38,071 | - | 91,926 | 129,997 |
| Debt Service: | | | | |
| Redemption of Principal | - | - | 4,403 | 4,403 |
| Interest and Other Fiscal Charges | - | - | - | - |
| <i>Total Cash Disbursements</i> | <u>2,032,440</u> | <u>911,698</u> | <u>96,329</u> | <u>3,040,467</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,045,939</u> | <u>(147,762)</u> | <u>(80,697)</u> | <u>817,480</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Transfers In | - | 481,176 | 255,087 | 736,263 |
| Transfers Out | <u>(736,263)</u> | - | - | <u>(736,263)</u> |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(736,263)</u> | <u>481,176</u> | <u>255,087</u> | <u>-</u> |
| <i>Net Change in Fund Cash Balances</i> | 309,676 | 333,414 | 174,390 | 817,480 |
| <i>Fund Cash Balances , January 1</i> | <u>3,574,258</u> | <u>1,008,613</u> | <u>335,222</u> | <u>4,918,093</u> |
| <i>Fund Cash Balances , December 31</i> | <u>\$3,883,934</u> | <u>\$1,342,027</u> | <u>\$509,612</u> | <u>\$5,735,573</u> |

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

Village of Minerva, Ohio
Stark County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balance (Regulatory Cash Basis) - All Proprietary Fund Types
For the Year Ended December 31, 2020

| | <u>Proprietary Fund Types</u> | | <u>Totals</u> |
|--|-------------------------------|-------------------------|---------------------------|
| | <u>Enterprise</u> | <u>Internal Service</u> | <u>(Memorandum Only)</u> |
| Operating Cash Receipts | | | |
| Charges for Services | \$1,248,530 | \$651,165 | \$1,899,695 |
| Fines, Licenses and Permits | 2,949 | - | 2,949 |
| Miscellaneous | 2,935 | - | 2,935 |
| <i>Total Operating Cash Receipts</i> | <u>1,254,414</u> | <u>651,165</u> | <u>1,905,579</u> |
| Operating Cash Disbursements | | | |
| Personal Services | 515,949 | - | 515,949 |
| Contractual Services | 247,930 | 4,000 | 251,930 |
| Supplies and Materials | 103,458 | - | 103,458 |
| Claims | - | 622,967 | 622,967 |
| <i>Total Operating Cash Disbursements</i> | <u>867,337</u> | <u>626,967</u> | <u>1,494,304</u> |
| <i>Operating Income (Loss)</i> | <u>387,077</u> | <u>24,198</u> | <u>411,275</u> |
| Non-Operating Receipts (Disbursements) | | | |
| Intergovernmental | 192,012 | - | 192,012 |
| Municipal Income Taxes | 425,594 | - | 425,594 |
| Loans on Proceeds | 75,208 | - | 75,208 |
| Capital Outlay | (365,123) | - | (365,123) |
| Principal Retirement | (28,188) | - | (28,188) |
| Interest and Other Fiscal Charges | (2,911) | - | (2,911) |
| <i>Total Non-Operating Cash Receipts (Disbursements)</i> | <u>296,592</u> | <u>-</u> | <u>296,592</u> |
| <i>Net Change in Fund Cash Balances</i> | 683,669 | 24,198 | 707,867 |
| <i>Fund Cash Balances, January 1</i> | <u>1,445,199</u> | <u>320,036</u> | <u>1,765,235</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$2,128,868</u></u> | <u><u>\$344,234</u></u> | <u><u>\$2,473,102</u></u> |

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

Village of Minerva, Ohio
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, 2020

| | <u>Fiduciary Fund Types</u> |
|--|---------------------------------|
| | <u>Custodial</u> |
| | <u>Other Custodial</u> |
| Additions | |
| Fines, Licenses and Permits for Distribution | \$25,120 |
| <i>Total Additions</i> | <u>25,120</u> |
| Deductions | |
| Distributions to Other Governments | (6,726) |
| Distributions to Other Funds (Primary Gov't) | <u>(18,394)</u> |
| <i>Total Deductions</i> | <u>(25,120)</u> |
| <i>Net Change in Fund Balances</i> | - |
| <i>Fund Cash Balances, January 1</i> | <u>2,991</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$2,991</u></u> |

See accompanying notes to the basic financial statements

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

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 11 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, and 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 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, 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 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 (D). 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 (D) permit.

