



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF FAIRPORT HARBOR
LAKE COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditor's Report | 1 |
| Prepared by Management: | |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2022 | 5 |
| Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type For the Year Ended December 31, 2022 | 6 |
| Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2022 | 7 |
| Notes to the Financial Statements For the Year Ended December 31, 2022 | 8 |
| Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types For the Year Ended December 31, 2021 | 19 |
| Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) – Proprietary Fund Type For the Year Ended December 31, 2021 | 20 |
| Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) – Fiduciary Fund Type For the Year Ended December 31, 2021 | 21 |
| Notes to the Financial Statements For the Year Ended December 31, 2021 | 22 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 33 |

This page intentionally left blank.



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Village of Fairport Harbor
Lake County
220 Third Street
Fairport Harbor, Ohio 44077

To the Village Council and Mayor:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Fairport Harbor, Lake 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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 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.

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 *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.

Village of Airport Harbor
Lake County
Independent Auditor's Report
Page 3

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 June 24, 2025, 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
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 24, 2025

This Page intentionally Left Blank

Village of Fairport Harbor
Lake County
*Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2022

| | General | Special Revenue | Debt Service | Capital Projects | Totals (Memorandum Only) |
|-------------------------------------------------------|--------------------|--------------------|-----------------|------------------|-----------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$505,207 | \$565,879 | \$0 | \$0 | \$1,071,086 |
| Municipal Income Tax | 1,015,619 | | | | 1,015,619 |
| Intergovernmental | 292,453 | 350,119 | | 259,235 | 901,807 |
| Special Assessments | | 102,753 | | | 102,753 |
| Charges for Services | 210,223 | 21,848 | | | 232,071 |
| Fines, Licenses and Permits | 17,504 | 40 | | | 17,544 |
| Earnings on Investments | 45,560 | 7,419 | | | 52,979 |
| Miscellaneous | 50,982 | 4,100 | | | 55,082 |
| <i>Total Cash Receipts</i> | <i>2,137,548</i> | <i>1,052,158</i> | <i>0</i> | <i>259,235</i> | <i>3,448,941</i> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 1,177,700 | 350,699 | | | 1,528,399 |
| Public Health Services | 25,000 | | | | 25,000 |
| Leisure Time Activities | 529 | 156,719 | | | 157,248 |
| Community Environment | 44,859 | | | | 44,859 |
| Transportation | 140,539 | 76,258 | | 15,074 | 231,871 |
| General Government | 531,438 | | | | 531,438 |
| Capital Outlay | | 56,985 | | 321,648 | 378,633 |
| Debt Service: | | | | | |
| Principal Retirement | 16,996 | 84,502 | 37,384 | | 138,882 |
| Interest and Fiscal Charges | 3,085 | 13,090 | 7,640 | | 23,815 |
| <i>Total Cash Disbursements</i> | <i>1,940,146</i> | <i>738,253</i> | <i>45,024</i> | <i>336,722</i> | <i>3,060,145</i> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <i>197,402</i> | <i>313,905</i> | <i>(45,024)</i> | <i>(77,487)</i> | <i>388,796</i> |
| Other Financing Receipts (Disbursements) | | | | | |
| Sale of Capital Assets | | 27,500 | | | 27,500 |
| Transfers In | | | 57,452 | | 57,452 |
| Transfers Out | (24,855) | (32,597) | | | (57,452) |
| Advances In | 265,000 | | | 265,000 | 530,000 |
| Advances Out | (265,000) | | | (265,000) | (530,000) |
| Other Financing Uses | (887) | | | | (887) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <i>(25,742)</i> | <i>(5,097)</i> | <i>57,452</i> | <i>0</i> | <i>26,613</i> |
| <i>Net Change in Fund Cash Balances</i> | <i>171,660</i> | <i>308,808</i> | <i>12,428</i> | <i>(77,487)</i> | <i>415,409</i> |
| <i>Fund Cash Balances, January 1</i> | <i>1,371,303</i> | <i>1,106,973</i> | <i>6,044</i> | <i>206,430</i> | <i>2,690,750</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$1,542,963</i> | <i>\$1,415,781</i> | <i>\$18,472</i> | <i>\$128,943</i> | <i>\$3,106,159</i> |

