



OHIO AUDITOR OF STATE
KEITH FABER

**VILLAGE OF NORTHFIELD
SUMMIT COUNTY
DECEMBER 31, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

Village of Northfield
Summit County
10455 Northfield Rd.
Northfield, OH 44067

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 Northfield, Summit County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the 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 combined total 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 1.

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 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 1 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 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Notes 12 to the financial statements, the financial impact of COVID-19 and the emergency measures may impact subsequent periods of the Village. 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 October 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

October 14, 2022

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$254,634	\$2,002,570	\$0	\$2,257,204
Municipal Income Tax	5,069,842	0	0	5,069,842
Intergovernmental	344,074	349,111	0	693,185
Special Assessments	1,600	0	0	1,600
Charges for Services	842	271,826	0	272,668
Fines, Licenses and Permits	146,379	4,155	0	150,534
Earnings on Investments	12,786	1,166	0	13,952
Miscellaneous	109,628	0	0	109,628
<i>Total Cash Receipts</i>	<u>5,939,785</u>	<u>2,628,828</u>	<u>0</u>	<u>8,568,613</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,359,954	1,053,211	0	2,413,165
Public Health Services	22,202	0	0	22,202
Community Environment	10,109	0	0	10,109
Basic Utility Services	646,815	0	0	646,815
Transportation	0	145,783	4,350	150,133
General Government	2,023,951	1,241,617	0	3,265,568
Capital Outlay	331,872	93,247	0	425,119
Debt Service:				
Principal Retirement	22,201	189,249	0	211,450
Interest and Fiscal Charges	1,320	1,729	0	3,049
<i>Total Cash Disbursements</i>	<u>4,418,424</u>	<u>2,724,836</u>	<u>4,350</u>	<u>7,147,610</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,521,361</u>	<u>(96,008)</u>	<u>(4,350)</u>	<u>1,421,003</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	10,275	0	0	10,275
Transfers In	0	500,000	0	500,000
Transfers Out	(500,000)	0	0	(500,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(489,725)</u>	<u>500,000</u>	<u>0</u>	<u>10,275</u>
<i>Net Change in Fund Cash Balances</i>	1,031,636	403,992	(4,350)	1,431,278
<i>Fund Cash Balances, January 1</i>	<u>4,302,632</u>	<u>2,258,033</u>	<u>151,429</u>	<u>6,712,094</u>
<i>Fund Cash Balances, December 31</i>	<u>\$5,334,268</u>	<u>\$2,662,025</u>	<u>\$147,079</u>	<u>\$8,143,372</u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$273,111	\$0	\$273,111
Miscellaneous	15,209	0	15,209
<i>Total Operating Cash Receipts</i>	<u>288,320</u>	<u>0</u>	<u>288,320</u>
Operating Cash Disbursements			
Personal Services	121,315	0	121,315
Contractual Services	202,756	0	202,756
Supplies and Materials	15,306	0	15,306
Other	6,006	0	6,006
<i>Total Operating Cash Disbursements</i>	<u>345,383</u>	<u>0</u>	<u>345,383</u>
<i>Operating Income (Loss)</i>	<u>(57,063)</u>	<u>0</u>	<u>(57,063)</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	35,041	0	35,041
Capital Outlay	(3,096)	0	(3,096)
Principal Retirement	(85,096)	0	(85,096)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(53,151)</u>	<u>0</u>	<u>(53,151)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(110,214)	0	(110,214)
<i>Net Change in Fund Cash Balances</i>	(110,214)	0	(110,214)
<i>Fund Cash Balances, January 1</i>	344,412	0	344,412
<i>Fund Cash Balances, December 31</i>	<u>\$234,198</u>	<u>\$0</u>	<u>\$234,198</u>

See accompanying notes to the basic financial statements

Village of Northfield, Ohio

Summit County

*Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)*

All Fiduciary Fund Types

For the Year Ended December 31, 2021

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
Additions	
Property and Other Local Taxes Collected for Distribution	\$0
Charges for Services	0
Fines, Licenses and Permits for Distribution	98,134
Earnings on Investments (trust funds only)	0
Gifts and Donations (trust funds only)	0
Intergovernmental	0
Special Assessment Collections for Distribution	0
Deposits Received	0
Amounts Held for Employees	0
Amounts Received as Fiscal Agent	0
Other Amounts Collected for Distribution	0
	<hr/>
<i>Total Additions</i>	98,134
	<hr/>
Deductions	
Distributions as Fiscal Agent	0
Distributions to Other Governments	92,086
Distributions to Other Funds (Primary Gov't)	0
Distributions of Deposits	0
Distributions on Behalf of Employees	0
Other Distributions	0
	<hr/>
<i>Total Deductions</i>	92,086
	<hr/>
<i>Net Change in Fund Balances</i>	6,048
	<hr/>
<i>Fund Cash Balances, January 1</i>	19,380
	<hr/>
<i>Fund Cash Balances, December 31</i>	\$25,428
	<hr/> <hr/>