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

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 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.

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, 2020

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

Fund Balance *(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 12.

Note 3 - Budgetary Activity

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

| Fund Type | 2020 Budgeted vs. Actual Receipts | | Variance |
|------------------|-----------------------------------|--------------------|------------------|
| | Budgeted Receipts | Actual Receipts | |
| General | \$3,002,366 | \$3,078,379 | \$76,013 |
| Special Revenue | 1,181,681 | 1,245,112 | 63,431 |
| Capital Projects | 270,140 | 270,719 | 579 |
| Enterprise | 1,724,075 | 1,947,228 | 223,153 |
| Internal Service | 688,500 | 651,165 | (37,335) |
| Fiduciary | 50,000 | 25,120 | (24,880) |
| Total | <u>\$6,916,762</u> | <u>\$7,217,723</u> | <u>\$300,961</u> |

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

Note 3 - Budgetary Activity *(continued)*

| 2020 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,446,480 | \$2,801,426 | \$645,054 |
| Special Revenue | 1,231,551 | 932,539 | 299,012 |
| Capital Projects | 310,445 | 96,329 | 214,116 |
| Enterprise | 1,592,875 | 1,297,835 | 295,040 |
| Internal Service | 732,000 | 649,467 | 82,533 |
| Fiduciary | 50,000 | 25,120 | 24,880 |
| Total | \$7,363,351 | \$5,802,716 | \$1,560,635 |

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 bank balances at December 31, 2020 were as follows:

| | |
|--------------------------------|-------------|
| | 2020 |
| Demand deposits | \$1,571,481 |
| Certificates of deposit | 908,740 |
| Total deposits | 2,480,221 |
| STAR Ohio | 1,500,169 |
| STAR Ohio Plus | 2,507,493 |
| Money Markets | 1,723,783 |
| Total investments | 5,731,445 |
| Total deposits and investments | \$8,211,666 |

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; or collateralized by the financial institution's public entity deposit pool.

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.

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

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

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 1.75 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.

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

Note 6 - Risk Management *(continued)*

Self-Insurance

The Village was a member of the Jefferson Health Plan during the 2020 and 2019 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, 2020 is as follows:

| | |
|----------------------|-------------|
| | <u>2020</u> |
| Cash and investments | \$344,234 |

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, 2020.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages from for 2020. 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.

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 of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and 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, 2020

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

| | Principal | Interest Rate |
|--|-------------|---------------|
| Ohio Public Works Commission (CS04K) | \$116,667 | 0% |
| Ohio Public Works Commission (CT78F) | \$31,107 | 0% |
| Ohio Public Works Commission (CT73K) | \$122,694 | 0% |
| Ohio Public Works Commission (CS09Q) | \$72,500 | 0% |
| Ohio Public Works Commission (CS110) | \$13,774 | 0% |
| Ohio Public Works Commission (CT83R) | \$22,140 | 0% |
| Ohio Public Works Commission (CS17V) | \$73,955 | 0% |
| Ohio Water Development Authority Loan (6617) | 563,545 | 1% |
| Total | \$1,016,382 | |

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 and the Village will repay the loan in semiannual installments of \$530 over a period of twenty years.

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 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 and the Village will repay the loan in semiannual installments of \$1,253 over a period of 30 years.

The Ohio Public Works Commission (OPWC) Loan #CS11W is for the North Market Street Water Main Replacement project. The Village has not received the funding. The loan was approved in the amount of \$25,000 and the Village will repay the loan in semiannual installments of \$833 over a period of 30 years. OPWC will release the schedule when the loan is finalized.