Village of Fairport Harbor
Lake County, Ohio
Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

| | <u>Enterprise</u> |
|-----------------------------------------------------|-------------------|
| Operating Cash Receipts | |
| Charges for Services | \$709,206 |
| Miscellaneous | <u>23,007</u> |
| <i>Total Operating Cash Receipts</i> | <u>732,213</u> |
| Operating Cash Disbursements | |
| Personal Services | 297,464 |
| Fringe Benefits | 93,861 |
| Contractual Services | 115,359 |
| Supplies and materials | 89,795 |
| Other | <u>1,180</u> |
| <i>Total Operating Cash Disbursements</i> | <u>597,659</u> |
| <i>Operating Income (Loss)</i> | <u>134,554</u> |
| Non-Operating Receipts (Disbursements) | |
| Capital Outlay | (2,213) |
| Principal Retirement | (20,173) |
| Interest and Other Fiscal Charges | <u>(61)</u> |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(22,447)</u> |
| <i>Income (Loss) before Transfers</i> | 112,107 |
| Transfers In | 36,361 |
| Transfers Out | <u>(36,361)</u> |
| <i>Net Change in Fund Cash Balances</i> | 112,107 |
| <i>Fund Cash Balances, January 1</i> | <u>359,957</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$472,064</u> |

Village of Airport Harbor
Lake County
Statement of Additions, Deductions,
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2022

| | Fiduciary Fund Type |
|-----------------------------------------|------------------------|
| | <u>Custodial</u> |
| Additions | |
| Fines, Licenses and Permits | <u>\$7,475</u> |
| <i>Total Additions</i> | <u>7,475</u> |
| Deductions | |
| Distributions to Other Governments | <u>7,464</u> |
| <i>Total Deductions</i> | <u>7,464</u> |
| <i>Net Change in Fund Cash Balances</i> | 11 |
| <i>Fund Cash Balances, January 1</i> | <u>10,729</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$10,740</u> |

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Fairport Harbor (the Village), Lake County is a body politic and corporate established to exercise the right 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 utilities, park operations, general governmental services, rubbish collections, building, zoning, EMS, fire protection and police services. The Village contracts with the Lake County Sheriff's department to provide police, fire and EMS dispatching services.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for 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 are presented below:

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

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

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

State Highway Fund This fund accounts for revenues and expenditures for gasoline taxes shared with other entities.

Coronavirus Relief Fund This fund accounts for special revenue monies earmarked for specific uses related to the COVID-19 pandemic relief effort.

OneOhio Opioid Settlement Fund This fund accounts for special revenue monies earmarked for specific uses related to educating about and curbing opioid use.

Drug Law Enforcement Fund This fund accounts for fine revenue and operating supplies for Police operations.

Police Disability and Pension Fund This fund accounts for voter approved levy revenues specifically to assist with payment of disability and pension deposits (employer share).

Municipal Street Lighting Fund This fund receives special assessment monies which are used to provide street lighting.

Village of Airport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Senior Community Center Fund This fund receives monies which are used to run the daily operations of the Community Center.

Shade Tree Commission Fund This fund accounts for revenues and expenditures of the Commission.

Police Levy Fund This fund receives funds from the voter approved police levy which are used to support police payroll, equipment and operational expenses.

Fire Levy Fund This fund receives funds from the voter approved fire levy which are used to purchase fire and EMS equipment.

Road Levy Fund This fund receives funds from the voter approved road levy which are used for street, sidewalk, and associated infrastructure repair.

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

General Obligation Bond Retirement Fund This fund receives revenues to pay the general obligation of the Village.

Special Assessment Debt Fund This fund receives special assessment monies to pay the special assessment debt.

Capital Project Fund These funds account for and report financial resources that are committed to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Capital Projects Fund This fund accounts for funds transferred within the Village to pay for work done on the various road projects in 2022 and other projects that may be assigned.

OPWC Water Plant Improvements Fund This fund accounts for funds received to cover the EPA mandated HAB and PAC water plant projects.

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 Fund:

Water Operating Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charges for service from residents and commercial users to cover water service costs.

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

Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 (C). 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 (C) 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 levels 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 2022 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.

