



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF HARTVILLE
STARK COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Hartville
Stark County
202 West Maple Street
Hartville, Ohio 44632

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Hartville, Stark County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the 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 as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Hartville, Stark County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

November 12, 2019

Village of Hartville, Ohio

Stark County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$129,533	\$312,077	\$0	\$441,610
Municipal Income Tax	1,295,234	0	0	1,295,234
Intergovernmental	59,289	234,337	0	293,626
Charges for Services	3,526	0	0	3,526
Fines, Licenses and Permits	97,491	1,388	24,565	123,444
Earnings on Investments	20,384	0	0	20,384
Miscellaneous	22,816	46,512	0	69,328
<i>Total Cash Receipts</i>	<u>1,628,273</u>	<u>594,314</u>	<u>24,565</u>	<u>2,247,152</u>
Cash Disbursements				
Current:				
Security of Persons and Property	760,741	334,833	0	1,095,574
Public Health Services	22,977	0	0	22,977
Leisure Time Activities	34,371	0	0	34,371
Community Environment	22,532	0	0	22,532
Transportation	0	464,435	0	464,435
General Government	330,952	3,060	0	334,012
Capital Outlay	88,695	53,420	20,759	162,874
<i>Total Cash Disbursements</i>	<u>1,260,268</u>	<u>855,748</u>	<u>20,759</u>	<u>2,136,775</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>368,005</u>	<u>(261,434)</u>	<u>3,806</u>	<u>110,377</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	7,775	0	90,986	98,761
Transfers In	0	126,500	0	126,500
Transfers Out	(126,500)	0	0	(126,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(118,725)</u>	<u>126,500</u>	<u>90,986</u>	<u>98,761</u>
<i>Net Change in Fund Cash Balances</i>	249,280	(134,934)	94,792	209,138
<i>Fund Cash Balances, January 1</i>	<u>603,331</u>	<u>263,290</u>	<u>560,963</u>	<u>1,427,584</u>
Fund Cash Balances, December 31				
Nonspendable	2,957	0	0	2,957
Restricted	0	88,914	0	88,914
Committed	17,018	47,540	513,229	577,787
Assigned	411,497	0	142,526	554,023
Unassigned (Deficit)	421,139	(8,098)	0	413,041
<i>Fund Cash Balances, December 31</i>	<u>\$852,611</u>	<u>\$128,356</u>	<u>\$655,755</u>	<u>\$1,636,722</u>

See accompanying notes to the basic financial statements

Village of Hartville, Ohio

Stark County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2018

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$1,350,567	\$0	\$1,350,567
Fines, Licenses and Permits	23,510	0	23,510
Miscellaneous	0	0	0
<i>Total Operating Cash Receipts</i>	<u>1,374,077</u>	<u>0</u>	<u>1,374,077</u>
Operating Cash Disbursements			
Personal Services	256,265	0	256,265
Employee Fringe Benefits	0	0	0
Contractual Services	379,116	0	379,116
Supplies and Materials	69,096	0	69,096
<i>Total Operating Cash Disbursements</i>	<u>704,477</u>	<u>0</u>	<u>704,477</u>
<i>Operating Income (Loss)</i>	<u>669,600</u>	<u>0</u>	<u>669,600</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	99,972	0	99,972
Earnings on Investments	18,627	0	18,627
Capital Outlay	(244,061)	0	(244,061)
Principal Retirement	(360,827)	0	(360,827)
Interest and Other Fiscal Charges	(87,398)	0	(87,398)
Other Financing Sources	0	80,711	80,711
Other Financing Uses	(576)	(74,585)	(75,161)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(574,263)</u>	<u>6,126</u>	<u>(568,137)</u>
<i>Net Change in Fund Cash Balances</i>	95,337	6,126	101,463
<i>Fund Cash Balances, January 1</i>	<u>1,868,642</u>	<u>2,016</u>	<u>1,870,658</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,963,979</u></u>	<u><u>\$8,142</u></u>	<u><u>\$1,972,121</u></u>

See accompanying notes to the basic financial statements

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Hartville (the Village), Stark 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 sewer utilities, park operations, and police services. The Village contracts with the Hartville Fire Department to receive fire protection services.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 7 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.