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

Note 9 – Debt *(continued)*

The Ohio Water Development Authority (OWDA) Loan #6617 relates to WWTP influent upgrade. The OWDA approved a loan in the amount of \$631,861 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: | OPWC CS04K | OPWC CT78F | OPWC CT73K | OPWC CS09Q | OPWC CS110 |
|-----------------------------|---------------|------------|---------------|---------------|---------------|
| 2021 | 6,667 | 4,444 | 7,012 | 5,000 | 1,060 |
| 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 |
| 202-2030 | 33,335 | 8,887 | 35,055 | 25,000 | 5,300 |
| 2031-2035 | 33,335 | 0 | 35,055 | 22,500 | 3,174 |
| 2036-2040 | 16,662 | 0 | 17,528 | 0 | 0 |
| Total | \$116,667 | \$31,107 | \$122,694 | \$72,500 | \$13,774 |

| Year ending December 31: | OPWC CT83R | OPWC CS17V | OWDA 6617 |
|-----------------------------|---------------|---------------|--------------|
| 2021 | 1,080 | 2,507 | 43,238 |
| 2022 | 1,080 | 2,507 | 50,953 |
| 2023 | 1,080 | 2,507 | 50,953 |
| 2024 | 1,080 | 2,507 | 50,953 |
| 2025 | 1,080 | 2,507 | 50,953 |
| 2026-2030 | 5,400 | 12,535 | 254,765 |
| 2031-2035 | 5,400 | 12,535 | 80,438 |
| 2036-2040 | 5,400 | 12,535 | 0 |
| 2041-2045 | 540 | 12,535 | 0 |
| 2046-2051 | 0 | 11,280 | 0 |
| Total | \$22,140 | \$73,955 | \$582,253 |

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

Note 10 – Interfund Transfers

The General Fund transfers to Special Revenue and Capital Project funds were made to provide additional resources for current operations, capital improvements, debt payments and their share of the Income Tax per the Village charter.

| | Transfer From: | | | Total Transfer to: |
|---------------------|-----------------|--------------------|--------------------|-----------------------|
| | General Fund | Special Revenue | Capital Project | |
| Transfer to: | | | | |
| SCMR Fund | \$480,176 | \$480,176 | | \$480,176 |
| Shade Tree | 1,000 | 1,000 | | 1,000 |
| Capital Improvement | 240,087 | | \$240,087 | 240,087 |
| Capital for Debt | 15,000 | | 15,000 | 15,000 |
| | \$736,263 | \$481,176 | \$255,087 | \$736,263 |

Note 11 – 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, 2020

Note 12 – Fund Balances

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. At year end the balances of these amounts were as follows:

| Fund Balances | General | Special Revenue | Total |
|--------------------------|----------|--------------------|----------|
| Outstanding Encumbrances | 32,723 | 20,841 | 53,564 |
| <i>Total</i> | \$32,723 | \$20,841 | \$53,564 |

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.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$25,000 was sub-granted to other governments and organization (Sandy Creek Joint Fire District), \$0 was returned to the granting agency, and \$0 was spent on-behalf of other governments. These amounts are reflected as general government, security of persons and property, transportation, leisure time and transportation expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

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

Note 15 – Subsequent Events

The Village will be a recipient of a settlement agreement with a local factory for violations to the Village's wastewater treatment plant system. The settlement was signed in January of 2021 and the settlement is set to have a large check in February of \$40,000 and the balance of \$100,000 in 12 monthly installments made payable to the Village.