Village of Airport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 - Budgetary Activity

Budgetary activity for the years ending December 31, 2022 follows:

| 2022 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|--------------------|--------------------|--------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$2,844,854 | \$2,402,548 | (\$442,306) |
| Special Revenue | 843,296 | 1,079,658 | 236,362 |
| Debt Service | 57,452 | 57,452 | 0 |
| Capital Projects | 725,000 | 524,235 | (200,765) |
| Enterprise | 731,559 | 768,574 | 37,015 |
| Total | \$5,202,361 | \$4,832,467 | (\$369,894) |

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

| 2022 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|-------------------------------------------------------|-------------------------|------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$2,363,069 | \$2,241,545 | \$121,524 |
| Special Revenue | 933,323 | 778,352 | 154,971 |
| Debt Service | 57,452 | 45,024 | 12,428 |
| Capital Projects | 919,539 | 601,722 | 317,817 |
| Enterprise | 951,365 | 658,342 | 293,023 |
| Total | \$5,224,748 | \$4,324,985 | \$899,763 |

Note 4 – Deposits

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

| | 2022 |
|------------------------------------------------|--------------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$26,722 |
| Other time deposits (savings and NOW accounts) | 119,835 |
| Total deposits | 146,557 |
| STAR Ohio | 3,442,406 |
| Total investments | 3,442,406 |
| Total Deposits and Investments | \$3,588,963 |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect gross payroll plus all remitted payroll withholdings. At December 31, 2022, the Village is holding \$7.36 in unremitted employee payroll withholdings.

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 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.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by

Village of Airport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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 2.0 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 declaration annually.

Note 6 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability
- Vehicles
- Errors and Omissions

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. However, the Village contributes 10% of the members' share of gross salaries. The Village has paid all contributions required through December 31, 2022.

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Ohio Police and Fire Retirement System

Some of the Village's certified fire fighters and 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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

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

Employees eligible to participate in Social Security contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multi-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 the calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022 was as follows:

| | Principal | Interest Rate |
|------------------------------------------------------------|---------------------------|---------------|
| 1. OPWC Loan - Water Storage Tank Repair | \$0 | 3.00% |
| 2. OPWC Loan - New Street Waterline & Pavement Improvement | 0 | 0.00% |
| 3. OPWC Loan - Plum Street Improvements - Phase I | 8,750 | 0.00% |
| 4. OPWC Loan - Plum Street Improvements - Phase II | 15,369 | 0.00% |
| 5. OPWC Loan - High Street Pavement Improvements | 37,500 | 0.00% |
| 6. OPWC Loan - New, Seventh, King & Burton Streets | 50,160 | 0.00% |
| 7. OPWC Loan - Second and East Street Pavement Improvement | 50,728 | 0.00% |
| 8. OPWC Loan - Water System Improvements | 10,684 | 0.00% |
| 9. OPWC Loan - King Street Improvements | 32,550 | 0.00% |
| 10. OPWC Loan - Water Plant System Repairs | 33,574 | 0.00% |
| 11. OPWC Loan - 3rd Street Improvements | 73,273 | 0.00% |
| 12. OPWC Loan - East Street Improvements | 56,435 | 0.00% |
| 13. Huntington Bank Loan - Senior/Community Center | 199,748 | 4.25% |
| 14. Lease to Purchase - 2022 Braun Ford E450 Ambulance | 159,480 | 3.39% |
| 15. Lease to Purchase - 2021 Chevy Tahoe | 86,572 | 3.39% |
| 16. Lease to Purchase - 2008 John Deere 310SJ Backhoe | 21,886 | 4.00% |
| 17. Lease to Purchase - Zoll Cardiac Monitor | 38,840 | 3.99% |
| 18. Lease to Purchase - 2020 F450 Dump Truck | 21,526 | 2.88% |
| 19. Lease to Purchase - 2021 Dodge Durango Pursuit | 22,155 | 3.89% |
| 20. Lease to Purchase - 2021 Dodge Ram 2500 Crew Cab | 28,409 | 3.69% |
| 21. Lease to Purchase - 2022 Ford F-250 XL | 56,095 | 5.97% |
| Total | <u>\$1,003,734</u> | |

1 - The Ohio Public Works Commission (OPWC) loan for Water Storage and Tank Repairs relates to improvements to the water storage. OPWC issued a loan in 2002 for \$122,900. The loan will be repaid in semi-annual payments of \$4,108, including interest, over 20 years. The loan was paid off for the year ended December 31, 2022.

2 - The OPWC loan for New Street Waterline Pavement and Improvements relates to improvements to the waterline and the road. OPWC issued the loan in 2002 for \$150,000. This loan will be repaid in semiannual payments of \$3,750 over 20 years. The loan was paid off for the year ended December 31, 2022.