See accompanying notes to the basic financial statements

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2021**

Summary of Significant Accounting Policies

A. Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Northfield, Summit County, (the Village) as a body corporate and politic. A publicly-elected, six member Council directs the Village. The Village provides general governmental services including maintenance of roads, sanitary sewer/storm sewer facilities, park operations, building and zoning, police, fire protection and emergency medical services.

Jointly Governed Organization:

The Northfield Macedonia Union Cemetery

Note 12 to the financial statements provide additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis/Basis of Presentation

These financial statements follow the accounting basis permitted by the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit. 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 permitted by the financial reporting provisions of Ohio Revised Code section 117.38 and Ohio Administrative Code Section 117-2-03 (D).

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

C. 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.

D. 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:

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2021**

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

1. General Fund

The General Fund reports all financial resources except those required to be accounted for 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.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Fire Rescue/Ambulance Levy Fund - This fund receives property tax money and charges for services for the operation of the fire department and EMS services.

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

Northfield Park Tax Increment Financing Fund – This fund accounts for property tax increases within the TIF district and the public improvement expenditures allowed within the TIF agreement.

3. Capital Projects Funds

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village only had the following capital projects fund:

Ledge Road Improvement Fund - This fund receives proceeds from the Ohio Public Works Commission for various road projects.

4. Enterprise Funds

This fund accounts 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 Fund:

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

5. Fiduciary Funds

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

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2021**

1. Summary of Significant Accounting Policies (continued)

Custodial funds are purely custodial in nature and are used to hold resources for individual, organization or other government. The Village's significant custodial fund accounts for Mayor's court fines and bonds.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the legal level of control and appropriations may not exceed estimated resources. The Village's legal level of control is the Personal Service, Capital, and Other Operating by Program level for the General Fund and the Personal Service, Capital, and Other Operating level for all other funds. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. 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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried forward to the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

F. 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:

1. 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.

2. Restricted

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

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2021**

1. Summary of Significant Accounting Policies (continued)

F. Fund Balance (Continued)

3. 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.

4. 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.

G. 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.

H. 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.

2. Equity in Pooled 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 amounts of deposits and investments at December 31 were as follows:

	2021
Demand deposits	\$8,262,374
Cash on Hand	1,000
Total deposits	8,263,374
STAR Ohio	139,624
Total deposits and investments	<u>\$8,402,998</u>

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2021**

2. Equity in Pooled Deposits and Investments (continued)

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

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

3. Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 5,300,799	\$ 5,950,060	\$ 649,242
Special Revenue	3,348,757	3,128,828	(217,712)
Capital Projects	-	-	-
Enterprise	348,388	323,361	(27,225)
Total	\$ 8,997,944	\$ 9,402,249	\$ 404,305

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,294,364	\$ 5,048,434	\$ 245,930
Special Revenue	3,024,857	2,731,886	292,971
Capital Projects	4,350	4,350	-
Enterprise	470,179	433,575	36,604
Total	\$ 8,793,750	\$ 8,218,245	\$ 575,505

4. Property Tax

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

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

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

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2021**

5. Local Income Tax

The Village levies a municipal income tax of 2 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.

6. Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Department Ambulance	\$ 29,927	2.93%
Fire Engine	556,031	1.99%
OPWC Loan #CH10E	34,888	0.00%
OPWC Loan #CH08F	67,230	0.00%
OPWC Loan #CH05G	188,101	0.00%
OPWC Loan #CU03J	219,810	0.00%
OPWC Loan #CH15M	127,053	0.00%
OPWC Loan #CH09K	236,590	0.00%
OPWC Loan #CH05O	402,806	0.00%
OPWC Loan #CH08U	490,266	0.00%
OPWC Loan #CH06U	1,751,885	0.00%
Service Department Salt Loader	22,851	2.93%
Total	<u>\$4,127,438</u>	

The Fire Engine note relates to a 2022 Pierce Enforcer Fire Engine. Debt service payments will be paid in yearly installments of \$61,869, including interest, over 10 years.