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

| | Governmental Fund Types | | | Total (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|-------------------------------|
| | General | Special Revenue | Capital Projects | |
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$150,613 | \$116,740 | - | \$267,353 |
| Municipal Income Taxes | 2,763,856 | - | - | 2,763,856 |
| Intergovernmental | 116,410 | 231,311 | - | 347,721 |
| Charges for Services | 91,688 | 24,654 | - | 116,342 |
| Fines, Licenses and Permits | 67,337 | 7,910 | - | 75,247 |
| Earnings on Investments | 49,659 | 18,340 | \$21,441 | 89,440 |
| Miscellaneous | 66,914 | 7,096 | - | 74,010 |
| <i>Total Cash Receipts</i> | <u>3,306,477</u> | <u>406,051</u> | <u>21,441</u> | <u>3,733,969</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 1,420,355 | 2,601 | - | 1,422,956 |
| Public Health Services | 19,699 | 18,399 | - | 38,098 |
| Leisure Time Activities | - | 163,649 | - | 163,649 |
| Community Environment | 34,604 | - | - | 34,604 |
| Basic Utility Services | 44,097 | - | - | 44,097 |
| Transportation | - | 525,698 | - | 525,698 |
| General Government | 738,596 | 2,874 | - | 741,470 |
| Capital Outlay | 130,598 | 200,289 | 315,876 | 646,763 |
| Debt Service: | | | | |
| Redemption of Principal | - | - | 12,296 | 12,296 |
| Interest and Other Fiscal Charges | - | - | 3,004 | 3,004 |
| <i>Total Cash Disbursements</i> | <u>2,387,949</u> | <u>913,510</u> | <u>331,176</u> | <u>3,632,635</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>918,528</u> | <u>(507,459)</u> | <u>(309,735)</u> | <u>101,334</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Sale of Fixed Assets | 1,844 | 15,550 | - | 17,394 |
| Transfers In | - | 481,394 | 240,197 | 721,591 |
| Transfers Out | (721,591) | - | - | (721,591) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(719,747)</u> | <u>496,944</u> | <u>240,197</u> | <u>17,394</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>198,781</u> | <u>(10,515)</u> | <u>(69,538)</u> | <u>118,728</u> |
| <i>Fund Cash Balances , January 1</i> | <u>3,375,477</u> | <u>1,019,128</u> | <u>404,760</u> | <u>4,799,365</u> |
| Fund Cash Balances , December 31 | | | | |
| Restricted | - | 1,008,613 | 335,222 | 1,343,835 |
| Committed | 118,644 | - | - | 118,644 |
| Assigned | 1,000,710 | - | - | 1,000,710 |
| Unassigned | 2,454,904 | - | - | 2,454,904 |
| <i>Fund Cash Balances , December 31</i> | <u>\$3,574,258</u> | <u>\$1,008,613</u> | <u>\$335,222</u> | <u>\$4,918,093</u> |

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

Village of Minerva, Ohio
Stark County
**Combined Statement of Receipts, Disbursements and Changes in
Fund Balance (Cash Basis) - All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019**

| | Proprietary Fund Types | | Fiduciary Fund | Totals |
|--|------------------------|------------------|----------------|--------------------|
| | Enterprise | Internal Service | Custodial | (Memorandum Only) |
| Operating Cash Receipts | | | | |
| Charges for Services | \$1,131,462 | \$682,000 | - | \$1,813,462 |
| Fines, Licenses and Permits | 6,210 | - | - | 6,210 |
| Earnings on Investments (trust funds only) | - | 5,042 | - | 5,042 |
| Miscellaneous | 4,486 | - | - | 4,486 |
| <i>Total Operating Cash Receipts</i> | <u>1,142,158</u> | <u>687,042</u> | <u>-</u> | <u>1,829,200</u> |
| Operating Cash Disbursements | | | | |
| Personal Services | 578,519 | - | - | 578,519 |
| Contractual Services | 239,525 | 2,750 | - | 242,275 |
| Supplies and Materials | 137,961 | - | - | 137,961 |
| Claims | - | 697,676 | - | 697,676 |
| <i>Total Operating Cash Disbursements</i> | <u>956,005</u> | <u>700,426</u> | <u>-</u> | <u>1,656,431</u> |
| <i>Operating Income (Loss)</i> | <u>186,153</u> | <u>(13,384)</u> | <u>-</u> | <u>172,769</u> |
| Non-Operating Receipts (Disbursements) | | | | |
| Mayor's Court Fines and Fees | - | - | \$48,107 | 48,107 |
| Municipal Income Taxes | 444,714 | - | - | 444,714 |
| Earnings on Investments | 7,838 | - | - | 7,838 |
| Distribution of Fines and Fees | - | - | (48,107) | (48,107) |
| Capital Outlay | (96,298) | - | - | (96,298) |
| Principal Retirement | (40,858) | - | - | (40,858) |
| Interest and Other Fiscal Charges | (3,097) | - | - | (3,097) |
| <i>Total Non-Operating Cash Receipts (Disbursements)</i> | <u>312,299</u> | <u>-</u> | <u>-</u> | <u>312,299</u> |
| <i>Net Change in Fund Cash Balances</i> | 498,452 | (13,384) | - | 485,068 |
| <i>Fund Cash Balances, January 1</i> | <u>946,747</u> | <u>333,420</u> | <u>2,991</u> | <u>1,283,158</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$1,445,199</u> | <u>\$320,036</u> | <u>\$2,991</u> | <u>\$1,768,226</u> |