3 - The OPWC loan for Plum Street Improvements - Phase 1 relates to improvements to Plum Street. OPWC issued the loan in 2003 for \$175,000. This loan will be repaid in semi-annual payments of \$4,375 over 20 years.

4 - The OPWC loan for Plum Street Improvements - Phase 2 relates to improvements to Plum Street, OPWC issued the loan in 2004 for \$122,955. In 2005 the Village received the remainder of the loan of \$14,100. This loan will be repaid in semi-annual payments of \$3,074 over 20 years.

Village of Airport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

5 - In 2006 the Village obtained a no-interest loan from OPWC for High Street Pavement Improvements. This project relates to improvements to High Street. The Village received \$150,000 in loan proceeds. This loan will be repaid in semi-annual payments of \$3,750 over 20 years.

6 - The OPWC loan for New, Seventh, King and Burton Street Improvements relates to improvements to those streets. OPWC issued the loan in 2009 for \$133,759. This loan will be repaid in semiannual payments of \$3,344 over 20 years.

7 - The OPWC loan for Second and East Streets Improvements relates to improvements to those two streets. OPWC issued the loan in 2009 for \$135,274. This loan will be repaid in semi-annual payments of \$3,382 over 20 years.

8 - The OPWC loan for Water System Improvements relates to improvements to the water system. OPWC issued the loan in 2012 for \$21,367. This loan will be repaid in semi-annual payments of \$534 over 20 years.

9 - The OPWC loan for King Street Improvements relates to improvements to this street. OPWC issued the loan in 2012 and finalized in 2013 for \$62,000. This loan will be repaid in semi-annual payments of \$1,550 over 20 years.

10 - The OPWC loan for Water Plant System Repairs relates to new SCADA equipment and improvements to the water plant. OPWC issued the loan in 2018 for \$41,967.19. This loan will be repaid in semi-annual payments of \$1,049 over 20 years.

11 - The OPWC loan for 3rd Street Improvements relates to road improvements for this street. OPWC issued the loan in 2018 for \$88,815.80. This loan will be repaid in semi-annual payments of \$2,221 over 20 years.

12 - The OPWC loan for East Street Improvements related to road improvements for this street. OPWC issued the loan in 2020 for 61,011.25. This loan will be repaid in semi-annual payments of \$1,528 over 20 years.

13 - In 2015, the Village refinanced the Senior/Community Center loan (\$388,800) with Huntington Bank for a lower interest rate and payoff date. This loan has an annual payment and will be paid off in 2029.

The Village has lease to purchase agreements for the following equipment:

14 - In 2022, the Village entered into a loan for a 2022 Braun Ford E450 ambulance for \$216,526 paid annually for 5 years at \$43,305 per year.

15 - In 2022, the Village entered into a loan for two (2) Chevy Tahoe vehicles for \$117,539 paid annually for 5 years at \$23,508 per year.

16 - In 2019, the Village entered into a loan for a 2008 John Deere 310SJ Backhoe for \$52,500 paid annually for 5 years at \$9,678 per year.

17 - In 2020, the Village entered into a loan for two Zoll Cardiac monitors for \$62,312 paid annually for five years at \$13,993 per year.

18 - In 2020, the Village entered into a loan for an F450 Ford Dump Truck for \$52,974 paid annually for five years at \$11,106 per year.

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

19 - In 2021, the Village entered into a loan for a Dodge Durango Pursuit for \$33,275 paid annually for five years at \$6,088 per year.

20 - In 2021, the Village entered into a loan for a Dodge RAM 2500 Crew Cab for \$35,542 paid annually for five years at \$7,762 per year.

21 – In 2022, the Village entered into a loan for an F250 XL truck/plow package for \$66,529 paid annually for 5 years at \$13,306 per year.

Amortization

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

| Year Ending December 31: | OPWC Loans | Senior/Community Center Loan | Lease to Purchases |
|--------------------------------|------------------|---------------------------------|-----------------------|
| 2023 | \$49,608 | \$32,585 | \$131,007 |
| 2024 | 40,858 | 32,572 | 123,305 |
| 2025 | 37,784 | 32,559 | 107,962 |
| 2026 | 34,710 | 32,545 | 93,969 |
| 2027 | 34,710 | 32,530 | 13,306 |
| 2028-2032 | 102,420 | 65,017 | |
| 2033-2037 | 49,499 | | |
| 2038-2041 | 19,434 | | |
| Total | <u>\$369,023</u> | <u>\$227,808</u> | <u>\$469,549</u> |

Note 10 – Construction and Commitments

The Village had a commitment to repair the water plant under HAB guidelines from the EPA to be completed in 2022 and the contract has been bid out. Plans have changed and the Village will no longer repair the water plant. The Village is now under contract to take water from the City of Painesville via vault construction (bid pending award) and considering replacing the water tower, adding a secondary connection to City of Painesville and demolishing the water plant.

