

VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEARS ENDED
DECEMBER 31, 2022 & 2021**



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Columbus, Ohio 43215
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Members of the Village Council
Village of Hayesville
PO Box 246
Hayesville, OH 44838

We have reviewed the *Independent Auditor's Report* of the Village of Hayesville, Ashland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Hayesville is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

November 01, 2024

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**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

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Independent Auditor's Report

Village of Hayesville
Ashland County
P.O. Box 246
Hayesville, Ohio 44838

To the Members of the Village Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Hayesville, Ashland County, Ohio, 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 of the Village of Hayesville, as of and for the years ended December 31, 2022 and 2021 in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) as 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 referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Hayesville, as of December 31, 2022 and 2021, or changes in financial position, and cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of Hayesville 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 of Hayesville 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 a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and GAAP, 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 these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 misstatements, 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 of Hayesville'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 generally accepted auditing standards 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 generally accepted auditing standards 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 of Hayesville'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 of Hayesville's ability to continue as a going concern for a reasonable period of time.

Village of Hayesville
Ashland County
Independent Auditor's Report

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 September 18, 2024 on our consideration of the Village of Hayesville's internal control over financial reporting and on 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 of Hayesville'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 of Hayesville's internal control over financial reporting and compliance.



Julian & Grube, Inc.
September 18, 2024

Village of Hayesville, Ohio
Ashland 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 22,615	\$ -	\$ 22,615
Intergovernmental	37,516	59,356	96,872
Charges for Services	8,271	-	8,271
Fines, Licenses and Permits	50	-	50
Earnings on Investments	560	202	762
Miscellaneous	546	-	546
<i>Total Cash Receipts</i>	<u>69,558</u>	<u>59,558</u>	<u>129,116</u>
Cash Disbursements			
Current:			
Security of Persons and Property	15,265	-	15,265
Community Environment	225	-	225
Transportation	-	171,774	171,774
General Government	31,580	3,018	34,598
Capital Outlay	-	7,807	7,807
<i>Total Cash Disbursements</i>	<u>47,070</u>	<u>182,599</u>	<u>229,669</u>
<i>Net Change in Fund Cash Balances</i>	22,488	(123,041)	(100,553)
<i>Fund Cash Balances, January 1</i>	<u>31,866</u>	<u>192,152</u>	<u>224,018</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 54,354</u>	<u>\$ 69,111</u>	<u>\$ 123,465</u>

See accompanying notes to the financial statements

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 302,798
<i>Total Operating Cash Receipts</i>	<i>302,798</i>
Operating Cash Disbursements	
Personal Services	43,743
Employee Fringe Benefits	6,765
Contractual Services	63,527
Supplies and Materials	24,339
<i>Total Operating Cash Disbursements</i>	<i>138,374</i>
<i>Operating Income (Loss)</i>	<i>164,424</i>
Non-Operating Receipts (Disbursements)	
Loans Issued	268,743
Miscellaneous Receipts	88
Principal Retirement	(326,792)
Interest and Other Fiscal Charges	(10,809)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(68,770)</i>
<i>Net Change in Fund Cash Balances</i>	<i>95,654</i>
<i>Fund Cash Balances, January 1</i>	<i>241,532</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 337,186</i>

See accompanying notes to the financial statements

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. Reporting Entity

Description of the Entity

The Village of Hayesville, Ashland County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council. The Village provides water and sewer utilities, park operations, and police services.

Public Entity Risk Pool

Public Entity Risk Pool: The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 9 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.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The Village's financial statements consists 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 the proprietary fund type which are all organized on a fund type basis

B. Accounting Basis

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 Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when 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.

C. Deposits

The Village's accounting basis includes investments as assets. The Village's certificate of deposit is recorded at cost.

D. 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.

E. Fund Accounting

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

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. 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.

2. 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 Fund:

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

3. 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 – This fund receives charges for services from residents to cover water service costs.

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

F. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level, which is the level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2022 budgetary activity appears in Note 4.

G. 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:

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. 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.

5. 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.

3. Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2022</u>
Demand deposits	\$458,129
Certificates of deposit	<u>2,522</u>
Total deposits	<u>\$460,651</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

4. Budgetary Activity

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

Fund Type	2022 Budgeted vs. Actual Budgetary Basis Disbursements		
	Appropriation Authority	Budgetary Disbursements	Variance
General	\$85,831	\$47,070	\$38,761
Special Revenue	222,137	182,599	39,538
Enterprise	551,133	475,975	75,158
Total	<u>\$859,101</u>	<u>\$705,644</u>	<u>\$153,457</u>

Fund Type	2022 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$58,864	\$69,558	\$10,694
Special Revenue	29,985	59,558	29,573
Enterprise	1,309,600	571,629	(737,971)
Total	<u>\$1,398,449</u>	<u>\$700,745</u>	<u>\$(697,704)</u>

5. Property Tax

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

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

6. Debt

Debt outstanding at December 31, 2022 was as follows:

	<u>2022</u>	<u>Interest Rate</u>
Ohio Water Development Authority (OWDA) loan (9961)	\$ 264,434	1.96%
Ohio Public Works Commission loan (OPWC) (CP17N)	\$ 58,862	0.00%
Ohio Water Development Authority (OWDA) loan (4243)	<u>320,020</u>	0.00%
Total	<u>\$643,316</u>	

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

The Ohio Public Works Commission loan (CP17N) was obtained in 2012 and was used for the elevated water tower tank exterior repainting project. The original amount of the loan was \$117,723. The Ohio Water Development Authority loan (4243) was obtained in 2006 and was used for a new waste water treatment plant and collection system. The original amount of the loan was \$1,828,686. The Ohio Water Development Authority loan (7443) was obtained in 2018 and was used for water system improvement planning. The original amount of the loan was \$90,400. This loan was eliminated with loan 9961. The Ohio Water Development Authority loan (8378) was obtained in 2019 and was used for water system design planning with the first payment being in 2020. The original amount of the loan was \$159,055. This loan was eliminated with loan 9961. Amortization of the above debt, is scheduled as follows:

Years Ending December 31	Loans Outstanding		
	OPWC Loan #CP17N	OWDA Loan #9961	OWDA Loan #4243
2023	\$ 5,886	\$ 8,815	\$ 91,434
2024	5,886	8,815	91,434
2025	5,886	8,815	91,434
2026	5,886	8,815	45,718
2027	5,886	8,815	-
2028 - 2032	29,432	44,075	-
2033 - 2037	-	44,075	-
2038 - 2042	-	44,075	-
2043 - 2052	-	88,134	-
Total	<u>\$ 58,862</u>	<u>\$ 264,434</u>	<u>\$ 320,020</u>

7. Retirement System

The Village’s 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 healthcare and survivor and disability benefits.

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

8. Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and reemployed 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 HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022**

9. Risk Management

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

10. Noncompliance

The Village approved appropriations at the fund level which is in noncompliance with Ohio Revised Code Section 5705.38(C).

11. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

12. Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Village had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. These restricted, and committed amounts in the special revenue funds would include the outstanding encumbrances, if applicable. In the general fund, outstanding encumbrances are considered assigned, if applicable.

Village of Hayesville, Ohio
Ashland 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 22,830	\$ -	\$ 22,830
Intergovernmental	35,189	59,574	94,763
Charges for Services	9,292	-	9,292
Fines, Licenses and Permits	20	-	20
Earnings on Investments	329	144	473
Miscellaneous	239	-	239
<i>Total Cash Receipts</i>	<u>67,899</u>	<u>59,718</u>	<u>127,617</u>
Cash Disbursements			
Current:			
Security of Persons and Property	15,001	-	15,001
Leisure Time Activities	51	-	51
Community Environment	20,376	-	20,376
Basic Utility Services	32,263	-	32,263
Transportation	-	9,565	9,565
General Government	36,508	3,018	39,526
Capital Outlay	-	2,550	2,550
<i>Total Cash Disbursements</i>	<u>104,199</u>	<u>15,133</u>	<u>119,332</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,300)</u>	<u>44,585</u>	<u>8,285</u>
Other Financing Receipts (Disbursements)			
Sale of assets	-	6,525	6,525
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>6,525</u>	<u>6,525</u>
<i>Net Change in Fund Cash Balances</i>	(36,300)	51,110	14,810
<i>Fund Cash Balances, January 1</i>	<u>68,166</u>	<u>141,042</u>	<u>209,208</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 31,866</u>	<u>\$ 192,152</u>	<u>\$ 224,018</u>