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, 2019

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 11 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, 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 (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 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.

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:

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

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

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 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 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 (D). 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 (D) permit.

Budgetary Process

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

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

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

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 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.

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.

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.

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

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

Fund Balance *(continued)*

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.

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 | \$4,702,679 | \$3,308,321 | (\$1,394,358) |
| Special Revenue | 875,399 | 902,995 | 27,596 |
| Capital Projects | 320,197 | 261,638 | (58,559) |
| Enterprise | 1,699,475 | 1,594,710 | (104,765) |
| Internal Service | 684,500 | 687,042 | 2,542 |
| Fiduciary | 70,000 | 48,107 | (21,893) |
| Total | \$8,352,250 | \$6,802,813 | (\$1,549,437) |

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

Note 3 - Budgetary Activity *(continued)*

| 2019 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,798,615 | \$3,116,889 | \$681,726 |
| Special Revenue | 1,032,601 | 913,511 | 119,090 |
| Capital Projects | 474,883 | 346,481 | 128,402 |
| Enterprise | 1,619,700 | 1,236,782 | 382,918 |
| Internal Service | 754,500 | 722,176 | 32,324 |
| Fiduciary | 70,000 | 48,107 | 21,893 |
| Total | \$7,750,299 | \$6,383,946 | \$1,366,353 |

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 bank balances at December 31, 2019 was as follows:

| | |
|--------------------------------|-------------|
| | 2019 |
| Demand deposits | \$1,640,671 |
| Certificates of deposit | 908,740 |
| Total deposits | 2,549,411 |
| STAR Ohio | 400,628 |
| STAR Ohio Plus | 2,010,135 |
| Money Markets | 1,726,145 |
| Total investments | 4,136,908 |
| Total deposits and investments | \$6,686,319 |

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; or collateralized by the financial institution's public entity deposit pool.

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.

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

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

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 1.75 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.

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

Note 6 - Risk Management *(continued)*

Self-Insurance

The Village was a member of the Jefferson Health Plan during the 2019 and 2018 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, 2019 is as follows:

| | |
|----------------------|-------------|
| | <u>2019</u> |
| Cash and investments | \$320,036 |

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, 2019.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages from for 2019. 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.

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 of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and 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, 2019

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

| | Principal | Interest Rate |
|--|-------------|---------------|
| Ohio Public Works Commission (CS04K) | \$120,000 | 0% |
| Ohio Public Works Commission (CT78F) | \$33,329 | 0% |
| Ohio Public Works Commission (CT73K) | \$126,200 | 0% |
| Ohio Public Works Commission (CS09Q) | \$75,000 | 0% |
| Ohio Public Works Commission (CS110) | \$14,303 | 0% |
| Ohio Public Works Commission (CT83R) | \$22,680 | 0% |
| Ohio Water Development Authority Loan (6617) | 582,253 (a) | 1% |
| Total | \$973,765 | |

(a) OWDA increased loan by \$3,189 in 2019

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 and the Village will repay the loan in semiannual installments of \$530 over a period of twenty years.