The Fire Department Ambulance lease relates to a 2017 Lifeline Victory Liner Type III E-450 Super-Duty ambulance. Lease payments will be paid in yearly installments of \$30,804, including interest, over 6 years.

The Ohio Public Works Commission (OPWC) Loan #CH10E relates to a \$348,880 general street reconstruction project. The loan payments will be paid in semi-annual installments of \$8,722 over 20 years. Thirty-five percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction, Maintenance and Repair Fund.

OPWC Loan #CH08F relates to a \$448,200 general street reconstruction project. The loan payments will be paid in semi-annual installments of \$11,205 over 20 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction Maintenance, and Repair Fund.

OPWC Loan #CH05G relates to a \$627,005 general street reconstruction project. The loan payments will be paid in semi-annual installments of \$15,675 over 20 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction, Maintenance and Repair Fund.

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2021**

6. Debt (continued)

OPWC Loan #CH09K relates to a \$525,755 general street construction project. The loan payments will be paid in semi-annual installments of \$13,144 over 20 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction, Maintenance and Repair Fund.

OPWC Loan #CH15M relates to a \$267,480 general street construction project. The loan payments will be paid in semi-annual installments of \$6,687 over 20 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue, Street Construction, Maintenance and Repair Fund.

OPWC Loan #CH05O relates to a \$644,490 general street construction project. The loan payments will be paid in semi-annual installments of \$16,112 over 20 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction, Maintenance and Repair Fund.

OPWC Loan #CU03J relates to a \$387,900 general street reconstruction project. The loan payments will be paid in semi-annual installments of \$6,465 over 30 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction, Maintenance and Repair Fund.

OPWC Loan #CH08U relates to a \$576,783 general street construction project. The loan payments will be paid in semi-annual installments of \$14,420 over 20 years.

OPWC Loan #CH06U relates to a \$1,812,295 general street construction project. The loan payments will be paid in semi-annual installments of \$60,410 over 30 years.

The Service Department Equipment lease relates to the purchase of a salt loader. Lease payments will be paid in annual installments of \$23,521, including interest, over 6 years.

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

<u>Year Ending December 31:</u>	<u>OPWC Loans</u>	<u>Capital Leases</u>
2022	\$245,270	\$116,193
2023	245,270	61,869
2024	227,826	61,869
2025	205,415	61,869
2026	205,415	61,869
2027-2031	868,701	309,345
2032-2037	591,455	-
2038-2042	385,588	-
2043-2047	302,049	-
2048-2050	241,639	-
Total	\$3,518,628	\$673,014

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2021**

7. Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contributions 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 and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

Several Village employees 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.

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. There were no employer contributions allocated to health care of OPERS members in the Traditional Pension Plan and Combined Plan during calendar year 2021. The portion of employer contributions allocated to health care for OPERD members in the Member Directed Plan was 3.23 percent during calendar year 2021. OP&F contributed .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 Northfield
Summit County
Notes to the Financial Statements
December 31, 2021**

9. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Commercial inland marine
- Law enforcement liability
- Public officials liability
- Employer's liability
- Commercial excess liability

The Village also provides health insurance, life, dental and vision coverage to all full-time employees.

10. Contingent Liabilities

The Village may be a defendant in various lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

11. 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 were 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	Enterprise	Total
Nonspendable:				
Unclaimed Monies	\$137,811	-	-	\$137,811
Corpus	-	-	-	-
Outstanding Encumbrances	130,010	7,050	10,107	147,167
<i>Total</i>	<u>\$267,821</u>	<u>\$7,050</u>	<u>\$10,107</u>	<u>\$284,978</u>

12. Jointly Governed Organizations

The Northfield Macedonia Union Cemetery is a jointly governed organization consisting of the City of Macedonia, Northfield Village, Northfield Center Township and Sagamore Hills Township. The jointly governed organization was formed based on the boundaries in relation to the cemetery. Each of the communities contributes a nominal fee for the maintenance of the cemetery. This fee is calculated based on the community's tax value. The Board is appointed on a rotational basis by the respective four communities. During fiscal year 2021, the Village's fees were \$10,109.