The Village is embarking on the bid process for Chestnut Street's storm and sewer infrastructure revisions and is soliciting bids for the Third St. Streetscape project.

Note 11 – Jointly Governed Organizations

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity and natural gas on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

Village of Airport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each County then elect one person to serve on the eight member NOPEC Board of Directors. The Board of Directors oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board of Directors. The Village did not contribute to NOPEC during 2022. Financial information can be obtained by contacting Chuck Keiper, Executive Director, at 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Note 12 – Fund Balance

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 | \$10,657 | \$7,502 | \$18,159 |
| <i>Total</i> | <u><u>\$10,657</u></u> | <u><u>\$7,502</u></u> | <u><u>\$18,159</u></u> |

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 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 2022, 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 Airport Harbor
Lake 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 | Debt Service | Capital Projects | Totals (Memorandum Only) |
|-------------------------------------------------------|--------------------|--------------------|-----------------|------------------|-----------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$437,391 | \$549,202 | \$0 | \$0 | \$986,593 |
| Municipal Income Tax | 896,317 | | | | 896,317 |
| Intergovernmental | 323,582 | 361,527 | | | 685,109 |
| Special Assessments | | 108,929 | | | 108,929 |
| Charges for Services | 180,730 | 12,625 | | | 193,355 |
| Fines, Licenses and Permits | 35,487 | 80 | | | 35,567 |
| Earnings on Investments | 1,174 | 69 | | | 1,243 |
| Miscellaneous | 26,515 | 7,128 | | | 33,643 |
| <i>Total Cash Receipts</i> | <u>1,901,196</u> | <u>1,039,560</u> | <u>0</u> | <u>0</u> | <u>2,940,756</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 1,195,691 | 383,134 | | | 1,578,825 |
| Public Health Services | 24,214 | | | | 24,214 |
| Leisure Time Activities | | 99,259 | | | 99,259 |
| Community Environment | 38,822 | | | | 38,822 |
| Transportation | 109,598 | 55,193 | 23,867 | | 188,658 |
| General Government | 502,657 | 1,788 | | | 504,445 |
| Capital Outlay | 61,011 | 22,331 | | 37,214 | 120,556 |
| Debt Service: | | | | | |
| Principal Retirement | 28,032 | 116,746 | 49,004 | | 193,782 |
| Interest and Fiscal Charges | 3,863 | 4,587 | 8,461 | | 16,911 |
| <i>Total Cash Disbursements</i> | <u>1,963,888</u> | <u>683,038</u> | <u>57,465</u> | <u>61,081</u> | <u>2,765,472</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(62,692)</u> | <u>356,522</u> | <u>(57,465)</u> | <u>(61,081)</u> | <u>175,284</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Other Debt Proceeds | 61,011 | | | | 61,011 |
| Transfers In | | | 57,465 | | 57,465 |
| Transfers Out | (24,855) | (32,609) | | | (57,464) |
| Other Financing Uses | (46) | | | | (46) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>36,110</u> | <u>(32,609)</u> | <u>57,465</u> | <u>0</u> | <u>60,966</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(26,582)</u> | <u>323,913</u> | <u>0</u> | <u>(61,081)</u> | <u>236,250</u> |
| <i>Fund Cash Balances, January 1</i> | <u>1,397,885</u> | <u>783,060</u> | <u>6,044</u> | <u>267,511</u> | <u>2,454,500</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$1,371,303</u> | <u>\$1,106,973</u> | <u>\$6,044</u> | <u>\$206,430</u> | <u>\$2,690,750</u> |