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 over a period of 25 years.

The Ohio Water Development Authority (OWDA) Loan #6617 relates to WWTP influent upgrade. The OWDA approved a loan in the amount of \$631,861 to the Village for this project. OWDA increase loan by \$3,189 for administrative fees in 2019. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Note 9 – Debt *(continued)*

Amortization of the above debt is scheduled as follows:

| Year ending December 31: | OPWC | | OPWC | OPWC | OPWC | OPWC | OWDA |
|-----------------------------|-----------|------------|-----------|----------|----------|----------|-----------|
| | CS04K | OPWC CT78F | CT73K | CS09Q | CS110 | CT83R | 6617 |
| 2020 | 6,667 | 4,444 | 7,011 | 5,000 | 1,060 | 1,080 | 50,953 |
| 2021 | 6,667 | 4,444 | 7,011 | 5,000 | 1,060 | 1,080 | 50,953 |
| 2022 | 6,667 | 4,444 | 7,011 | 5,000 | 1,060 | 1,080 | 50,953 |
| 2023 | 6,667 | 4,444 | 7,011 | 5,000 | 1,060 | 1,080 | 50,953 |
| 2024 | 6,667 | 4,444 | 7,011 | 5,000 | 1,060 | 1,080 | 50,953 |
| 2025-2029 | 33,335 | 11,109 | 35,055 | 25,000 | 5,300 | 5,400 | 254,765 |
| 2030-2034 | 33,335 | 0 | 35,055 | 25,000 | 3,703 | 5,400 | 72,723 |
| 2035-2039 | 19,995 | 0 | 21,035 | 0 | 0 | 5,400 | 0 |
| 2040-2044 | 0 | 0 | 0 | 0 | 0 | 1,080 | 0 |
| Total | \$120,000 | \$33,329 | \$126,200 | \$75,000 | \$14,303 | \$22,680 | \$582,253 |

Note 10 – Interfund Transfers

The General Fund transfers to Special Revenue funds and Capital Project fund were made to provide additional resources for current operations, capital improvements and their share of the Income Tax per the Village charter.

| Transfer to: | Transfer From: | | | |
|---------------------|----------------|-----------------|-----------------|--------------------|
| | General Fund | Special Revenue | Capital Project | Total Transfer to: |
| SCMR Fund | \$480,394 | \$480,394 | | \$480,394 |
| Shade Tree | 1,000 | 1,000 | | \$1,000 |
| Capital Improvement | 240,197 | | \$240,197 | \$240,197 |
| | \$721,591 | \$481,394 | \$240,197 | \$721,591 |

Note 11 – 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.

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

Note 11 – Jointly Governed Organizations *(continued)*

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 12 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



ALGER & ASSOCIATES, Inc.

Certified Public Accountants

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

Village of Minerva
Stark County
209 North Market Street
Minerva, Ohio 44657

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 by fund type of the Village of Minerva, Stark County, (the Village) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements and have issued our report thereon dated March 22, 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. In addition, during 2020 we noted the Village changed their cash basis-reporting model as disclosed in Note 13 of the 2020 financial statements. Also, as disclosed in Note 14 of the 2020 financial statements' footnotes, we noted the financial impact of COVID-19 and ensuing emergency measures on 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) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 statement. 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

Village's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of finding. 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 them.

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 communication is not suitable for any other purpose.

**Karen S
Alger, CPA**

Digitally signed by Karen S Alger, CPA
DN: cn=Karen S Alger, CPA, o=Alger &
Associates, Inc, ou,
email=ksalger46@att.net, c=US
Date: 2021.03.29 14:28:44 -04'00'

Alger & Associates, Inc.
Certified Public Accountants
North Canton, Ohio

March 22, 2021

VILLAGE OF MINERVA
STARK COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 and 2019

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2020-001

Noncompliance Citation/Material Weakness – On-Behalf Payments

Auditor of State Bulletins 2000-008 and 2002-004 provide guidance for local governments participating in on-behalf programs with other governments as to the application of Statement No. 24 of the Governmental Accounting Standards Board. In general, when a local government enters into an on-behalf program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf disbursements are made.

