



**VILLAGE OF HILLS AND DALES  
STARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2021 & 2020**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
Village of Hills and Dales  
2200 Dunkeith Drive NW  
Canton, OH 44708

We have reviewed the *Independent Auditor's Report* of the Village of Hills and Dales, Stark County, prepared by Canter & Associates, for the audit period January 1, 2020 through December 31, 2021. 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 Hills and Dales is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

August 31, 2022

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**VILLAGE OF HILLS AND DALES  
STARK COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

Village of Hills and Dales  
Stark County  
2200 Dunkeith Drive NE  
Canton, Ohio 44708

To the Board of Trustees:

### *Report on the Audit of Financial Statements*

#### *Unmodified and Adverse Opinions*

We have audited the financial statements of the Village of Hills and Dales, Stark County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021, and 2020, and the related notes to the financial statements.

#### *Unmodified Opinion on Regulatory Basis of Accounting*

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### *Adverse Opinion on U.S. Generally Accepted Accounting Principles*

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Hills and Dales, as of December 31, 2021 and 2020, or the changes in financial position thereof for the year then ended.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village of Hills and Dales, 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 Hills and Dales on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive

***Emphasis of Matter***

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.



- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2022, on our consideration of the Village'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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Canter & Associates**

Poland, Ohio

July 28, 2022

# Village of Hills and Dales

Stark County, Ohio

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property and Other Taxes	\$ -	\$ 348,561	\$ 348,561
Intergovernmental	58,862	76,105	134,967
Charges for Services	-	47,738	47,738
Fines, Licenses and Permits	2,500	123	2,623
Earnings on Investments	502	7	509
Miscellaneous	16	15,005	15,021
<i>Total Cash Receipts</i>	<u>61,880</u>	<u>487,539</u>	<u>549,419</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	-	302,236	302,236
Public Health Services	-	2,556	2,556
Leisure Time Activities	80,658	-	80,658
Community Environment	12,107	-	12,107
Basic Utility Services	3,899	45,234	49,133
Transportation	13,861	22,978	36,839
General Government	104,912	9,746	114,658
Capital Outlay	-	22,663	22,663
<i>Total Cash Disbursements</i>	<u>215,437</u>	<u>405,413</u>	<u>620,850</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(153,557)</u>	<u>82,126</u>	<u>(71,431)</u>
<b>Other Financing Receipts/(Disbursements)</b>			
Transfers In	-	5,000	5,000
Transfers Out	-	(5,000)	(5,000)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(153,557)	82,126	(71,431)
Fund Cash Balances, January 1	<u>558,394</u>	<u>290,783</u>	<u>849,177</u>
<i>Total Fund Cash Balances, December 31</i>	<u><b>\$ 404,837</b></u>	<u><b>\$ 372,909</b></u>	<u><b>\$ 777,746</b></u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Hills & Dales (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 five-member Council directs the Village. The Village provides general government services, including park operations, and police services.

***Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools***

The Village participates in one joint venture, the Local Organized Governments in Cooperation (LOGIC) Red Center Operations, one jointly governed organization, the Stark County Council of Governments, and one public entity risk pool, the Ohio Municipal League Group Rating Plan (GRP). Notes 11, 12 and 13 to the financial statements provide additional information for these entities.

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 additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

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

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

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

***Police Fund*** – This fund receives tax levy funds for the purpose of maintaining and operating the police department to ensue law and order and avoid practical and legal entanglements.

***Street Levy Fund*** – Street Levy funds are to provide for the repair, resurfacing and reconstruction of the streets in the Village for present and future needs.

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

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

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

***Capital Assets***

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

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for a percentage of their unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

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

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

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

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

The Village applies restricted resources last 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 14.

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,100	\$61,880	\$24,780
Special Revenue	468,916	492,539	23,623
Total	\$506,016	\$554,419	\$48,403

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$314,256	\$231,517	\$82,739
Special Revenue	706,913	410,413	296,500
Total	\$1,021,169	\$641,930	\$379,239

**Note 4 – Deposits and Investments**

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 and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$154,232
Total deposits	154,232
STAR Ohio	623,514
Total investments	623,514
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$777,746

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village is not holding any unremitted employee payroll withholdings.

***Deposits***

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

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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At December 31, 2021, all of the Village's deposits were insured or collateralized.

***Investments***

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

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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.

**Note 6 – Interfund Activity**

During 2021, the Police Special Revenue Fund transferred \$5,000 to the Other Special Revenue Fund (Police Retirement Fund Liability).