Village of Fairport Harbor
Lake County, Ohio
Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

| | <u>Enterprise</u> |
|-----------------------------------------------------|-------------------|
| Operating Cash Receipts | |
| Charges for Services | \$697,490 |
| Miscellaneous | 422 |
| | <hr/> |
| <i>Total Operating Cash Receipts</i> | <u>697,912</u> |
| Operating Cash Disbursements | |
| Personal Services | 312,302 |
| Fringe Benefits | 94,701 |
| Contractual Services | 68,962 |
| Supplies and materials | 55,578 |
| Other | 201 |
| | <hr/> |
| <i>Total Operating Cash Disbursements</i> | <u>531,744</u> |
| <i>Operating Income (Loss)</i> | <u>166,168</u> |
| Non-Operating Receipts (Disbursements) | |
| Capital Outlay | (28,360) |
| Principal Retirement | (43,702) |
| Interest and Other Fiscal Charges | (354) |
| | <hr/> |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(72,416)</u> |
| <i>Income (Loss) before Transfers</i> | 93,752 |
| Transfers In | 44,056 |
| Transfers Out | (44,056) |
| | <hr/> |
| <i>Net Change in Fund Cash Balances</i> | 93,752 |
| <i>Fund Cash Balances, January 1</i> | <u>266,205</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$359,957</u> |

Village of Airport Harbor
Lake County
Statement of Additions, Deductions,
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

| | Fiduciary Fund Type |
|------------------------------------------|------------------------|
| | <u>Custodial</u> |
| Additions | |
| Fines, Licenses and Permits | \$2,859 |
| Other Amounts Collected for Distribution | <u>10,605</u> |
| <i>Total Additions</i> | <u>13,464</u> |
| Deductions | |
| Distributions to Other Governments | 2,755 |
| Other Distributions | <u>10,081</u> |
| <i>Total Deductions</i> | <u>12,836</u> |
| <i>Net Change in Fund Cash Balances</i> | 628 |
| <i>Fund Cash Balances, January 1</i> | <u>10,101</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$10,729</u> |

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Fairport Harbor (the Village), Lake County is a body politic and corporate established to exercise the right 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 utilities, park operations, general governmental services, rubbish collections, building, zoning, EMS, fire protection and police services. The Village contracts with the Lake County Sheriff's department to provide police, fire and EMS dispatching services.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for 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 are presented below:

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

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

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

Coronavirus Relief Fund This fund accounts for special revenue monies earmarked for specific uses related to the COVID-19 pandemic relief effort.

Municipal Street Lighting Fund This fund receives special assessment monies which are used to provide street lighting.

Senior Community Center Fund This fund receives monies which are used to run the daily operations of the Community Center.

Police Levy Fund This fund receives funds from the voter approved police levy which are used to support police payroll, equipment and operational expenses.

Fire Levy Fund This fund receives funds from the voter approved fire levy which are used to purchase fire and EMS equipment.

Road Levy Fund This fund receives funds from the voter approved road levy which are used for street, sidewalk, and associated infrastructure repair.

Village of Airport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

General Obligation Bond Retirement Fund This fund receives revenues to pay the general obligation of the Village.

Special Assessment Debt Fund This fund receives special assessment monies to pay the special assessment debt.

Capital Project Fund These funds account for and report financial resources that are committed to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Capital Projects Fund This fund accounts for funds transferred within the Village to pay for work done on the various road projects in 2021 and other projects that may be assigned.

OPWC Water Plant Improvements Fund This fund accounts for funds received to cover the EPA mandated HAB and PAC water plant projects.

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 Fund:

Water Operating Fund This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charges for service from residents and commercial users to cover water service costs.

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

Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, 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 (C). 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 (C) permit.

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 levels 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.

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.

Village of Airport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 - Budgetary Activity

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

| 2021 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|--------------------|--------------------|------------------|
| Fund Type | Budgeted | Actual | Variance |
| | Receipts | Receipts | |
| General | \$1,645,613 | \$1,962,207 | \$316,594 |
| Special Revenue | 916,236 | 1,039,560 | 123,324 |
| Debt Service | 57,464 | 57,465 | 1 |
| Capital Projects | 45,000 | - | (45,000) |
| Enterprise | 739,254 | 741,968 | 2,714 |
| Total | \$3,403,767 | \$3,801,200 | \$397,433 |

| 2021 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|-------------------------------------------------------|--------------------|--------------------|------------------|
| Fund Type | Appropriation | Budgetary | Variance |
| | Authority | Expenditures | |
| General | \$2,095,714 | \$1,992,918 | \$102,796 |
| Special Revenue | 866,874 | 715,697 | 151,177 |
| Debt Service | 57,464 | 57,465 | (1) |
| Capital Projects | 295,753 | 61,081 | 234,672 |
| Enterprise | 815,964 | 648,216 | 167,748 |
| Total | \$4,131,769 | \$3,475,377 | \$656,392 |

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits

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

| | <u>2022</u> |
|------------------------------------------------|---------------------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$1,761,698 |
| Other time deposits (savings and NOW accounts) | <u>1,287,469</u> |
| Total deposits | <u>3,049,167</u> |
| STAR Ohio | <u>12,269</u> |
| Total investments | <u>12,269</u> |
| Total Deposits and Investments | <u><u>\$3,061,436</u></u> |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect gross payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is holding \$7.36 in unremitted employee payroll withholdings.