Fire Fund The fire fund accounts for property tax money collection for fire protection.

EMS Fund The EMS fund accounts for property tax money collection for EMS protection.

State Highway Fund The state highway fund accounts for gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing state highways within the Village's boundaries.

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

Capital Improvement Fund The capital improvement fund accounts for cable franchise fees, royalties and lease fees relating to the Village's industrial park for acquiring and constructing major capital projects.

Street Capital Equipment Reserve Fund The street capital equipment reserve fund accounts for transfers from the general fund to accumulate reserves for future street equipment purchases.

Building Reserve Fund The building reserve fund accounts for proceeds from sales of Village land to accumulate reserves for future building construction.

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:

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

Fiduciary Funds Fiduciary funds include private-purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for the fines and fees collected and costs of the Village's Mayor's Court and unclaimed monies.

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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, 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.

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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. 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 2018 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

The 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.

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 Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,744,663	\$1,636,048	(\$108,615)
Special Revenue	721,827	720,814	(1,013)
Capital Projects	328,329	115,551	(212,778)
Enterprise	1,519,500	1,492,676	(26,824)
Total	\$4,314,319	\$3,965,089	(\$349,230)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,766,810	\$1,510,830	\$255,980
Special Revenue	919,229	936,095	(16,866)
Capital Projects	118,726	46,180	72,546
Enterprise	1,895,211	1,965,805	(70,594)
Total	\$4,699,976	\$4,458,910	\$241,066

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

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

	2018
Demand deposits	<u>\$1,135,118</u>
STAR Ohio	<u>2,473,725</u>
Total deposits and investments	<u><u>\$3,608,843</u></u>

Deposits

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

Investments

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

Note 5 – Taxes

Property Taxes

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

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 one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2018 consisted of \$85,714 advanced to the Market Avenue Fund during 2015 and \$20,000 advanced to the Market Avenue Fund during 2016. All advances were to provide working capital for projects and were advanced from the General Fund.

Note 7 - Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2018, PEP retained \$500,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles and reported the following assets, liabilities and net position at December 31, 2018:

	<u>2018</u>
Assets	\$49,921,998
Liabilities	<u>(\$14,676,199)</u>
Net Position	<u><u>\$35,245,799</u></u>

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

At December 31, 2018, the liabilities above include approximately \$13 million of estimated incurred claims payable. The assets above also include approximately \$11.8 million of unpaid claims to be billed. The Pool's membership increased to 538 members in 2018. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Village's share of these unpaid claims collectible in future years is approximately \$20,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP

2018

\$31,622

After one year membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund for their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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. 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, 2018.

Ohio Police and Fire Retirement System

Full-time Police Officers belong to the 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, 2018.

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Social Security

Several of the Village’s 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, 2018.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit post-employment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding on December 31, 2018 was as follows:

	Principal	Interest Rate
(OPWC) Ohio Public Works Commission Loan #CT710	\$192,533	0.00%
(OWDA) Ohio Water Development Authority Loan #3722	47,484	0.00%
(OWDA) Ohio Water Development Authority Loan #4414	1,658,734	0.00%
(OWDA) Ohio Water Development Authority Loan #6445	220,488	0.00%
USDA Loan	3,403,100	2.50%
Total	\$5,522,339	

The Ohio Public Works Commission CT710 relates to a sewer line replacement. The loan will be repaid with semiannual installments of \$6,418 until its maturity in 2033.

The Ohio Water Development Authority (OWDA) loan 3722 relates to a project for the construction of a sanitary sewer to connect to the existing Sunnyside lift station. The loan will be repaid with semiannual installments of \$5,276 until its maturity in 2023. The loan is secured by special assessment sewer receipts.

The Ohio Water Development Authority (OWDA) loan 4414 was obtained to construct Woodland Street sanitary sewer lines. The loan will be repaid with semiannual installments of \$103,671 until its maturity in 2027. The loan is secured by special assessment sewer receipts.