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2021**

13. Subsequent Event

Subsequent to the year ended December 31, 2021 the Northfield Village Council has adopted Resolution 2022-13 authorizing and directing the Mayor to indefinitely suspend the operations of the Village Mayor's Court and transfer all court services to the Stow Municipal Court. It is the Village Council's belief that this operational change will allow for these services to be more efficient and cost effective for the Village moving forward. The Village will not conduct any Mayor's Court sessions after the session presently scheduled for March 8, 2022.

14. COVID-19

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

Village of Northfield, Ohio
Summit 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	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$242,928	\$2,084,540	\$0	\$2,327,468
Municipal Income Tax	4,041,773	0	0	4,041,773
Intergovernmental	223,831	959,776	0	1,183,607
Special Assessments	1,575	0	0	1,575
Charges for Services	510	242,527	0	243,037
Fines, Licenses and Permits	156,367	5,674	0	162,041
Earnings on Investments	42,196	3,205	0	45,401
Miscellaneous	104,746	112,770	0	217,516
<i>Total Cash Receipts</i>	<u>4,813,926</u>	<u>3,408,492</u>	<u>0</u>	<u>8,222,418</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,208,522	1,228,342	0	2,436,864
Public Health Services	22,517	0	0	22,517
Community Environment	10,261	0	0	10,261
Basic Utility Services	682,690	0	0	682,690
Transportation	0	286,122	1,276	287,398
General Government	1,789,379	1,372,570	0	3,161,949
Capital Outlay	171,209	342,100	0	513,309
Debt Service:				
Principal Retirement	27,689	121,735	0	149,424
Interest and Fiscal Charges	764	3,984	0	4,748
<i>Total Cash Disbursements</i>	<u>3,913,031</u>	<u>3,354,853</u>	<u>1,276</u>	<u>7,269,160</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>900,895</u>	<u>53,639</u>	<u>(1,276)</u>	<u>953,258</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	7,009	0	0	7,009
Transfers In	0	640,000	0	640,000
Transfers Out	(640,000)	0	0	(640,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(632,991)</u>	<u>640,000</u>	<u>0</u>	<u>7,009</u>
<i>Net Change in Fund Cash Balances</i>	267,904	693,639	(1,276)	960,267
<i>Fund Cash Balances, January 1</i>	<u>4,034,728</u>	<u>1,564,395</u>	<u>152,705</u>	<u>5,751,828</u>
<i>Fund Cash Balances, December 31</i>	<u>\$4,302,632</u>	<u>\$2,258,034</u>	<u>\$151,429</u>	<u>\$6,712,095</u>

See accompanying notes to the basic financial statements

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

	Proprietary Fund Types		Totals
	Enterprise	Internal Service	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$273,186	\$0	\$273,186
Miscellaneous	4,755	0	4,755
<i>Total Operating Cash Receipts</i>	<u>277,941</u>	<u>0</u>	<u>277,941</u>
Operating Cash Disbursements			
Personal Services	83,693	0	83,693
Contractual Services	42,716	0	42,716
Supplies and Materials	8,184	0	8,184
<i>Total Operating Cash Disbursements</i>	<u>134,593</u>	<u>0</u>	<u>134,593</u>
<i>Operating Income (Loss)</i>	<u>143,348</u>	<u>0</u>	<u>143,348</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	40,142	0	40,142
Principal Retirement	(30,768)	0	(30,768)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>9,374</u>	<u>0</u>	<u>9,374</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	152,722	0	152,722
Transfers In	0	0	0
Transfers Out	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
<i>Net Change in Fund Cash Balances</i>	152,722	0	152,722
<i>Fund Cash Balances, January 1</i>	<u>191,690</u>	<u>0</u>	<u>191,690</u>
<i>Fund Cash Balances, December 31</i>	<u>\$344,412</u>	<u>\$0</u>	<u>\$344,412</u>

See accompanying notes to the basic financial statements

Village of Northfield, Ohio

Summit County

Combined Statement of Additions, Deductions

and Changes in Fund Balances (Regulatory Cash Basis)