**Note 7 – Risk Management**

***Workers' Compensation***

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

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**Note 9 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit post-employment plan, which includes 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 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 10 – 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.

**Note 11 – Joint Venture**

The Village is a member of the Local Organized Governments in Cooperation (LOGIC) Red Center Operations, a statutorily created political subdivision of the State formed in 1986 to provide safety dispatching services. LOGIC is a joint venture among the Village, City of Massillon, Jackson Township and the City of Canal Fulton, with each participant providing one representative. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding and each participant is entitled to vote its percentage share. The Board has total authority over the operations of LOGIC, including budgeting, appropriating, contracting and designating management. Continued existence of LOGIC is not dependent on the Village's continued participation. LOGIC does not provide specific financial benefits or impose specific financial burdens on the Village. During 2021, the Village made a contribution of \$2,556 but does not have an equity interest in LOGIC. Financial statements of LOGIC are available from Local Organized Governments in Cooperation, Canton, Ohio.



**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 12 – Jointly Governed Organization**

The Village participates in the Stark Council of Governments (SCOG), which is a statutorily created political subdivision of the State. SCOG is jointly governed by Stark County, municipalities and townships with twenty-four participants providing twenty-seven representatives. The Village appoints a representative and has a membership share based on the percentage of contractual financial contributions to the total funding. Each participant is entitled to vote its percentage share. The Board exercises total authority over the operation of SCOG including budgeting, appropriating, contracting and designating management. Continued existence of SCOG is not dependent on the Village's continued participation. SCOG does not provide specific financial benefits or impose specific financial burdens on the Village. The Village was not required to contribute funds during the fiscal year 2021 and does not have an equity interest in SCOG. Financial statements of SCOG are available from Stark Council of Governments, Canton, Ohio.

**Note 13 – Public Entity Risk Pool**

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

**Note 14 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances 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 facilities 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	<u>16,080</u>	<u>0</u>	<u>16,080</u>
Total	<u>\$16,080</u>	<u>\$0</u>	<u>\$16,080</u>

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

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding of \$11,575. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Village of Hills and Dales**  
Stark County, Ohio

Combined Statement of Receipts, Disbursements and  
Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2020

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property and Other Taxes	\$ -	\$ 334,923	\$ 334,923
Intergovernmental	28,462	82,393	110,855
Charges for Services	-	49,340	49,340
Earnings on Investments	6,971	4	6,975
Miscellaneous	6,398	15,307	21,705
<i>Total Cash Receipts</i>	<u>41,831</u>	<u>481,967</u>	<u>523,798</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	-	322,715	322,715
Public Health Services	-	2,556	2,556
Leisure Time Activities	71,813	-	71,813
Community Environment	9,958	3,100	13,058
Basic Utility Services	3,104	43,301	46,405
Transportation	12,040	124,606	136,646
General Government	557,532	11,415	568,947
Capital Outlay	11,245	-	11,245
Other	-	4,984	4,984
<i>Total Cash Disbursements</i>	<u>665,692</u>	<u>512,677</u>	<u>1,178,369</u>
<i>Excess of Receipts Over/(Under) Disbursements</i>	<u>(623,861)</u>	<u>(30,710)</u>	<u>(654,571)</u>
<b>Other Financing Receipts/(Disbursements)</b>			
Transfers In	-	11,769	11,769
Transfers Out	-	(11,769)	(11,769)
<i>Total Other Financing Receipts/(Disbursements)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(623,861)	(30,710)	(654,571)
<i>Fund Cash Balances, January 1</i>	<u>1,182,255</u>	<u>321,493</u>	<u>1,503,748</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 558,394</b></u>	<u><b>\$ 290,783</b></u>	<u><b>\$ 849,177</b></u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The Village of Hills & Dales (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 five-member Council directs the Village. The Village provides general government services, including park operations, and police services.

***Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools***

The Village participates in one joint venture, the Local Organized Governments in Cooperation (LOGIC) Red Center Operations, one jointly governed organization, the Stark County Council of Governments, and one public entity risk pool, the Ohio Municipal League Group Rating Plan (GRP). Notes 11, 12 and 13 to the financial statements provide additional information for these entities.

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 additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

***Fund Accounting***

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

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

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

***Police Fund*** – This fund receives tax levy funds for the purpose of maintaining and operating the police department to ensue law and order and avoid practical and legal entanglements.

***Street Levy Fund*** – Street Levy funds are to provide for the repair, resurfacing and reconstruction of the streets in the Village for present and future needs.

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees 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 2020 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.

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for a percentage of their unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

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

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

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

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

The Village applies restricted resources last 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 14.

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,100	\$41,831	(\$12,269)
Special Revenue	475,322	493,736	18,414
Total	\$529,422	\$535,567	\$6,145

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$727,457	\$686,044	\$41,413
Special Revenue	759,695	524,446	235,249
Total	\$1,487,152	\$1,210,490	\$276,662

**Note 4 – Deposits and Investments**

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 and investments. A summary of the Village's deposit and investment accounts are as follows:

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$126,171
Total deposits	126,171
STAR Ohio	723,006
Total investments	723,006
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$849,177

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Village is not holding any unremitted employee payroll withholdings.

***Deposits***

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

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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At December 31, 2020, all of the Village's deposits were insured or collateralized.

***Investments***

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

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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.

**Note 6 – Interfund Activity**

During 2020, the Police Special Revenue Fund transferred \$11,769 to the Other Special Revenue Fund (Police Retirement Fund Liability).

**Note 7 – Risk Management**

***Workers' Compensation***

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

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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



**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

**Note 9 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit post-employment plan, which includes 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 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 10 – Contingent Liabilities**

The Village has approximately \$155,000 in legal bills from the law firm of Krugliak, Wilkins, Griffiths & Dougherty (KWGD) that are unpaid as of December 31, 2020. The Mayor of the Village and the Law Director are engaged in good faith negotiations with the KWGD law firm as to how much, if any, of this balance will ultimately be paid.

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.

**Note 11 – Joint Venture**

The Village is a member of the Local Organized Governments in Cooperation (LOGIC) Red Center Operations, a statutorily created political subdivision of the State formed in 1986 to provide safety dispatching services. LOGIC is a joint venture among the Village, City of Massillon, Jackson Township and the City of Canal Fulton, with each participant providing one representative. Each representative has a membership share based on the percentage of contractual financial contributions to the total funding and each participant is entitled to vote its percentage share. The Board has total authority over the operations of LOGIC, including budgeting, appropriating, contracting and designating management. Continued existence of LOGIC is not dependent on the Village's continued participation. LOGIC does not provide specific financial benefits or impose specific financial burdens on the Village.

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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During 2020, the Village made a contribution of \$2,556 but does not have an equity interest in LOGIC. Financial statements of LOGIC are available from Local Organized Governments in Cooperation, Canton, Ohio.

**Note 12 – Jointly Governed Organization**

The Village participates in the Stark Council of Governments (SCOG), which is a statutorily created political subdivision of the State. SCOG is jointly governed by Stark County, municipalities and townships with twenty-four participants providing twenty-seven representatives. The Village appoints a representative and has a membership share based on the percentage of contractual financial contributions to the total funding. Each participant is entitled to vote its percentage share. The Board exercises total authority over the operation of SCOG including budgeting, appropriating, contracting and designating management. Continued existence of SCOG is not dependent on the Village's continued participation. SCOG does not provide specific financial benefits or impose specific financial burdens on the Village. The Village was not required to contribute funds during the fiscal year 2020 and does not have an equity interest in SCOG. Financial statements of SCOG are available from Stark Council of Governments, Canton, Ohio.

**Note 13 – Public Entity Risk Pool**

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

**Note 14 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances 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 facilities 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	<u>20,352</u>	<u>0</u>	<u>20,352</u>
Total	<u>\$20,352</u>	<u>\$0</u>	<u>\$20,352</u>

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

**Village of Hills and Dales**  
*Stark County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 15 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The Village received \$14,951 of the Cares Act funding of which \$4,984 was returned to the granting agency (Stark County Government) and the \$9,967 was spent on the Village’s COVID 19 needs. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 16 – Change in Accounting Principles**

***Fund Balance Classifications - GASB Statement No. 54***

For 2020, the Village has made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

This change had no effect on beginning cash balances, as previously reported.

***Fiduciary Activities - GASB Statement No. 84***

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types.

This change had no effect on beginning cash balances, as previously reported.



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**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 Hills and Dales  
Stark County  
2200 Dunkeith Drive NE  
Canton, Ohio 44708

To 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 fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of Village of Hills and Dales, Stark County (the Village), and have issued our report thereon dated July 28, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

**Report Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



**CANTER & ASSOCIATES**

Poland, Ohio

July 28, 2022

# Village of Hills & Dales

2200 Dunkeith Drive N.W.

Canton, Ohio 44708-1918

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Fiscal Year 2018 Notes	Corrected	

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HILLS AND DALES**

**STARK 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 9/13/2022**

88 East Broad 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](http://www.ohioauditor.gov)