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2018

The Ohio Water Development Authority (OWDA) loan 6445 was obtained for a sewer line replacement project. The loan will be repaid in semiannual installments of \$7,603 until its maturity in 2033. The loan is secured by sewer receipts.

The Village entered into a loan agreement with the United States Department of Agriculture (USDA) which is in the form of three sewer system mortgage revenue bonds of the Village. The Bonds were issued on March 11, 2013, in the amount of \$3,580,000 and purchased by the USDA. The Bonds have a stated interest of 2.5% and mature in 2053. The loan was used to upgrade the sanitary sewer plant.

Amortization

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

Year ending December 31:	OPWC		
	<u>CT710</u>	<u>OWDA 3722</u>	<u>OWDA 4414</u>
2019	\$12,836	\$10,552	\$207,342
2020	12,836	10,552	207,342
2021	12,836	10,552	207,342
2022	12,836	10,552	207,342
2023	12,836	5,276	207,342
2024-2028	64,178	0	622,024
2029-2033	64,175	0	0
Total	<u>\$192,533</u>	<u>\$47,484</u>	<u>\$1,658,734</u>

Year ending December 31:	USDA		
	<u>OWDA 6445</u>	<u>LOAN</u>	<u>TOTALS</u>
2019	\$15,206	\$147,078	\$393,014
2020	15,206	147,028	392,964
2021	15,206	147,040	392,976
2022	15,206	147,013	392,949
2023	15,206	147,045	387,705
2024-2028	76,030	735,108	1,497,340
2029-2033	68,428	735,190	867,793
2034-2038	0	735,212	735,212
2039-2043	0	735,133	735,133
2044-2048	0	735,112	735,112
2049-2053	0	735,177	735,177
Total	<u>\$220,488</u>	<u>\$5,146,136</u>	<u>\$7,265,375</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

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Village of Hartville, Ohio

Stark County

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2017

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$128,667	\$311,740	\$0	\$440,407
Municipal Income Tax	1,257,042	0	0	1,257,042
Intergovernmental	53,621	234,561	265,713	553,895
Charges for Services	3,036	0	0	3,036
Fines, Licenses and Permits	74,800	350	22,023	97,173
Earnings on Investments	9,646	0	0	9,646
Miscellaneous	11,809	14,246	3,023	29,078
<i>Total Cash Receipts</i>	<u>1,538,621</u>	<u>560,897</u>	<u>290,759</u>	<u>2,390,277</u>
Cash Disbursements				
Current:				
Security of Persons and Property	684,859	347,175	0	1,032,034
Public Health Services	19,716	0	0	19,716
Leisure Time Activities	37,612	0	0	37,612
Community Environment	15,599	0	0	15,599
Transportation	0	408,780	0	408,780
General Government	343,748	10,342	0	354,090
Capital Outlay	36,431	11,760	764,988	813,179
<i>Total Cash Disbursements</i>	<u>1,137,965</u>	<u>778,057</u>	<u>764,988</u>	<u>2,681,010</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>400,656</u>	<u>(217,160)</u>	<u>(474,229)</u>	<u>(290,733)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	2,058	0	313,354	315,412
Transfers In	0	365,000	184,156	549,156
Transfers Out	(549,156)	0	0	(549,156)
Advances In	134,492	0	127,152	261,644
Advances Out	(127,152)	(7,340)	(127,152)	(261,644)
Other Financing Sources	831	0	0	831
Other Financing Uses	0	0	0	0
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(538,927)</u>	<u>357,660</u>	<u>497,510</u>	<u>316,243</u>
<i>Net Change in Fund Cash Balances</i>	<u>(138,271)</u>	<u>140,500</u>	<u>23,281</u>	<u>25,510</u>
<i>Fund Cash Balances, January 1</i>	<u>741,602</u>	<u>122,790</u>	<u>537,682</u>	<u>1,402,074</u>
Fund Cash Balances, December 31				
Nonspendable	2,957	0	0	2,957
Restricted	0	249,838	0	249,838
Committed	17,018	13,452	430,882	461,352
Assigned	147,859	0	130,081	277,940
Unassigned (Deficit)	435,497	0	0	435,497
<i>Fund Cash Balances, December 31</i>	<u>\$603,331</u>	<u>\$263,290</u>	<u>\$560,963</u>	<u>\$1,427,584</u>