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 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.

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 2.0 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.

Village of Airport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 declaration annually.

Note 6 - Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Risk Pool Membership

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive Property and General Liability
- Vehicles
- Errors and Omissions

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

Some of the Village's certified fire fighters and 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 healthcare and survivor and disability benefits.

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

Social Security

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

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Employees eligible to participate in Social Security contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multi-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 the calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Village of Airport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

| | Principal | Interest Rate |
|------------------------------------------------------------|-------------------------|---------------|
| 1. OPWC Loan - Water Storage Tank Repair | \$4,047 | 3.00% |
| 2. OPWC Loan - New Street Waterline & Pavement Improvement | 3,750 | 0.00% |
| 3. OPWC Loan - Plum Street Improvements - Phase I | 13,125 | 0.00% |
| 4. OPWC Loan - Plum Street Improvements - Phase II | 18,443 | 0.00% |
| 5. OPWC Loan - High Street Pavement Improvements | 41,250 | 0.00% |
| 6. OPWC Loan - New, Seventh, King & Burton Streets | 53,504 | 0.00% |
| 7. OPWC Loan - Second and East Street Pavement Improvement | 54,110 | 0.00% |
| 8. OPWC Loan - Water System Improvements | 11,218 | 0.00% |
| 9. OPWC Loan - King Street Improvements | 34,100 | 0.00% |
| 10. OPWC Loan - Water Plant System Repairs | 34,623 | 0.00% |
| 11. OPWC Loan - 3rd Street Improvements | 75,493 | 0.00% |
| 12. OPWC Loan - East Street Improvements | 57,961 | 0.00% |
| 13. Huntington Bank Loan - Senior/Community Center | 224,705 | 4.25% |
| 14. Lease to Purchase - 2021 Chevy Tahoe | 106,470 | 3.39% |
| 15. Lease to Purchase - 2008 John Deere 310SJ Backhoe | 32,386 | 4.00% |
| 16. Lease to Purchase - Zoll Cardiac Monitor | 50,806 | 3.99% |
| 17. Lease to Purchase - 2020 F450 Dump Truck | 31,841 | 2.88% |
| 18. Lease to Purchase - 2021 Dodge Durango Pursuit | 27,185 | 3.89% |
| 19. Lease to Purchase - 2021 Dodge Ram 2500 Crew Cab | 35,542 | 3.69% |
| Total | <u>\$910,559</u> | |

1 - The Ohio Public Works Commission (OPWC) loan for Water Storage and Tank Repairs relates to improvements to the water storage. OPWC issued a loan in 2002 for \$122,900. The loan will be repaid in semi-annual payments of \$4,108, including interest, over 20 years.

2 - The OPWC loan for New Street Waterline Pavement and Improvements relates to improvements to the waterline and the road. OPWC issued the loan in 2002 for \$150,000. This loan will be repaid in semiannual payments of \$3,750 over 20 years.

3 - The OPWC loan for Plum Street Improvements - Phase 1 relates to improvements to Plum Street. OPWC issued the loan in 2003 for \$175,000. This loan will be repaid in semi-annual payments of \$4,375 over 20 years.

4 - The OPWC loan for Plum Street Improvements - Phase 2 relates to improvements to Plum Street, OPWC issued the loan in 2004 for \$122,955. In 2005 the Village received the remainder of the loan of \$14,100. This loan will be repaid in semi-annual payments of \$3,074 over 20 years.

5 - In 2006 the Village obtained a no-interest loan from OPWC for High Street Pavement Improvements. This project relates to improvements to High Street. The Village received \$150,000 in loan proceeds. This loan will be repaid in semi-annual payments of \$3,750 over 20 years.

Village of Airport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

6 - The OPWC loan for New, Seventh, King and Burton Street Improvements relates to improvements to those streets. OPWC issued the loan in 2009 for \$133,759. This loan will be repaid in semiannual payments of \$3,344 over 20 years.

