



**VILLAGE OF CONTINENTAL  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2021-2020**



VILLAGE OF CONTINENTAL  
PUTNAM COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

Village of Continental  
Putnam County  
100 North Main Street  
P.O. Box 447  
Continental, Ohio 45831-0447

To the Village Council:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Continental, Putnam County, Ohio (the Village), which comprises the cash balances, receipts and disbursements each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

***Basis for Opinions***

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

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

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

***Emphasis of Matters***

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to this matter.

As discussed in Note 17 to the financial statements, during 2020, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 14, 2022

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**Village of Continental**  
*Putnam County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
**For the Year Ended December 31, 2021**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$75,285	\$135,052			\$210,337
Municipal Income Tax	191,166				191,166
Intergovernmental	56,535	\$150,843			207,378
Charges for Services	123,811	14,062			137,873
Licenses, Permits and Fees	3,635	833			4,468
Earnings on Investments	316				316
Miscellaneous	17,870	1,964			19,834
<i>Total Cash Receipts</i>	<u>468,618</u>	<u>302,754</u>			<u>771,372</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons & Property	59,466	120,639			180,105
Basic Utility Services	8,572				8,572
Transportation		136,429			136,429
General Government	194,180	12,920			207,100
Capital Outlay	15,269	58,356			73,625
Debt Service:					
Principal Retirement			\$56,021		56,021
Interest and Fiscal Charges			11,520		11,520
<i>Total Cash Disbursements</i>	<u>277,487</u>	<u>328,344</u>	<u>67,541</u>		<u>673,372</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>191,131</u>	<u>(25,590)</u>	<u>(67,541)</u>		<u>98,000</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets				\$8,230	8,230
Transfers In		110,000	68,000		178,000
Transfers Out	(275,000)				(275,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(275,000)</u>	<u>110,000</u>	<u>68,000</u>	<u>8,230</u>	<u>(88,770)</u>
<i>Net Change in Fund Cash Balances</i>	(83,869)	84,410	459	8,230	9,230
<i>Fund Cash Balances, January 1</i>	<u>888,023</u>	<u>340,110</u>	<u>4,618</u>	<u>5,661</u>	<u>1,238,412</u>
<i>Fund Cash Balances, December 31</i>	<u>\$804,154</u>	<u>\$424,520</u>	<u>\$5,077</u>	<u>\$13,891</u>	<u>\$1,247,642</u>

See accompanying notes to the basic financial statements

**Village of Continental**  
*Putnam County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2021*

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$415,813
Miscellaneous	1,173
<i>Total Operating Cash Receipts</i>	<u>416,986</u>
<b>Operating Cash Disbursements</b>	
Personal Services	94,422
Employee Fringe Benefits	25,574
Contractual Services	190,999
Supplies and Materials	106,026
Other	2,825
<i>Total Operating Cash Disbursements</i>	<u>419,846</u>
<i>Operating Loss</i>	<u>(2,860)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	271,919
Miscellaneous Receipts	32
Loans Issued	600,047
Capital Outlay	(886,693)
Principal Retirement	(62,400)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(77,095)</u>
<i>Loss before Transfers</i>	<u>(79,955)</u>
Transfers In	<u>97,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>17,045</u>
<i>Fund Cash Balances, January 1</i>	<u>426,625</u>
<i>Fund Cash Balances, December 31</i>	<u>\$443,670</u>

*See accompanying notes to the basic financial statements*

**Village of Continental**  
*Putnam County*  
*Combining Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2021*

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	<u>Custodial</u>
<b>Deductions</b>	
Other Distributions	<u>\$3,360</u>
<i>Net Change in Fund Cash Balances</i>	(3,360)
<i>Fund Cash Balances, January 1</i>	<u>10,500</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$7,140</u></u>

*See accompanying notes to the basic financial statements*

**Village of Continental, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Continental, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, streetlights, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

***Public Entity Risk Pool and Jointly Governed Organization***

The Village participates in a public entity risk pool and a jointly governed organization. Note 7 and 16 to the basic financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village 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 Fund*** The Police Fund received property taxes for the providing of police services to the residents of the Village.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

***Note Retirement - Fire Department Fund*** This fund receives transfers from the General Fund to pay off loans related to the fire station.

***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 Continental, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Capital Improvement Fund** This fund contains receipts from the sale of permanent improvements.