See accompanying notes to the basic financial statements

Village of Hartville, Ohio

Stark County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Proprietary and Fiduciary Fund Types

For the Year Ended December 31, 2017

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$1,295,798	\$0	\$1,295,798
Fines, Licenses and Permits	40,505	0	40,505
Miscellaneous	932	0	932
<i>Total Operating Cash Receipts</i>	<u>1,337,235</u>	<u>0</u>	<u>1,337,235</u>
Operating Cash Disbursements			
Personal Services	244,511	0	244,511
Employee Fringe Benefits	0	0	0
Contractual Services	297,515	0	297,515
Supplies and Materials	67,708	0	67,708
<i>Total Operating Cash Disbursements</i>	<u>609,734</u>	<u>0</u>	<u>609,734</u>
<i>Operating Income (Loss)</i>	<u>727,501</u>	<u>0</u>	<u>727,501</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	100,803	0	100,803
Earnings on Investments	8,010	0	8,010
Capital Outlay	0	0	0
Principal Retirement	(413,079)	0	(413,079)
Interest and Other Fiscal Charges	(92,099)	0	(92,099)
Other Financing Sources	0	39,923	39,923
Other Financing Uses	0	(39,506)	(39,506)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(396,365)</u>	<u>417</u>	<u>(395,948)</u>
<i>Net Change in Fund Cash Balances</i>	331,136	417	331,553
<i>Fund Cash Balances, January 1</i>	<u>1,537,506</u>	<u>1,599</u>	<u>1,539,105</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,868,642</u>	<u>\$2,016</u>	<u>\$1,870,658</u>

See accompanying notes to the basic financial statements

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Hartville (the Village), Stark 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 sewer utilities, park operations, and police services. The Village contracts with the Hartville Fire Department to receive fire protection services.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 7 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.

Fire Fund The fire fund accounts for property tax money collection for fire protection.

EMS Fund The EMS fund accounts for property tax money collection for EMS protection.

State Highway Fund The state highway fund accounts for gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing state highways within the Village's boundaries.

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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

Capital Improvement Fund The capital improvement fund accounts for cable franchise fees, royalties and lease fees relating to the Village's industrial park for acquiring and constructing major capital projects.

Street Capital Equipment Reserve Fund The street capital equipment reserve fund accounts for transfers from the general fund to accumulate reserves for future street equipment purchases.

Building Reserve Fund The building reserve fund accounts for proceeds from sales of Village land to accumulate reserves for future building construction.

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:

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

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for the fines and fees collected and costs of the Village's Mayor's Court and unclaimed monies.

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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, 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.

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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. 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 2017 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.

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 Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,566,178	\$1,541,510	(\$24,668)
Special Revenue	1,126,726	925,897	(200,829)
Capital Projects	592,539	788,269	195,730
Enterprise	1,819,888	1,446,048	(373,840)
Total	\$5,105,331	\$4,701,724	(\$403,607)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,965,628	\$1,834,980	\$130,648
Special Revenue	923,662	793,641	130,021
Capital Projects	969,387	776,061	193,326
Enterprise	1,820,720	1,221,262	599,458
Total	\$5,679,397	\$4,625,944	\$1,053,453

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – Deposits and Investments

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

	<u>2017</u>
Demand deposits	<u>\$1,663,527</u>
STAR Ohio	<u>1,634,715</u>
Total deposits and investments	<u><u>\$3,298,242</u></u>

Deposits

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

Investments

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

Note 5 – Taxes

Property Taxes

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

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 one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Interfund Balances

Advances

Outstanding advances at December 31, 2017 consisted of \$85,714 advanced to the Market Avenue Fund during 2015 and \$20,000 advanced to the Market Avenue Fund during 2016. All advances were to provide working capital for projects and were advanced from the General Fund.

