

## Village

### AOS Regulatory Basis Footnote Shell

Revised December 2019

Note: This shell is a guide for preparing your annual footnotes to the financial statements when filed on the AOS Regulatory Basis. These footnotes are not all inclusive and might include disclosures not applicable to your particular Village. Modify, delete, or add additional disclosures as necessary.

Items highlighted in yellow are provided for guidance purposes only and should be deleted prior to submission.

See GASB Codification 2300 – Notes to the Financial Statements. As explained in paragraph .102, the notes to the financial statements should communicate information essential for fair presentation of the basic financial statements that is not displayed on the face of the financial statements. As such, the notes form an integral part of the basic financial statements. Notes should focus on the primary government—specifically, its governmental activities, business-type activities, major funds, and nonmajor funds in the aggregate. Information about the government's discretely presented component units should be presented as discussed in paragraph .105.

Items highlighted in green are items that are generic, and should be reviewed for entity specific information and modified to report specifics for your village.

In this sample 20CY means current year and 20PY means prior year and would be replaced with the four digit current year (for example 2019) or four digit prior year (for example 2018).

#### ***Aqua Highlights are 2019 updates.***

- ***Where these highlights are included within yellow highlighted areas, this information is for reference only and should be deleted prior to submission.***
- ***Where these highlights are included within green highlighted areas, this information should be reviewed and modified to report specifics for your entity.***
- ***Where these highlights are not within another color, you will need to review to determine if this applies to your specific entity, and modify or delete.***

**Village of North Fairfield, Ohio**  
*Huron County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of North Fairfield, Huron County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and trash utilities. The Village contracts with the Huron County Sheriff's department to provide security of persons and property. The Village contracts with North Fairfield Township to receive fire protection services. (The contract is shared with North Fairfield, Fairfield Township, Bronson Township and Greenfield Township.)

The village participates in the Public Entity Risk Pool. Note 16 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

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

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village has had no significant capital project.

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

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

Agency funds are purely custodial in nature and used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organizations or other government. The Village disburses monies to an organization through the Methodist Church to have a Street Fair once a year.

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations***

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 canceled, and re-appropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 4.

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***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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:

***Non-spendable*** The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

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

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

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**Note 3 – Compliance**

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

General	\$95,786	\$98,027	\$2,240
Special Revenue	27,560	28,508	948
Debt Service			0
Capital Projects	10,737	10,737	0
Enterprise	62,380	57,482	(4,898)
Permissive Fund	0	2,828	2,828
Internal Service			0
Permanent			0
Trust			0
<b>Total</b>	<b>\$196,464</b>	<b>\$197,581</b>	<b>\$1,118</b>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$172,707	\$132,746	\$39,961
Special Revenue	70,421	54,858	15,563
Debt Service			0
Capital Projects	10,737	10,737	0
Enterprise	164,562	164,562	0
Internal Service			0
Permanent			0
Fiduciary			0
<b>Total</b>	<b>\$418,428</b>	<b>\$362,903</b>	<b>\$55,525</b>

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**Note 5 – Deposits and Investments**

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

Certificates of deposit	
Other time deposits (savings and NOW accounts)	
Total deposits	0
U.S. Treasury Notes	
STAR Ohio	174,217
Repurchase agreement	
Common stock (at cost, fair value was \$X,XXX at December 31, 2019)	
Total investments	174,217
Total deposits and investments	\$174,217

***Investments***

N/A

**Note 6 – Taxes**

N/A

**Note 7 – Interfund Balances**

N/A

**Note 8 – Risk Management**

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

***Risk Pool Membership***

The Village is a member of the XYZ Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the (name of subdivision's) policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;

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- Public official’s liability; and
- Vehicle.

**Note 9 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

Nine 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, 2019.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2019</i>	<i>10%</i>	<i>14%</i>

*Social Security*

Six 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, 2019.

**Note 10 – Postemployment Benefits**

OPERS cost-sharing, multiple-employer defined benefit postemployment plans. The Village only has part time employees, so there is no health benefits offered to employees through OPERS.

**Note 11 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
PNC Bank Loan for furnice/air	\$6,186	7%
Leasing 2018 Chevy Truck	\$25,697	5.66%
OPWC	\$2,252	
Ohio Water Development Authority Loan	2,865	
<b>Total</b>	<u>\$37,000</u>	

The bank loan for the new furnace and air was with PNC Bank. The Village paid off the loan in 2019.

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The 2018 Chevy Truck is a lease agreement with First Capital Equipment Leasing Corp. The Village was approved for \$ 43,000.00 in 2018 and will repay an annual installment of \$ 8,651.47 with 5.66% interest over 6 years.

The Ohio Water Development Authority (OWDA) loan relates to a Water Supply and Treatment Engineering Report. The OWDA approved \$ 11,351.00 for a loan to the Village for this report from the Poggemeyer Design Group. The Village will repay the loans in semi-annual installments of \$ 1,135.10 with 0% interest, over 5 years.

The Ohio Public Works Commission (OPWC) loan relates to a Fire Hydrant Replacement-Phase III Loan. The OPWC approved \$ 16,816.07 for a loan to the Village. The Village will repay the loan in semi-annual installments of \$280.27 with 0%, over 30 years.

***Leases***

The Village leased a vehicle. The Village disbursed \$8,651.47 for the second payment for the year ended December 31, 2019.

***Amortization***

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

Year Ending December 31:	Leases	OWDA Loan	OPWC Loan
2019	\$8,651	\$2,270	\$561
2020	8,651	2,270	561
2021	8,651	1,135	561
2022	8,651		561
2023	257		561
2024-2045			12,612
Total	<u>\$34,861</u>	<u>\$5,676</u>	<u>\$15,417</u>

**Note 12 – Construction and Contractual Commitments**

N/A

**Note 13 – Contingent Liabilities**

N/A

**Note 14 – Joint Ventures**

N/A

**Note 15 – Jointly Governed Organizations**

The Village is a member of the Ohio Municipal League. We pay \$295.00 per year to belong to the Ohio Municipal League.

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**Note 16 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.