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

**Water Operating Fund** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund account is for fire damage of structures and repairs or removal of structures.

For regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

**Basis of Accounting**

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

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

**Budgetary Process**

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

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

**Village of Continental, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***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. 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.

**Village of Continental, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$475,675	\$468,618	\$7,057
Special Revenue	400,706	412,754	(12,048)
Debt Service	68,000	68,000	
Capital Projects	8,230	8,230	
Enterprise	1,733,885	1,385,984	347,901
Total	<u>\$2,686,496</u>	<u>\$2,343,586</u>	<u>\$342,910</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,029,851	\$562,167	\$467,684
Special Revenue	589,402	333,755	255,647
Debt Service	70,000	67,541	2,459
Capital Projects	4,325		4,325
Enterprise	1,905,068	1,368,939	536,129
Total	<u>\$3,598,646</u>	<u>\$2,332,402</u>	<u>\$1,266,244</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:

	2021
Demand deposits	\$1,311,933
STAR Ohio	386,519
Total deposits and investments	<u>\$1,698,452</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; and collateralized by securities specifically pledged by the financial institution to the Village.

**Investments**

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

**Village of Continental, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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.

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

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

***Income Taxes***

The Village levies a municipal income tax of 1 (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. The Village contracts with Regional Income Tax Authority (RITA) to administer the Village's municipal income taxes.

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

**Note 6 – Interfund Balances**

The Village does not have any unpaid advances outstanding as of December 31, 2021.

**Note 7 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.



**Village of Continental, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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Assets	\$ 21,777,439
Liabilities	<u>( 15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

***Social Security***

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021. 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.

**Village of Continental, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 10 – Debt**

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station Loan	\$226,871	3.83%
Fire Truck Loan	33,531	3.50%
Ohio Public Works Commission Loan CT380	823,849	0%
Ohio Water Development Authority Loan 5669	76,267	0%
Ohio Water Development Authority Loan 6342	226,338	0%
Ohio Water Development Authority Loan 9111	600,047	0%
Total	<u>\$1,986,903</u>	

The Fire Station loan was obtained in 2006 to replace the 2004 Fire Station Construction Loan which was used to construct a new Fire Station for the Village. The loan is being repaid in semi-annual payments of \$17,500 of principal and interest over 25 years beginning in 2006.

The Fire Truck loan was obtained in 2018 to purchase a fire truck. The loan is being repaid in semi-annual payments of \$11,192 of principal and interest over six years beginning in 2018.

The Ohio Public Works Commission (OPWC) loan CT380 was obtained for the construction of a new wastewater treatment lagoon. The original loan amount authorized from OPWC to the Village for this project was \$2,032,750. The loan was closed in October 2014 resulting in a balance of \$1,074,585. The loan is being repaid in semiannual principal installments of \$17,910 over 30 years beginning in 2014.

The Ohio Water Development Authority waterline loan #5669 was obtained for the waterline replacement in the Village. The loan is being repaid in semiannual principal installments of \$4,237 over 20 years beginning in 2011.

The Ohio Water Development Authority (OWDA) wastewater treatment plant loan #6342 was obtained for the repayment of OWDA planning loans #4731 and #4983 and for the construction of the new wastewater treatment plant. The loan is being repaid in semiannual principal installments of \$9,054 over 20 years beginning in 2017.

The Ohio Water Development Authority (OWDA) elevated water tower loan #9111 approved a loan \$802,915 to the Village, only \$600,047 has been disbursed thus far. The loan will be repaid in semiannual installments of \$13,382, with no interest, over 30 years. There is no amortization schedule available for this loan at this time. However, the outstanding principal balance is included above.

**Amortization**

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

**Village of Continental, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

Year Ending December 31:	OPWC Loan	OWDA Loans	Fire Station Loan	Fire Truck Loan
2022	\$35,820	\$26,581	\$35,000	\$22,383
2023	35,820	26,581	35,000	22,383
2024	35,820	26,581	35,000	2,248
2025	35,820	26,581	35,000	
2026	35,820	26,581	35,000	
2027-2031	179,100	132,906	87,986	
2032-2036	179,100	36,794		
2037-2041	179,100			
2042-2046	107,449			
Total	<u>\$823,849</u>	<u>\$302,605</u>	<u>\$262,986</u>	<u>\$47,014</u>

**Note 11 – Construction and Contractual Commitments**

The Village is in the process of finishing the elevated water tower project in the beginning quarter of 2022. Other commitments include two paving projects that were not completed in 2021 due to weather and supply chain and employment issues. Both contractors stated they will hold the price of the quote for this year; in 2021, the Village committed to a lease on a new copier but again supply chain issues; and the Village also committed to work at the water plant including rehab of the wells, refurbishing the greensand filters and installing a permanent generator at the maintenance building to furnish power to it and the water plant and tower. The work is ongoing on some of these projects and others we are waiting on pricing.

**Note 12 – Related Party Transactions**

The Fiscal Officer's son-in-law installed the video conferencing equipment that was paid for through the Coronavirus Relief Fund. The Village used \$1,681 from the Coronavirus Relief Fund and \$489 from the other funds for this acquisition. Mrs. Darby is not an owner, part owner or stockholder in this S Corporation and received no compensation from this purchase.

The Village Mayor is the Branch Manager at the Fort Jennings State Bank. He does not have access to the Village bank accounts and he does not receive any deposits made by the Village. One Council member employed at H & K Chevrolet Buick Inc. As this is the only GM Certified Garage in the Village, the Village does have its repair work done here. The council member does not benefit from the sale of fuel, labor or parts purchased by the Village.

**Note 13 – Fund Balances**

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$9,680	\$5,411	\$15,091

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. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Village of Continental, Ohio**  
*Putnam County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 14 – Miscellaneous Revenue**

Miscellaneous receipts in the General and Enterprise Funds primarily consisted of refunds.

**Note 15 – COVID-19**

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

**Note 16 - Jointly Governed Organization**

***Regional Income Tax Agency***

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2021, the Village paid RITA \$7,814 for income tax collection services.

**Note 17 – Contingent Liabilities**

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**Village of Continental**  
Putnam County, Ohio  
**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	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$74,081	\$131,872			\$205,953
Municipal Income Tax	183,897				183,897
Intergovernmental	68,865	265,712			334,577
Charges for Services	115,001	9,845			124,846
Licenses, Permits and Fees	3,412	360			3,772
Earnings on Investments	6,678				6,678
Miscellaneous	34,080	22,467			56,547
<i>Total Cash Receipts</i>	<u>486,014</u>	<u>430,256</u>			<u>916,270</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons & Property	56,242	233,285			289,527
Basic Utility Services	6,062				6,062
Transportation		66,921			66,921
General Government	168,740	38,484			207,224
Capital Outlay	21,525	144,380		\$31,454	197,359
Debt Service:					
Principal Retirement			\$43,913		43,913
Interest and Fiscal Charges			13,471		13,471
<i>Total Cash Disbursements</i>	<u>252,569</u>	<u>483,070</u>	<u>57,384</u>	<u>31,454</u>	<u>824,477</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>233,445</u>	<u>(52,814)</u>	<u>(57,384)</u>	<u>(31,454)</u>	<u>91,793</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets				36	36
Transfers In		145,000	51,300	17,015	213,315
Transfers Out	(213,315)				(213,315)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(213,315)</u>	<u>145,000</u>	<u>51,300</u>	<u>17,051</u>	<u>36</u>
<i>Net Change in Fund Cash Balances</i>	20,130	92,186	(6,084)	(14,403)	91,829
<i>Fund Cash Balances, January 1</i>	<u>867,893</u>	<u>247,924</u>	<u>10,702</u>	<u>20,064</u>	<u>1,146,583</u>
<i>Fund Cash Balances, December 31</i>	<u>\$888,023</u>	<u>\$340,110</u>	<u>\$4,618</u>	<u>\$5,661</u>	<u>\$1,238,412</u>

See accompanying notes to the basic financial statements

**Village of Continental**  
*Putnam County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**Proprietary Fund Type**  
*For the Year Ended December 31, 2020*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$394,082
Miscellaneous	7,092
	401,174
<i>Total Operating Cash Receipts</i>	<i>401,174</i>
<b>Operating Cash Disbursements</b>	
Personal Services	107,575
Employee Fringe Benefits	27,188
Contractual Services	89,814
Supplies and Materials	36,220
Other	1,750
	262,547
<i>Total Operating Cash Disbursements</i>	<i>262,547</i>
<i>Operating Income</i>	<i>138,627</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	15,697
Capital Outlay	(53,084)
Principal Retirement	(74,245)
	(111,632)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(111,632)</i>
<i>Net Change in Fund Cash Balances</i>	<i>26,995</i>
<i>Fund Cash Balances, January 1</i>	<i>399,630</i>
<i>Fund Cash Balances, December 31</i>	<i>\$426,625</i>