7 - The OPWC loan for Second and East Streets Improvements relates to improvements to those two streets. OPWC issued the loan in 2009 for \$135,274. This loan will be repaid in semi-annual payments of \$3,382 over 20 years.

8 - The OPWC loan for Water System Improvements relates to improvements to the water system. OPWC issued the loan in 2012 for \$21,367. This loan will be repaid in semi-annual payments of \$534 over 20 years.

9 - The OPWC loan for King Street Improvements relates to improvements to this street. OPWC issued the loan in 2012 and finalized in 2013 for \$62,000. This loan will be repaid in semi-annual payments of \$1,550 over 20 years.

10 - The OPWC loan for Water Plant System Repairs relates to new SCADA equipment and improvements to the water plant. OPWC issued the loan in 2018 for \$41,967.19. This loan will be repaid in semi-annual payments of \$1,049 over 20 years.

11 - The OPWC loan for 3rd Street Improvements relates to road improvements for this street. OPWC issued the loan in 2018 for \$88,815.80. This loan will be repaid in semi-annual payments of \$2,221 over 20 years.

12 - The OPWC loan for East Street Improvements related to road improvements for this street. OPWC issued the loan in 2020 for 61,011.25. This loan will be repaid in semi-annual payments of \$1,528 over 20 years.

13 - In 2015, the Village refinanced the Senior/Community Center loan (\$388,800) with Huntington Bank for a lower interest rate and payoff date. This loan has an annual payment and will be paid off in 2029.

The Village has lease to purchase agreements for the following equipment:

14 - In 2021, the Village entered into a loan for two (2) Chevy Tahoe vehicles for \$117,539 paid annually for 5 years at \$23,508 per year.

15 - In 2019, the Village entered into a loan for a 2008 John Deere 310SJ Backhoe for \$52,500 paid annually for 5 years at \$9,678 per year.

16 - In 2020, the Village entered into a loan for two Zoll Cardiac monitors for \$62,312 paid annually for five years at \$13,993 per year.

17 - In 2020, the Village entered into a loan for an F450 Ford Dump Truck for \$52,974 paid annually for five years at \$11,106 per year.

18 - In 2021, the Village entered into a loan for a Dodge Durango Pursuit for \$33,275 paid annually for five years at \$6,088 per year.

19 - In 2021, the Village entered into a loan for a Dodge RAM 2500 Crew Cab for \$35,542 paid annually for five years at \$7,762 per year.

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Amortization

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

| Year Ending December 31: | OPWC Loans | Senior/Community Center Loan | Lease to Purchases |
|--------------------------------|-------------------------|---------------------------------|-------------------------|
| 2022 | \$32,661 | \$32,597 | \$77,158 |
| 2023 | 49,608 | \$32,585 | 77,396 |
| 2024 | 40,858 | 32,572 | 69,694 |
| 2025 | 37,784 | 32,559 | 54,351 |
| 2026 | 34,710 | 32,545 | 40,358 |
| 2027-2031 | 123,371 | 97,547 | |
| 2032-2036 | 53,667 | | |
| 2037-2041 | 29,026 | | |
| Total | <u>\$401,685</u> | <u>\$260,405</u> | <u>\$318,957</u> |

Note 10 – Construction and Commitments

The Village has a commitment to repair the water plant under HAB guidelines from the EPA to be completed in 2022. The contract has been bid out.

Note 11 – Jointly Governed Organizations

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity and natural gas on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each County then elect one person to serve on the eight member NOPEC Board of Directors. The Board of Directors oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board of Directors. The Village did not contribute to NOPEC during 2021. Financial information can be obtained by contacting Chuck Keiper, Executive Director, at 31360 Solon Road, Suite 33, Solon, Ohio 44139.

Village of Fairport Harbor
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Fund Balance

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 | \$4,129 | \$50 | \$4,179 |
| <i>Total</i> | <u><u>\$4,129</u></u> | <u><u>\$50</u></u> | <u><u>\$4,179</u></u> |

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 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.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
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 Fairport Harbor
Lake County
220 Third Street
Fairport Harbor, Ohio 44077

To the Village Council and Mayor:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements of the Village of Fairport Harbor, Lake County, (the Village) and have issued our report thereon dated June 24, 2025, 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 purpose 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.

Village of Airport Harbor
Lake County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 24, 2025

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF FAIRPORT HARBOR

LAKE 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 8/5/2025

65 East State 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