There are also several budgetary compliance requirements associated with the recording of such program receipts and disbursements:

1. Ohio Revised Code Section 5705.09(F) requires the establishment of such special funds in which the legislative authority to approve, by resolution, the grant or program application and must establish any fund(s) necessary to meet the grant or project objectives.
2. Once the grant is awarded or the application is approved, the fiscal officer must obtain an official certificate of estimated resources or an amended certificate of estimated resources for all or part of the grant project, based on the expected cash disbursements to be made on the local government's behalf in the current fiscal year in accordance with Ohio Revised Code Section 5705.36(A)(3).
3. Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making expenditures unless they have been properly appropriated; therefore, appropriations should be recorded in accordance with the terms and conditions of the grant or project agreement. Ohio Revised Code Section 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure prior to recording the appropriations.

The Village was the beneficiary of the Ohio Public Works Commission (OPWC) monies that were paid directly to the vendors in the amount of \$175,000 for project CS16V and \$75,208 for project CS17V in 2020. The Village did not record the receipts and expenditure transactions relating to these OPWC on-behalf payments, resulting in an understatement of Water Operating Fund intergovernmental receipts and capital outlay expenditures. These adjustments were made to the Village's financial statements and related notes for the year ended December 31, 2020, in relation to these on-behalf payments.

VILLAGE OF MINERVA
STARK COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 and 2019

FINDING NUMBER 2020-001 (*continued*)

Noncompliance Citation/Material Weakness – On-Behalf Payments (*continued*)

In addition, the Village did not amend their estimated resources and appropriations to properly budget for the expected grant receipts and expenditures. Ohio Revised Code Section 5705.41(B) budgetary violation for expenditures exceeding appropriations were noted for the grant expenditure in 2020 in the Water Operating Fund.

In general, when approved for funding by a State or Federal agency, the Village should follow the reporting requirements summarized by Auditor of State Bulletins 2000-008 and 2002-004, as well as applicable budgetary requirements of certifying the available resources to the County Budget Commission and amend appropriations to account for the expected grant or project receipts and expenditures.

We recommend the Village consult with their engineer or other personnel to obtain the required supporting documentation and review the Village Officer's Handbook, to help ensure accurate financial reporting. The Village should review the Auditor of State Bulletins 2000-008 and 2002-004, as well as applicable budgetary requirements of certifying the available resources to the County Budget Commission and amend appropriations to account for the expected grant or project receipts and expenditures. We also recommend the Village consider establishing a policy/procedure for reviewing the State or Federal agency correspondence/documentation related to ongoing projects in which on-behalf type payment activity would be occurring (i.e., the OPWC website – Disbursement History Reports)

Village of Minerva

Minerva, Ohio 44657

March 26, 2021

To Whom it May Concern,

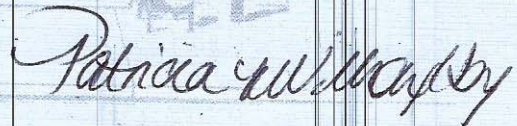
The Village of Minerva has reviewed the 2019-2020 audit draft as submitted by Alger & Associates. We would like to address the issue that was found for the audit period.

1. FINDING NUMBER 2020-001: Noncompliance Citation/Material Weakness – On-Behalf Payments

The Village of Minerva will consult with engineers and other personnel to obtain the required supporting documentation for on-behalf loans. We will review the Village Officer's Handbook to help ensure accurate financial reporting. The Village will follow reporting requirements summarized by Auditor of State Bulletins 2000-008 and 2002-004. The Village of Minerva will more closely monitor on-behalf payment activity to ensure accurate reporting.

We believe there should be no further issues in this matter. The Finance Director will work as diligently as possible to ensure that all Village financial records within the office's control are maintained correctly.

Sincerely,



Patricia Willoughby

Finance Director

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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 5/18/2021

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