*See accompanying notes to the basic financial statements*

**Village of Continental**  
*Putnam County*  
*Combining Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2020*

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	<u>Custodial</u>
<i>Fund Cash Balances, January 1</i>	<u>\$10,500</u>
<i>Fund Cash Balances, December 31</i>	<u>\$10,500</u>

*See accompanying notes to the basic financial statements*

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

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**Note 1 – Reporting Entity**

The Village of Continental, Putnam County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides water and sewer utilities, streetlights, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

***Public Entity Risk Pool and Jointly Governed Organization***

The Village participates in a public entity risk pool and a jointly governed organization. Note 7 and 16 to the basic financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

***Coronavirus Relief Fund*** The federal government made federal funds available to states to combat the Coronavirus. The State of Ohio in turn divided it up among the counties, which portioned it out to the townships, schools and municipalities according to population. The Village of Continental received \$175,466.71.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

***Note Retirement - Fire Department Fund*** This fund receives transfers from the General Fund to pay off loans related to the fire station.



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

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**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:

**Water Meter Replacement Fund** This fund accounts for and reports an OPWC project 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 Operating Fund** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund account is for fire damage of structures and repairs or removal of structures.

For regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

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

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

***Budgetary Process***

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function (personal service and all other) 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.

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

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**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.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**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. 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.

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

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 13.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$465,572	\$486,014	(\$20,442)
Special Revenue	575,723	575,256	467
Debt Service	51,300	51,300	
Capital Projects	17,015	17,051	(36)
Enterprise	437,750	416,871	20,879
Total	\$1,547,360	\$1,546,492	\$868

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$894,067	\$467,010	\$427,057
Special Revenue	766,122	485,004	281,118
Debt Service	57,383	57,384	(1)
Capital Projects	35,779	31,454	4,325
Enterprise	619,827	400,417	219,410
Total	\$2,373,178	\$1,441,269	\$931,909

**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	\$1,289,334
STAR Ohio	386,203
Total deposits and investments	\$1,675,537

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

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

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***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; and collateralized by securities specifically pledged by the financial institution to the Village.

***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of 1 (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. The Village contracts with Regional Income Tax Authority (RITA) to administer the Village's municipal income taxes.

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

**Note 6 – Interfund Balances**

The Village does not have any unpaid advances outstanding as of December 31, 2020.

**Note 7 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

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

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OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

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

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

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Ohio Police and Fire Retirement System***

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

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

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

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**Social Security**

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

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

**Note 9 – Postemployment Benefits**

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

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

**Note 10 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station Loan	\$252,409	3.83%
Fire Truck Loan	64,014	3.50%
Ohio Public Works Commission Loan CT380	859,669	0%
Ohio Water Development Authority Loan 5669	84,741	0%
Ohio Water Development Authority Loan 6342	244,445	0%
Total	<u>\$1,505,278</u>	

The Fire Station loan was obtained in 2006 to replace the 2004 Fire Station Construction Loan which was used to construct a new Fire Station for the Village. The loan is being repaid in semi-annual payments of \$17,500 of principal and interest over 25 years beginning in 2006.

The Fire Truck loan was obtained in 2018 to purchase a fire truck. The loan is being repaid in semi-annual payments of \$11,192 of principal and interest over six years beginning in 2018.

The Ohio Public Works Commission (OPWC) loan CT380 was obtained for the construction of a new wastewater treatment lagoon. The original loan amount authorized from OPWC to the Village for this project was \$2,032,750. The loan was closed in October 2014 resulting in a balance of \$1,074,585. The loan is being repaid in semiannual principal installments of \$17,910 over 30 years beginning in 2014.

The Ohio Water Development Authority waterline loan #5669 was obtained for the waterline replacement in the Village. The loan is being repaid in semiannual principal installments of \$4,237 over 20 years beginning in 2011.

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

The Ohio Water Development Authority (OWDA) wastewater treatment plant loan #6342 was obtained for the repayment of OWDA planning loans #4731 and #4983 and for the construction of the new wastewater treatment plant. The loan is being repaid in semiannual principal installments of \$9,054 over 20 years beginning in 2017.