Note 7 - Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017:

	<u>2017</u>
Assets	\$44,452,326
Liabilities	<u>(\$13,004,011)</u>
Net Position	<u><u>\$31,448,315</u></u>

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$20,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contributions to PEP

2017

\$31,290

After one-year membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund for their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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. 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, 2017.

Ohio Police and Fire Retirement System

Full-time Police Officers belong to the 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, 2017.

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Social Security

Several of the Village’s 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, 2017.

Note 9 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2017. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
(OPWC) Ohio Public Works Commission Loan #CT710	\$205,369	0.00%
(OWDA) Ohio Water Development Authority Loan #2285	108,140	3.12%
(OWDA) Ohio Water Development Authority Loan #3722	58,036	0.00%
(OWDA) Ohio Water Development Authority Loan #4414	1,866,076	0.00%
(OWDA) Ohio Water Development Authority Loan #6445	235,694	0.00%
USDA Loan	3,463,500	2.50%
Total	<u>\$5,936,815</u>	

The Ohio Public Works Commission CT710 relates to a sewer line replacement. The loan will be repaid with semiannual installments of \$6,418 until its maturity in 2033.

The Ohio Water Development Authority (OWDA) loan 2285 relates to a project for the expansion of the aerobic digester/sludge storage facilities and chlorine contact tank. The loan will be repaid with semiannual installments of principal and interest in the amount of \$55,335 until its maturity in 2018.

The Ohio Water Development Authority (OWDA) loan 3722 relates to a project for the construction of a sanitary sewer to connect to the existing Sunnyside lift station. The loan will be repaid with semiannual installments of \$5,276 until its maturity in 2023. The loan is secured by special assessment sewer receipts.

The Ohio Water Development Authority (OWDA) loan 4414 was obtained to construct Woodland Street sanitary sewer lines. The loan will be repaid with semiannual installments of \$103,671 until its maturity in 2027. The loan is secured by special assessment sewer receipts.

Village of Hartville, Ohio
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

The Ohio Water Development Authority (OWDA) loan 6445 was obtained for a sewer line replacement project. The loan will be repaid in semiannual installments of \$7,603 until its maturity in 2033. The loan is secured by sewer receipts.

The Village entered into a loan agreement with the United States Department of Agriculture (USDA) which is in the form of three sewer system mortgage revenue bonds of the Village. The Bonds were issued on March 11, 2013 in the amount of \$3,580,000 and purchased by the USDA. The Bonds have a stated interest of 2.5% and mature in 2053. The loan was used to upgrade the sanitary sewer plant.

Amortization

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

Year ending December 31:	OPWC			
	CT710	OWDA 2285	OWDA 3722	OWDA 4414
2018	\$12,836	\$108,140	\$10,552	\$207,342
2019	12,836	0	10,552	207,342
2020	12,836	0	10,552	207,342
2021	12,836	0	10,552	207,342
2022	12,836	0	10,552	207,342
2023-2027	64,178	0	5,276	829,366
2028-2032	64,178	0	0	0
2033	12,833	0	0	0
Total	<u>\$205,369</u>	<u>\$108,140</u>	<u>\$58,036</u>	<u>\$1,866,076</u>

Year ending December 31:	OWDA 6445	USDA LOAN	TOTALS
	2018	\$15,206	\$146,988
2019	15,206	147,078	393,014
2020	15,206	147,028	392,964
2021	15,206	147,040	392,976
2022	15,206	147,013	392,949
2023-2027	76,030	735,195	1,710,045
2028-2032	76,030	735,158	875,366
2033-2037	7,604	735,115	755,552
2038-2042	0	735,148	735,148
2043-2047	0	735,138	735,138
2048-2052	0	735,235	735,235
2053	0	146,986	146,986
Total	<u>\$235,694</u>	<u>\$5,293,122</u>	<u>\$7,766,437</u>

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. 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.

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EastRegion@ohioauditor.gov

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

Village of Hartville
Stark County
202 West Maple Street
Hartville, Ohio 44632

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Hartville, Stark County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated November 12, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

November 12, 2019

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HARTVILLE

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 24, 2019**