All Fiduciary Fund Types

For the Year Ended December 31, 2020

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
Additions	
Property and Other Local Taxes Collected for Distribution	\$0
Charges for Services	0
Fines, Licenses and Permits for Distribution	108,266
Earnings on Investments (trust funds only)	0
Gifts and Donations (trust funds only)	0
Intergovernmental	0
Special Assessment Collections for Distribution	0
Deposits Received	0
Amounts Held for Employees	0
Amounts Received as Fiscal Agent	0
Other Amounts Collected for Distribution	0
	<hr/>
<i>Total Additions</i>	108,266
	<hr/>
Deductions	
Distributions as Fiscal Agent	0
Distributions to Other Governments	116,253
Distributions to Other Funds (Primary Gov't)	0
Distributions of Deposits	0
Distributions on Behalf of Employees	0
Other Distributions	0
	<hr/>
<i>Total Deductions</i>	116,253
	<hr/>
<i>Net Change in Fund Balances</i>	(7,987)
	<hr/>
<i>Fund Cash Balances, January 1</i>	27,367
	<hr/>
<i>Fund Cash Balances, December 31</i>	\$19,380
	<hr/> <hr/>

See accompanying notes to the basic financial statements

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2020**

Summary of Significant Accounting Policies

A. Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Northfield, Summit County, (the Village) as a body corporate and politic. A publicly-elected, six member Council directs the Village. The Village provides general governmental services including maintenance of roads, sanitary sewer/storm sewer facilities, park operations, building and zoning, police, fire protection and emergency medical services.

Jointly Governed Organization:

The Northfield Macedonia Union Cemetery

Note 12 to the financial statements provide additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis/Basis of Presentation

These financial statements follow the accounting basis permitted by the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit. 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 permitted by the financial reporting provisions of Ohio Revised Code section 117.38 and Ohio Administrative Code Section 117-2-03 (D).

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

C. 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.

D. 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:

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2020**

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

1. General Fund

The General Fund reports all financial resources except those required to be accounted for 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.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Fire Rescue/Ambulance Levy Fund - This fund receives property tax money and charges for services for the operation of the fire department and EMS services.

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

Northfield Park Tax Increment Financing Fund – This fund accounts for property tax increases within the TIF district and the public improvement expenditures allowed within the TIF agreement.

3. Capital Projects Funds

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village only had the following capital projects fund:

Ledge Road Improvement Fund - This fund receives proceeds from the Ohio Public Works Commission for various road projects.

4. Enterprise Funds

This fund accounts 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 Fund:

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

5. Fiduciary Funds

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

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2020**

1. Summary of Significant Accounting Policies (continued)

Custodial funds are purely custodial in nature and are used to hold resources for individual, organization or other government. The Village's significant custodial fund accounts for Mayor's court fines and bonds.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the legal level of control and appropriations may not exceed estimated resources. The Village's legal level of control is the Personal Service, Capital, and Other Operating by Program level for the General Fund and the Personal Service, Capital, and Other Operating level for all other funds. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. 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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried forward to the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

F. 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:

1. 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.

2. Restricted

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

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2020**

1. Summary of Significant Accounting Policies (continued)

F. Fund Balance (Continued)

3. 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.

4. 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.

G. 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.

H. 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.

2. Equity in Pooled 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 amounts of deposits and investments at December 31 were as follows:

	2020
Demand deposits	\$6,935,375
Cash on Hand	1,000
Total deposits	6,936,375
STAR Ohio	139,510
Total deposits and investments	\$7,075,885

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2020**

2. Equity in Pooled Deposits and Investments (continued)

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

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

3. Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,256,126	\$ 4,820,935	\$ 564,809
Special Revenue	3,744,732	4,048,492	303,760
Capital Projects	-	-	-
Enterprise	277,000	318,083	41,083
Total	<u>\$ 8,277,858</u>	<u>\$ 9,187,510</u>	<u>\$ 909,652</u>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,603,200	\$ 4,646,116	\$ 1,957,084
Special Revenue	4,463,567	3,429,667	1,033,900
Capital Projects	128,604	1,276	127,328
Enterprise	326,210	165,361	160,849
Total	<u>\$ 11,521,581</u>	<u>\$ 8,242,420</u>	<u>\$ 3,279,161</u>

4. Property Tax

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

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

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

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2020**

5. Local Income Tax

The Village levies a municipal income tax of 2 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.

6. Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Department Ambulance	\$ 59,002	2.93%
OPWC Loan #CH10E	52,332	0.00%
OPWC Loan #CH08F	89,640	0.00%
OPWC Loan #CH05G	219,452	0.00%
OPWC Loan #CU03J	232,740	0.00%
OPWC Loan #CH15M	140,427	0.00%
OPWC Loan #CH09K	262,877	0.00%
OPWC Loan #CH05O	435,030	0.00%
OPWC Loan #CH08U	519,105	0.00%
OPWC Loan #CH06U	1,812,295	0.00%
Service Department Salt Loader	45,051	2.93%
Total	<u>\$3,867,951</u>	

The Fire Department Ambulance lease relates to a 2017 Lifeline Victory Liner Type III E-450 Super-Duty ambulance. Lease payments will be paid in yearly installments of \$30,804, including interest, over 6 years.

The Ohio Public Works Commission (OPWC) Loan #CH10E relates to a \$348,880 general street reconstruction project. The loan payments will be paid in semi-annual installments of \$8,722 over 20 years. Thirty-five percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction, Maintenance and Repair Fund.

OPWC Loan #CH08F relates to a \$448,200 general street reconstruction project. The loan payments will be paid in semi-annual installments of \$11,205 over 20 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction Maintenance, and Repair Fund.

OPWC Loan #CH05G relates to a \$627,005 general street reconstruction project. The loan payments will be paid in semi-annual installments of \$15,675 over 20 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction, Maintenance and Repair Fund.

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2020**

6. Debt (continued)

OPWC Loan #CH09K relates to a \$525,755 general street construction project. The loan payments will be paid in semi-annual installments of \$13,144 over 20 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction, Maintenance and Repair Fund.

OPWC Loan #CH15M relates to a \$267,480 general street construction project. The loan payments will be paid in semi-annual installments of \$6,687 over 20 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue, Street Construction, Maintenance and Repair Fund.

OPWC Loan #CH05O relates to a \$644,490 general street construction project. The loan payments will be paid in semi-annual installments of \$16,112 over 20 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction, Maintenance and Repair Fund.

OPWC Loan #CU03J relates to a \$387,900 general street reconstruction project. The loan payments will be paid in semi-annual installments of \$6,465 over 30 years. Forty percent of the loan will be paid from the sewer use charges and the remaining from the Special Revenue Street Construction, Maintenance and Repair Fund.

OPWC Loan #CH08U relates to a \$576,783 general street construction project. The loan payments will be paid in semi-annual installments of \$14,420 over 20 years.

OPWC Loan #CH06U relates to a \$1,812,295 general street construction project. The loan payments will be paid in semi-annual installments of \$60,410 over 30 years.

The Service Department Equipment lease relates to the purchase of a salt loader. Lease payments will be paid in annual installments of \$23,521, including interest, over 6 years.

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

<u>Year Ending December 31:</u>	<u>OPWC Loans</u>	<u>Capital Leases</u>
2021	\$245,270	\$54,324
2022	245,270	54,234
2023	245,270	-
2024	227,826	-
2025	205,415	-
2026-2030	933,025	-
2031-2035	630,367	-
2036-2040	427,357	-
2041-2045	302,049	-
2046-2050	302,049	-
Total	\$3,763,898	\$108,649

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2020**

7. Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contributions 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 and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

Several Village employees 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.

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. There were no employer contributions allocated to health care of OPERS members in the Traditional Pension Plan and Combined Plan during calendar year 2020. The portion of employer contributions allocated to health care for OPERD members in the Member Directed Plan was 3.23 percent during calendar year 2020. OP&F contributed .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 Northfield
Summit County
Notes to the Financial Statements
December 31, 2020**

9. Risk Management

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Commercial inland marine
- Law enforcement liability
- Public officials liability
- Employer's liability
- Commercial excess liability

The Village also provides health insurance, life, dental and vision coverage to all full-time employees.

10. Contingent Liabilities

The Village may be a defendant in various lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

11. 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 were 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	Enterprise	Total
Nonspendable:				
Unclaimed Monies	\$137,724	-	-	\$137,724
Corpus	-	-	-	-
Outstanding Encumbrances	<u>93,085</u>	<u>74,814</u>	-	<u>167,899</u>
<i>Total</i>	<u><u>\$230,809</u></u>	<u><u>\$74,814</u></u>	<u><u>\$0</u></u>	<u><u>\$305,623</u></u>

12. Jointly Governed Organizations

The Northfield Macedonia Union Cemetery is a jointly governed organization consisting of the City of Macedonia, Northfield Village, Northfield Center Township and Sagamore Hills Township. The jointly governed organization was formed based on the boundaries in relation to the cemetery. Each of the communities contributes a nominal fee for the maintenance of the cemetery. This fee is calculated based on the community's tax value. The Board is appointed on a rotational basis by the respective four communities. During fiscal year 2020, the Village's fees were \$10,260.