**Amortization**

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

Year Ending December 31:	OPWC Loan	OWDA Loans	Fire Station Loan	Fire Truck Loan
2021	\$35,820	\$26,581	\$35,000	\$22,383
2022	35,820	26,581	35,000	22,383
2023	35,820	26,581	35,000	22,383
2024	35,820	26,581	35,000	2,248
2025	35,820	26,581	35,000	
2026-2030	179,100	132,906	122,986	
2031-2035	179,100	63,375		
2036-2040	179,100			
2041-2045	143,269			
Total	<u>\$859,669</u>	<u>\$329,186</u>	<u>\$297,986</u>	<u>\$69,397</u>

**Note 11 – Construction and Contractual Commitments**

The Village has been under fines and orders for many years for elevated levels of total trihalomethane in the water supply. The Village applied for Round 34 of the OPWC Funding Assistance Program under the Small Government Programs. The estimated cost to replace the 100,000 gallon elevated water tower with a 150,000 gallon elevated water tower was \$1,191,575. The Village was approved for a grant up to 35% of the project and a loan for the remainder with the Water Supply Revolving Loan Account. The project was bid at \$972,400. Therefore, 35% of the project will funded by \$340,340 in grants from OPWC and a loan in the amount of \$632,060. Since the project was not started in 2020, the funding was not added to the Estimated Resources. The project funding will be added to the Estimated Resources in 2021.

**Note 12 – Related Party Transactions**

The Fiscal Officer's son-in-law installed the video conferencing equipment that was paid for through the Coronavirus Relief Fund. The Village used \$11,732 from the Coronavirus Relief Fund for this acquisition. Mrs. Darby is not an owner, part owner or stockholder in this S Corporation and received no compensation from this purchase.

The Village Mayor is the Branch Manager at the Fort Jennings State Bank. He does not have access to the Village bank accounts and he does not receive any deposits made by the Village. One Council member employed at H & K Chevrolet Buick Inc. As this is the only GM Certified Garage in the Village, the Village does have its repair work done here. The council member does not benefit from the sale of fuel, labor or parts purchased by the Village.

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

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**Note 13 – Fund Balances**

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$1,126	\$1,934	\$3,059

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. These restricted, committed and assigned amounts in the special revenue, debt service, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – Miscellaneous Revenue**

Miscellaneous receipts in the General and Enterprise Funds primarily consisted of refunds.

**Note 15 – COVID-19**

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

The 2020 activity includes, \$175,467 of COVID-19 funding. These amounts are reflected as intergovernmental expenditures in the applicable Special Revenue Fund.

**Note 16 - Jointly Governed Organization**

***Regional Income Tax Agency***

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA’s operation including budgeting, appropriating, contracting and designating management. Each participant’s degree of control is limited to its representation on the council. For 2020, the Village paid RITA \$6,681 for income tax collection services.



**Village of Continental, Ohio**  
*Putnam County*  
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*For the Year Ended December 31, 2020*

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**Note 17 – Change in Accounting Principle**

For 2020, the Village has made changes to its 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) – Fiduciary Fund Type, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

The implementation of GASB Statement No. 84 did not have an effect on beginning cash balances.

**Note 18 – Contingent Liabilities**

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

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

Village of Continental  
Putnam County  
100 North Main Street  
P.O. Box 447  
Continental, Ohio 45831-0447

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Continental, Putnam County, Ohio (the Village) and have issued our report thereon dated November 14, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village. In addition, we noted the Village adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 14, 2022

# VILLAGE OF CONTINENTAL

P.O. BOX 447, 100 N. MAIN ST., CONTINENTAL, OH 45831

PH. 419-596-3206 FAX 419-596-3277 Email [continental@bright.net](mailto:continental@bright.net)

Mathew R. Miller, Mayor  
Susan K. Darby, Fiscal Officer

Kathy Prowant, Administrator  
Scott Welch, Village Solicitor

**Council Members**

Jordan Streicher-President Tom Armye Todd Bartley Roxie Knipp Dan Sullivan Mike Varner

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 AND 2020

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	This finding was first reported in 2005. Material weakness for errors in financial reporting.	Partially corrected and reissued in the Management Letter.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements prior to filing the Village's annual report.
2019-002	Material weakness and noncompliance with Ohio Rev. Code § 5705.10(E) due to improper recording of promissory note proceeds.	Fully corrected.	

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF CONTINENTAL**

**PUTNAM 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 12/6/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)