



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF SALINEVILLE
COLUMBIANA COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Salineville
Columbiana County
60 East Main Street
Salineville, Ohio 43945

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 as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Salineville, Columbiana 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 or cash flows 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 as of and for the year ended December 31, 2020 and for each governmental and proprietary 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 12 to the 2020 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 19, 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 19, 2021

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

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Taxes	\$58,624	\$117,744			\$176,368
Municipal Income Tax	148,389				148,389
Intergovernmental	41,989	180,344	\$30,000		252,333
Charges for Services		6,626			6,626
Fines, Licenses and Permits	12,155	4,158			16,313
Earnings on Investments				\$44	44
Miscellaneous	11,811	4,113			15,924
<i>Total Cash Receipts</i>	<u>272,968</u>	<u>312,985</u>	<u>30,000</u>	<u>44</u>	<u>615,997</u>
Cash Disbursements					
Current:					
Security of Persons & Property	102,369	113,125			215,494
Public Health Services		82,408			82,408
Transportation	129,533	66,300			195,833
General Government	104,063	1,781			105,844
Capital Outlay			40,773		40,773
<i>Total Cash Disbursements</i>	<u>335,965</u>	<u>263,614</u>	<u>40,773</u>	<u>0</u>	<u>640,352</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(62,997)</u>	<u>49,371</u>	<u>(10,773)</u>	<u>44</u>	<u>(24,355)</u>
Other Financing Receipts (Disbursements)					
Loans Issued			15,000		15,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>15,000</u>	<u>0</u>	<u>15,000</u>
<i>Net Change in Fund Cash Balances</i>	(62,997)	49,371	4,227	44	(9,355)
<i>Fund Cash Balances, January 1</i>	<u>305,797</u>	<u>205,543</u>	<u>0</u>	<u>9,657</u>	<u>520,997</u>
<i>Fund Cash Balances, December 31</i>	<u>\$242,800</u>	<u>\$254,914</u>	<u>\$4,227</u>	<u>\$9,701</u>	<u>\$511,642</u>

See accompanying notes to the financial statements

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

	Enterprise
Operating Cash Receipts	
Charges for Services	\$220,122
<i>Total Operating Cash Receipts</i>	220,122
Operating Cash Disbursements	
Personal Services	5,489
Fringe Benefits	715
Contractual Services	118,872
Supplies and Materials	48,771
Other	748
<i>Total Operating Cash Disbursements</i>	174,595
<i>Operating Income (Loss)</i>	45,527
Non-Operating Receipts (Disbursements)	
Special Assessments	301
Miscellaneous Receipts	2,367
Principal Retirement	(29,376)
Interest and Other Fiscal Charges	(2,469)
<i>Total Non-Operating Receipts (Disbursements)</i>	(29,177)
<i>Net Change in Fund Cash Balance</i>	16,350
<i>Fund Cash Balances, January 1</i>	108,017
<i>Fund Cash Balances, December 31</i>	\$124,367

See accompanying notes to the financial statements

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

Note 1 – Reporting Entity

The Village of Salineville (the Village), Columbiana County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, road maintenance, police and cemetery services. The Village contracts with Salineville Volunteer Fire Department to receive fire protection services.

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 fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Cemetery Fund This fund receives levied 2 mil property tax monies that maintains the upkeep of the cemetery and monies from burial costs.

Coronavirus Relief Fund This fund tracks receipt and expenditure activity of the federal CRF monies distributed to the Village in accordance with HB 481 affirming that the Village will spend funds only on pandemic-related expenses as required under the CARES Act.

Police Levy This fund receives levied 3 mil property tax monies that provide and maintain police protection within the Village.

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

Fire Levy This fund receives levied 5 mil property tax monies that helps provide and maintain fire protection to the Village.

Police Cruiser Fund This fund receives a percentage of the court fine monies to be put aside for the purchase of new cruisers.

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

Police Vehicle Capital Project Fund This fund accounts for and reports proceeds of a USDA Grant and Loan through a general obligation bond. The proceeds are restricted for purchase of a new police vehicle and equipment upfitting.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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:

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

Sewer Bond Debt Service Reserve Fund The Sewer Bond Debt Service Reserve fund accounts for loan proceeds from the Ohio Water Development Authority restricted to the sanitary sewer plant improvements. A portion of the residents' sewer fund accounts is recorded in this fund and repays this loan.

Storm Sewer Repair Fund A portion of the sewer fund accounts is dedicated by ordinance enacted August of 2019 for the provision only to the maintenance and repair of Village storm sewers to the residents and commercial users located within the Village.

Water Bond Reserve Fund This fund receives payments twice a year from Buckeye Water District through a transfer agreement for the repayment of the Village's water bond debt.

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

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 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.

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 Salineville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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 10.

Village of Salineville, Ohio
Columbiana 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	\$270,399	\$272,968	\$2,569
Special Revenue	333,439	312,985	(20,454)
Capital Projects	45,000	45,000	0
Enterprise	231,035	222,790	(8,245)
Permanent	6	44	38
Total	<u>\$879,879</u>	<u>\$853,787</u>	<u>(\$26,092)</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$475,709	\$338,785	\$136,924
Special Revenue	463,285	299,644	163,640
Capital Projects	41,300	40,773	527
Enterprise	248,512	206,464	42,048
Permanent	8,000	0	8,000
Total	<u>\$1,236,805</u>	<u>\$885,666</u>	<u>\$351,139</u>

Note 4 – Deposits and Investments

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

	2020
Demand deposits	\$616,283
Other time deposits (savings and NOW accounts)	19,726
Total deposits	<u>\$636,009</u>

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

Deposits

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Income Taxes

The Village levies a municipal income tax of one 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

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	\$ 40,318,971
Actuarial liabilities	\$14,111,510

Workers' Compensation

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.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care 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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% 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.

Social Security

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

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

Village of Salineville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

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

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
OPWC Water Line Replacement Loan CT46E	\$28,503	0.00%
Ohio Water Development Authority Loan #6916	321,714	0.56%
Ohio Water Development Authority Loan #7333	152,173	0.33%
USDA Police Vehicle Loan #97-06	15,000	2.75%
Total	\$517,390	

OPWC Loan CT46E was approved back in 2006 for \$91,000 in semiannual installments at no interest for 20 years for Water System Improvements for the Village upgrades and to be paid off in 2027 now that a payment has been deferred during the year 2020 due to COVID-19.

In 2016, the Village of Salineville entered into a transfer agreement with Buckeye Water District and from then on, Buckeye Water District assumed all debt and makes the loan payments for the current loan.

The Ohio Water Development Authority (OWDA) Wastewater Treatment Plant (WWTP) Loan #6916 relates to a sewer plant upgrade project the Ohio Environmental Protection Agency mandated. The OWDA fully financed this Phase 1 engineering and construction project at the actual borrowed amount of \$386,224. In 2017, the Village had begun to repay the loans in semiannual installments of \$10,220, which includes interest at 0.560% over twenty years. WWTP Phase 2 Improvements Loan #7333 has been reduced through approved grants to the total financed amount of \$178,153 to be paid in semiannual installments of \$4,606 at an interest rate of 0.330%. This loan repayment began in 2018. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

A United States Department of Agricultural (USDA) Grant/Loan #97-06 was applied for and received through the USDA in the principal sum of \$15,000 to purchase a new police vehicle in addition to equipment up-fitting due to the age of the other cruisers being 5 years and older and requiring more repair as they age. The unpaid principal amount of the bonds shall mature in annual installments of \$2,800 the first year, \$3,000 the second third and fourth years, then \$3,200 the final year and shall bear interest at the rate of 2.75% per annum.

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

Amortization

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

Year Ending December 31:	OPWC Loan #CT46E	OWDA Loan #6916	OWDA Loan #7333	USDA Loan #97-06
2021	\$4,385	\$20,440	\$9,212	\$3,210
2022	4,385	20,440	9,212	3,336
2023	4,385	20,440	9,212	3,253
2024	4,385	20,440	9,212	3,171
2025	4,385	20,440	9,212	3,288
2026-2030	6,578	102,199	46,061	
2031-2035		102,199	46,061	
2036-2037		30,660	18,424	
Total	<u>\$28,503</u>	<u>\$337,258</u>	<u>\$156,606</u>	<u>\$16,258</u>

Note 10 – 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	Permanent	Total
Nonspendable:				
Corpus			\$9,600	\$9,600
Outstanding Encumbrances	\$2,821	\$36,023		\$38,844
<i>Total</i>	<u>\$2,821</u>	<u>\$36,023</u>	<u>\$9,600</u>	<u>\$48,444</u>

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

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

Note 11 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

This change had no effect on beginning cash balances of the Village.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$8,500 was sub-granted to another government (*Southern Local School*). This amount is reflected as public health services in the Coronavirus Relief Fund on the accompanying financial statements.

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

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Taxes	\$54,322	\$113,409		\$167,731
Municipal Income Tax	156,688			156,688
Intergovernmental	39,441	94,133		133,574
Charges for Services		3,977		3,977
Fines, Licenses and Permits	12,723	5,368		18,091
Earnings on Investments			\$33	33
Miscellaneous	115,262	5,955		121,217
<i>Total Cash Receipts</i>	<u>378,436</u>	<u>222,842</u>	<u>33</u>	<u>601,311</u>
Cash Disbursements				
Current:				
Security of Persons & Property	125,976	99,966		225,942
Public Health Services		22,323		22,323
Transportation	15,377	75,478		90,855
General Government	122,025	1,719		123,744
Capital Outlay		20,400		20,400
<i>Total Cash Disbursements</i>	<u>263,378</u>	<u>219,886</u>	<u>0</u>	<u>483,264</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>115,058</u>	<u>2,956</u>	<u>33</u>	<u>118,047</u>
Other Financing Receipts (Disbursements)				
Advances In	15,300	15,300		30,600
Advances Out	(15,300)	(15,300)		(30,600)
Other Financing Sources		863		863
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>863</u>	<u>0</u>	<u>863</u>
<i>Net Change in Fund Cash Balances</i>	115,058	3,819	33	118,910
<i>Fund Cash Balances, January 1</i>	<u>190,739</u>	<u>201,724</u>	<u>9,624</u>	<u>402,087</u>
Fund Cash Balances, December 31				
Nonspendable			9,600	9,600
Restricted		205,543	57	205,600
Unassigned (Deficit)	305,797			305,797
<i>Fund Cash Balances, December 31</i>	<u>\$305,797</u>	<u>\$205,543</u>	<u>\$9,657</u>	<u>\$520,997</u>

See accompanying notes to the financial statements

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

	Enterprise
Operating Cash Receipts	
Charges for Services	\$211,032
Fines, Licenses and Permits	1,800
<i>Total Operating Cash Receipts</i>	212,832
Operating Cash Disbursements	
Personal Services	5,543
Fringe Benefits	785
Contractual Services	127,538
Supplies and Materials	44,375
<i>Total Operating Cash Disbursements</i>	178,241
 <i>Operating Income (Loss)</i>	 34,591
Non-Operating Receipts (Disbursements)	
Intergovernmental	164
Special Assessments	2,841
Miscellaneous Receipts	20,160
Principal Retirement	(43,652)
Interest and Other Fiscal Charges	(2,535)
<i>Total Non-Operating Receipts (Disbursements)</i>	(23,022)
 <i>Net Change in Fund Cash Balance</i>	 11,569
 <i>Fund Cash Balances, January 1</i>	 96,448
 <i>Fund Cash Balances, December 31</i>	 \$108,017

See accompanying notes to the financial statements

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

Note 1 - Reporting Entity

The Village of Salineville (the Village), Columbiana County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, road maintenance, police and cemetery services. The Village contracts with Salineville Volunteer Fire Department to receive fire protection services.

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 fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Police Levy This fund receives levied 3 mil property tax monies that provide and maintain police protection within the Village.

Fire Levy This fund receives levied 5 mil property tax monies that helps provide and maintain fire protection to the Village.

Police Cruiser Fund This fund receives a percentage of the court fine monies to be put aside for the purchase of new cruisers.

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

Cemetery Fund This fund receives levied 2 mil property tax monies that maintains the cemetery and monies from burial costs.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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:

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

Sewer Bond Debt Service Reserve Fund A portion of the residents sewer fund payments are recorded in this fund are used to repay related debt.

Storm Sewer Repair The portion of the sewer fund accounts is dedicated by ordinance enacted August 2019 for the provision only to the maintenance and repair of Village storm sewers to the residents and commercial users located within the Village.

Water Bond Reserve Fund This fund receives payments twice a year from Buckeye Water District through a transfer agreement for the repayment of the Village's water bond debt.

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 be budgeted annually.

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, 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 re-appropriated.

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.

Fund Balance

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

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

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

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	\$374,400	\$378,436	\$4,036
Special Revenue	258,200	223,705	(34,495)
Enterprise	234,604	235,997	1,393
Permanent	5	33	28
Total	\$867,209	\$838,171	(\$29,038)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$452,036	\$264,085	\$187,951
Special Revenue	449,561	221,664	227,897
Enterprise	330,246	229,156	101,090
Permanent	9,629	0	9,629
Total	\$1,241,472	\$714,905	\$526,567

Village of Salineville, Ohio
Columbiana 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:

	2019
Demand deposits	<u>\$609,681</u>
Other time deposits (savings and NOW accounts)	<u>19,333</u>
Total deposits	<u>\$629,014</u>

Deposits

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

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 one 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.

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

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.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a costsharing, 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.

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

Ohio Police and Fire Retirement System

Village's certified full-time Police Officers (Chief and Sergeant) 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 post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019, 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.

Social Security

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

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

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

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Water Line Replacement Loan CT46E	\$30,696	0.00%
Ohio Water Development Authority Loan #6916	340,275	0.56%
Ohio Water Development Authority Loan #7333	160,862	0.33%
Total	<u>\$531,833</u>	

(OPWC) Loan CT46E was approved back in 2006 for \$91,000 on semiannual installments at no interest for 20 years for Water System Improvements to be paid off in 2026 for the Village upgrades. In 2016, the Village of Salineville entered into a transfer agreement with Buckeye Water District and Buckeye Water District has assumed all debt and makes the loan payments for the loan.

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

The Ohio Water Development Authority (OWDA) Loan #6916 relates to a sewer plant upgrade project to keep up with the Ohio Environmental Protection Agency requirements. The OWDA fully financed this Phase 1 engineering and construction project at the actual borrowed amount of \$386,224. The Village in 2017 had begun to repay the loans in semiannual installments of \$10,220, including interest at 0.560% over 20 years. WWTP Phase 2 Improvements Loan #7333 has been reduced through approved grants to total financed amount of \$178,153 to be paid in semiannual installments of \$4,606 at an interest rate of 0.330%. This loan payment began in 2018. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village's taxing authority collateralized the bonds.

Amortization

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

Year Ending December 31:	OPWC Loan #CT46E	OWDA Loan #6916	OWDA Loan #7333
2020	\$4,385	\$20,440	\$9,212
2021	4,385	20,440	9,212
2022	4,385	20,440	9,212
2023	4,385	20,440	9,212
2024	4,385	20,440	9,212
2025-2029	8,771	102,199	46,061
2030-2034		102,199	46,061
2035-2037		51,099	27,637
Total	\$30,696	\$357,697	\$165,819

OHIO AUDITOR OF STATE KEITH FABER



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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 Salineville
Columbiana County
60 East Main Street
Salineville, Ohio 43945

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 as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Salineville, Columbiana County, (the Village) and have issued our report thereon dated October 19, 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

October 19, 2021



VILLAGE OF SALINEVILLE

"Salt of the Earth"

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 and 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Ohio Revised Code 5705.10	Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF SALINEVILLE

COLUMBIANA 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 11/30/2021

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