See accompanying notes to the financial statements

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 286,432
<i>Total Operating Cash Receipts</i>	<i>286,432</i>
Operating Cash Disbursements	
Personal Services	46,341
Employee Fringe Benefits	7,160
Contractual Services	102,754
Supplies and Materials	26,018
<i>Total Operating Cash Disbursements</i>	<i>182,273</i>
<i>Operating Income (Loss)</i>	<i>104,159</i>
Non-Operating Receipts (Disbursements)	
Loans Issued	40,397
Miscellaneous Receipts	50
Principal Retirement	(115,679)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(75,232)</i>
<i>Net Change in Fund Cash Balances</i>	<i>28,927</i>
<i>Fund Cash Balances, January 1</i>	<i>212,605</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 241,532</i>

See accompanying notes to the financial statements

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. Reporting Entity

Description of the Entity

The Village of Hayesville, Ashland County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council. The Village provides water and sewer utilities, park operations, and police services.

Public Entity Risk Pool

Public Entity Risk Pool: The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 9 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.

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The Village's financial statements consists 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 the proprietary fund type which are all organized on a fund type basis.

B. Accounting Basis

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 Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when 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.

C. Deposits

The Village's accounting basis includes investments as assets. The Village's certificate of deposit is recorded at cost.

D. 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.

E. Fund Accounting

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

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. 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.

2. 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 Fund:

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

3. 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 – This fund receives charges for services from residents to cover water service costs.

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

F. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2021 budgetary activity appears in Note 4.

G. 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:

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. 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.

5. 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.

3. Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2021</u>
Demand deposits	\$463,050
Certificates of deposit	<u>2,500</u>
Total deposits	<u>\$465,550</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

4. Budgetary Activity

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

Fund Type	2021 Budgeted vs. Actual Budgetary Basis Disbursements		
	Appropriation Authority	Budgetary Disbursements	Variance
General	\$122,862	\$104,238	\$18,624
Special Revenue	165,988	15,133	150,855
Enterprise	499,103	298,114	200,989
Total	<u>\$787,953</u>	<u>\$417,485</u>	<u>\$370,468</u>

Fund Type	2021 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$54,722	\$67,899	\$13,177
Special Revenue	24,947	66,243	41,296
Enterprise	285,498	326,879	41,381
Total	<u>\$365,167</u>	<u>\$461,021</u>	<u>\$95,854</u>

5. Property Tax

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

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

6. Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>2021</u>	<u>Interest Rate</u>
Ohio Public Works Commission (OPWC) loan (CP17N)	\$ 61,805	0.00%
Ohio Water Development Authority (OWDA) loan (4243)	411,454	0.00%
Ohio Water Development Authority loan (7443)	76,890	2.56%
Ohio Water Development Authority loan (8378)	<u>151,216</u>	3.42%
Total	<u>\$701,365</u>	

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

The Ohio Public Works Commission loan (CP17N) was obtained in 2012 and was used for the elevated water tower tank exterior repainting project. The original amount of the loan was \$117,723. The Ohio Water Development Authority (OWDA) loan (4243) was obtained in 2006 and was used for a new waste water treatment plant and collection system. The original amount of the loan was \$1,828,686. The OWDA loan (7443) was obtained in 2018 and was used for water system improvement planning. The original amount of the loan was \$90,400. The OWDA loan (8378) was obtained in 2019 and was used for water system design planning with the first payment being in 2020. The original amount of the loan was \$159,055. Loans #7443 and #8378 are not complete, thus no amortization is disclosed below. All loans will be repaid from the enterprise fund type. Amortization of the above debt, is scheduled as follows:

Years Ending December 31:	CP17N <u>OPWC Loan</u>	#4243 <u>OWDA Loan</u>
2022	2,943	91,434
2023	5,886	91,434
2024	5,886	91,434
2025	5,886	91,434
2026	5,886	45,718
2027-2031	29,430	0
2032-2036	<u>5,888</u>	<u>0</u>
Total	<u>\$61,805</u>	<u>\$411,454</u>

7. Retirement System

The Village’s 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 healthcare and survivor and disability benefits.

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

8. Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2021.

9. Risk Management

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

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

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 202. OPRM had 769 members as of December 31, 2021.

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

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

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

10. Noncompliance

The Village approved appropriations at the fund level which is in noncompliance with Ohio Revised Code Section 5705.38(C).

11. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

12. Fund Balances

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

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$39	\$0	\$39

The fund balance of special revenue funds is either restricted or committed. These restricted, and committed amounts in the special revenue funds would include the outstanding encumbrances, if applicable. In the general fund, outstanding encumbrances are considered assigned, if applicable.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Village of Hayesville
Ashland County
P.O. Box 246
Hayesville, Ohio 44838

To the Members of the Village Council:

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, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Hayesville, Ashland County, Ohio, as of and for the years ended December 31, 2022, and 2021 and the related notes to the financial statements and have issued our report thereon dated September 18, 2024, wherein we noted the Village of Hayesville followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 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 of Hayesville'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 of Hayesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Hayesville'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 of Hayesville'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Hayesville'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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2022-002.

Village of Hayesville

Ashland County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Village of Hayesville's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Hayesville'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 of Hayesville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
September 18, 2024

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2022-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

The following adjustments were made to the financial statements for the years ended December 31, 2022 and 2021, respectively.

2022:

- General fund intergovernmental receipts and cash were increased, and Special Revenue Fund Type intergovernmental receipts and cash were decreased in the amount of \$3,846 to properly record homestead and rollback receipts.
- General fund intergovernmental receipts and cash were increased, and Special Revenue Fund Type intergovernmental receipts and cash were decreased in the amount of \$1,531 to properly record liquor permit receipts.
- Enterprise Fund Type interest and other fiscal charges disbursements were increased in the amount of \$10,809, principal retirement disbursements were increased in the amount of \$226,179, and loans issued receipts were increased in the amount of \$236,988 to properly record capitalized interest, on behalf fees, payoff of planning loans and issuance of construction loans related to the Village's new water treatment plant.
- Special Revenue Fund Type capital outlay disbursements were increased, and basic utility disbursements were decreased in the amount of \$7,807 to properly record the purchase of locating equipment and sound detector.

2021:

- General fund intergovernmental receipts and cash were increased, and Special Revenue Fund Type intergovernmental receipts and cash were decreased in the amount of \$3,860 to properly record homestead and rollback receipts.
- General fund intergovernmental receipts and cash were increased, and Special Revenue Fund Type intergovernmental receipts and cash were decreased in the amount of \$1,039 to properly record liquor permit receipts.
- Special Revenue Fund Type miscellaneous receipts were decreased, and sale of assets receipts were increased in the amount of \$6,525 to properly record the sale of a dump truck.

The amounts have been adjusted to the Village's financial statements and financial accounting system.

Control procedures not properly developed related to the financial statements limit management's ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2022-001 – (Continued)

We recommend the Village implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

Client Response: The Village Fiscal Officer will more closely examine the unaudited report prior to filing with the HINKLE system and will consider above adjustments in future years.

Finding Number	2022-002
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Material Weakness/Noncompliance – Legal Level of Control

Ohio Rev. Code § 5705.38(C) requires the following minimum level of budgetary control for “subdivisions” other than schools: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.”

For 2022 and 2021, appropriations were approved at the fund level for all funds.

Not appropriating at the legal level of control inhibits the Council’s ability to appropriately monitor appropriations and spending.

We recommend the Council approve annual and subsequent appropriations at the appropriate legal level as required by the Ohio Revised Code. This will enable the Council to appropriately monitor spending.

Client Response: We will evaluate updating future permanent appropriations to the allowable legal level.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HAYESVILLE

ASHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 11/14/2024

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