**Village of Northfield
Summit County
Notes to the Financial Statements
December 31, 2020**

13. COVID-19

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



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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 Northfield
Summit County
10455 Northfield Rd.
Northfield, OH 44067

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 combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Northfield, Summit County, (the Village) and have issued our report thereon dated October 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.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings as item 2021-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings as item 2021-002 to be a significant deficiency.

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*.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

October 14, 2022

**VILLAGE OF NORTHFIELD
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 and 2020**

1. Financial Reporting

FINDING NUMBER 2021-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following exceptions were noted indicating a deficiency in the design, implementation and maintenance of internal control relevant to preparing and fairly presenting financial statements.

- The 2020 beginning balance of the Refundable Performance Bonds fund was omitted from the financial statements, understating the Custodial Fund by \$16,403.
- When completing the 2021 financial statement rollup worksheet for Special Revenue funds, 2020 activity for the Summit County COVID-19 PSGP Fund was inadvertently left in the worksheet from the prior year, overstating both intergovernmental revenue and security of persons and property disbursements by \$104,529.
- The 2021 beginning balance of the Refundable Performance Bonds fund was omitted from the financial statements, understating the Custodial Fund by \$16,403.

Additionally, the 2021 and 2020 footnote disclosures included various errors and omissions. For example, the budgetary activity notes did not accurately include prior year carryover appropriation amounts and current year outstanding encumbrances within the appropriation authority and budgetary disbursements amounts. In addition, the fund balance note disclosure was omitted for both years. As the footnote disclosures are an integral part of the financial statements, complete and accurate footnote disclosure is imperative to the readers of the financial statements.

The financial statements and footnote disclosures were adjusted to reflect correction of these errors.

The Village did not have adequate controls to prevent or detect these errors.

To help ensure the financial statements are presented properly, the Village should review the design, implementation and maintenance of internal controls relevant to preparing and fairly presenting financial statements and update and/or clarify the procedures and expected practices and develop appropriate procedures to help ensure proper reporting and compliance.

Official's Response: The Village does not believe that the errors noted above accurately reflect the current standards set within the Finance Department nor do we believe they constitute a material weakness. The errors noted above constitute an error margin of less than one percent during the entire reporting period, and were never published nor disseminated to the public. The errors noted above are reporting issues encountered by Village Finance staff when performing annual reporting requirements within the State's Hinkle reporting system. As stated within the following Summary Schedule of Prior Audit Findings these errors were not detected within the Village's actual accounting records which are published monthly and used for financial decision making. It is our belief that these external reporting errors will resolve within the next audit cycle.

2. Mayor's Court Cash Reconciliation

FINDING NUMBER 2021-002

SIGNIFICANT DEFICIENCY

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Clerk of Court is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Finance Director and/or other administrator are responsible for reviewing the reconciliations and related support.

The Village's mayor's court activity is maintained outside of the Village's financial accounting system and monthly bank to book reconciliations were not prepared or reviewed each month of 2021 and 2020. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance relate legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Clerk of Court should record all transactions and prepare monthly bank to book cash reconciliations, which include the bank account and fund balance. Variances should be investigated, documented and corrected. In addition, the Finance Director should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. Additionally, the Village should consider establishing an agency fund within the Village's accounting system.

Official's Response: The Village has terminated the Mayor's Court operation as noted within the subsequent events disclosure contained in the notes to the financial statements. The Finance Director has completed the financial records and reconciliations noted above, and will complete the same for the final operations within the 2022 fiscal period.



The Village of Northfield

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**VILLAGE OF NORTHFIELD
 SUMMIT COUNTY**

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

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting – Financial statement adjustments and budgetary note disclosures.	Partially Corrected	No accounting system errors noted in current audit. See 2021-001
2019-002	Mayor’s Court Activity – Activity maintained off the books, no cash reconciliations performed, disbursements not made timely, and activity not accurately reported	Partially Corrected	Although still maintained off the books with no formal cash reconciliations performed, activity was accurately recorded. See 2021-002

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NORTHFIELD

SUMMIT 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 12/20/2022

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov