

***VILLAGE OF HOPEDALE***

**HARRISON COUNTY, OHIO**

**REGULAR AUDIT**

**For the Years Ended December 31, 2021 and 2020**





OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPARepor@ohioauditor.gov  
(800) 282-0370

Village Council  
Village of Hopedale  
105 East Main Street  
Hopedale, Ohio 43976

We have reviewed the *Independent Auditor's Report* of the Village of Hopedale, Harrison County, prepared by Charles E. Harris & Associates, Inc., 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 Hopedale 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

**June 30, 2022**

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**VILLAGE OF HOPEDALE  
HARRISON COUNTY  
Regular Audit  
For the Years Ended December 31, 2021 and 2020**

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**INDEPENDENT AUDITOR'S REPORT**

Village of Hopedale  
Harrison County  
105 East Main Street  
Hopedale, OH 43976

To the Village Council:

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

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Hopedale, Harrison County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021, and the related notes to the financial statements.

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021, or the changes in financial position or, where applicable cash flows, 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, 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 Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 12 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 opinions 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 May 20, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
May 20, 2022

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 74,010	\$ 40,520	\$ 114,530
Municipal Income Tax	150,599	-	150,599
Intergovernmental	19,602	109,298	128,900
Fines, Licenses and Permits	11,540	-	11,540
Miscellaneous	3,133	-	3,133
<i>Total Cash Receipts</i>	<u>258,884</u>	<u>149,818</u>	<u>408,702</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	12,240	37,737	49,977
Public Health Services	14,989	-	14,989
Leisure Time Activities	3,250	-	3,250
Basic Utility Services	30,463	6,491	36,954
Transportation	39,365	47,489	86,854
General Government	177,775	14,028	191,803
Capital Outlay	57,654	3,618	61,272
Debt Service:			
Principal Retirement	3,600	39,504	43,104
Interest & Fiscal Charges	1,244	13,604	14,848
<i>Total Cash Disbursements</i>	<u>340,580</u>	<u>162,471</u>	<u>503,051</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(81,696)	(12,653)	(94,349)
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	9,301	9,301
Transfers Out	(9,301)	-	(9,301)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(9,301)</u>	<u>9,301</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(90,997)	(3,352)	(94,349)
<i>Fund Cash Balances, January 1, restated</i>	<u>188,646</u>	<u>160,517</u>	<u>349,163</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 97,649</u>	<u>\$ 157,165</u>	<u>\$ 254,814</u>

See accompanying notes to the financial statements.

VILLAGE OF HOPEDALE  
HARRISON COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 459,411
Miscellaneous	1,500
	<hr/>
<i>Total Operating Cash Receipts</i>	460,911
<b>Operating Cash Disbursements</b>	
Personal Services	114,903
Fringe Benefits	18,335
Contractual Services	323,527
Supplies and Materials	63,419
Other	462
	<hr/>
<i>Total Operating Cash Disbursements</i>	520,646
<i>Operating Income (Loss)</i>	(59,735)
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental Receipts	203,852
Special Assessments	73,092
Principal Retirement	(88,899)
Interest and Other Fiscal Charges	(52,130)
	<hr/>
<i>Total Non-Operating Receipts (Disbursements)</i>	135,915
<i>Net Change in Fund Cash Balance</i>	76,180
<i>Fund Cash Balances, January 1, restated</i>	699,692
	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 775,872</u>

See accompanying notes to the financial statements.

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 - Reporting Entity**

The Village of Hopedale, Harrison County, Ohio (the Village), 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 general governmental services such as water, sewer, park operations, street maintenance and repair, and building inspection. The Village contracts with the Hopedale Volunteer Fire Department to provide fire protection services.

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

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types, 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 and repair fund accounts for and reports a portion of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the Village.

***State Highway Fund*** The state highway fund collects State gasoline and license tax to be used for state highway maintenance and repairs.

***SIB Loan – ODOT*** The SIB loan fund collects real estate taxes for the repayment of the SIB Loan through the Ohio Department of Transportation.

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

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

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

***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 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 disbursements 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 disbursements (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 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.

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

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***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.

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 3 - Budgetary Activity**

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 471,689	\$ 258,884	\$(212,805)
Special Revenue	180,519	159,119	(21,400)
Enterprise	1,121,737	737,855	(383,882)

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 469,135	\$ 352,273	\$ 116,862
Special Revenue	238,872	162,611	76,261
Enterprise	1,121,094	662,621	458,473

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village’s deposit account is as follows:

Demand deposits	2021 \$1,030,686
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The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Village does not have any unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; 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 Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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.

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

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

***Income Taxes***

The Village levies a municipal income tax of 1% 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 R.I.T.A either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 - 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.

The Village did not exceed coverage or reduce limits during 2021.



**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some of the 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 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, 2021.

***Social Security***

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

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2021.

**Note 9 – Debt**

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2008 U.S Bank Water System Improvement Loan	\$ 250,534	5.18%
2016 OPWC CT61T Main St. Resurfcing	54,450	0.00%
2016 ODOT - SIB Loan	458,533	3.00%
2016 U.S Bank Sewer Improvement	95,196	2.94%
OWDA WWTP - Improvements	1,253,868	3.17%
OPWC WWTP - Loan	137,862	0.00%
2020 USDA John Deere Tractor	11,000	2.38%
2019 USDA Backhoe	25,000	3.28%
	<u>\$ 2,286,443</u>	

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 – Debt (Continued)**

The Sanitary Sewer System Mortgage Revenue Bonds were issued to the Village through the USDA Rural Development to pay for the sanitary sewer extension project. The bonds were issued in 2002 in the amount of \$225,000. The bonds were re-financed in 2016 and will be repaid in annual instalments over a period of 10 years and paid through the Revenue Bond Sewer Fund. The bonds are collateralized by sewer revenue.

The Water System Improvement Bond, Series 2008 was issued to replace waterlines within the Village. The original bond was issued June 5, 2008 in the amount of \$550,000. It will be repaid in semi-annual installments through the Debt Service Waterline Fund over a period of 20 years. The Village has agreed to set utility rates sufficient to cover the debt service requirements. The bonds are collateralized by water surcharge revenues.

In 2016, the Village entered into loans with the Ohio Public Works Commission in the amount of \$99,000 and Ohio Department of Transportation in the amount of \$529,000. This will be repaid from the Street Fund.

In 2017, the Village took out a loan from the Ohio Water Development Authority for WWTP Improvements. This was loan was originally approved for \$1,315,070.

In 2018, the Village took out a loan from the Ohio Public Works Commission for WWTP Improvements in the amount of \$153,180. The loan will be repaid in semi-annual installments over 30 years.

In 2019, the Village took out a loan with USDA for Equipment acquisition bonds in the amount of \$30,200. The load will be paid in annual installments over 10 years. There is no amortization schedule as of December 31, 2021.

In 2020, the Village took out a loan with USDA for Equipment acquisition bonds in the amount of \$12,000 with an interest rate of 2.375%. The loan will be paid in annual installments over 10 years.

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 9 – Debt (Continued)**

***Amortization***

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

Year ending December 31:	Sanitary Sewer Bonds	Water Improvement Bonds	OPWC Loans	ODOT SIB Loan	OWDA WWTP Improvements	USDA John Deere
2022	\$ 20,779	\$ 43,580	\$ 15,006	\$ 39,192	\$ 68,987	\$ 1,485
2023	20,779	43,560	15,006	39,192	68,987	1,447
2024	20,779	43,580	15,006	39,192	68,987	1,408
2025	20,779	43,680	15,006	39,192	68,987	1,469
2026	20,779	43,580	15,006	39,192	68,987	1,428
2027-2031	-	87,161	40,536	195,957	344,935	5,768
2032-2036	-	-	25,530	176,359	344,935	
2037-2041	-	-	25,530	-	344,935	
2042-2046	-	-	25,530	-	344,935	
2047-2051	-	-	7,659	-	172,468	
	<u>\$ 103,895</u>	<u>\$ 305,141</u>	<u>\$ 199,815</u>	<u>\$ 568,276</u>	<u>\$ 1,897,143</u>	<u>\$ 13,005</u>

**Note 10 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

**Note 11 – Fund Balances**

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 2,392	\$ 140	\$ 2,532

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

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 12 – COVID-19**

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

**Note 13 – Prior Year Adjustments**

The beginning balance of the General Fund, Special Revenue Funds, and Proprietary Funds increased by \$3,894, \$63 and \$2,117 due to voiding of old checks.

**Note 14 – Subsequent Event**

The Village received a loan from OWDA totaling \$256,416 for the replacement of a water storage tank and booster pump station design on January 3, 2022.

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

Village of Hopedale  
Harrison County  
105 East Main Street  
Hopedale, OH 43976

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Village of Hopedale, Harrison County, (the Village) and have issued our report thereon dated May 20, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 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 on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

***Report on Compliance and Other Matters***

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

***Village's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying corrective action plan. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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.



*Charles E. Harris & Associates, Inc.*  
May 20, 2022

**INDEPENDENT AUDITORS' REPORT**

Village of Hopedale  
Harrison County  
105 East Main Street  
Hopedale, OH 43976

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and related notes of the Village of Hopedale, Harrison County, Ohio (the Village) as of and for the year ended December 31, 2020.

***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(C) 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(C), 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(C) 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, 2020, and changes in financial position or its cash flows thereof for the year 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 for each governmental and proprietary fund type and related notes of the Village of Hopedale, Harrison County, Ohio, as of December 31, 2020, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

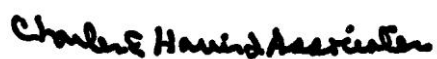
***Emphasis of Matter***

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. As discussed in Note 12 to the financial statements, the Village made several changes to its reporting model. We did not modify our opinions regarding these matters.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2022, 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.



*Charles E. Harris & Associates, Inc.*  
May 20, 2022

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 57,486	\$ 41,091	\$ 98,577
Municipal Income Tax	180,342	-	180,342
Intergovernmental	20,779	208,096	228,875
Fines, Licenses and Permits	12,361	-	12,361
Miscellaneous	15,608	-	15,608
	<hr/>	<hr/>	<hr/>
<i>Total Cash Receipts</i>	286,576	249,187	535,763
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	17,224	55,071	72,295
Public Health Services	9,889	-	9,889
Leisure Time Activities	503	79	582
Basic Utility Services	20,778	-	20,778
Transportation	64,874	38,383	103,257
General Government	197,659	16,458	214,117
Capital Outlay	2,771	31,919	34,690
Debt Service:			
Principal Retirement	2,600	23,931	26,531
Interest and Fiscal Charges	990	14,327	15,317
	<hr/>	<hr/>	<hr/>
<i>Total Cash Disbursements</i>	317,288	180,168	497,456
	<hr/>	<hr/>	<hr/>
<i>Excess of Receipts Over (Under) Disbursements</i>	(30,712)	69,019	38,307
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	6,630	6,630
Transfers Out	(6,630)	-	(6,630)
Other Debt Proceeds	-	12,000	12,000
	<hr/>	<hr/>	<hr/>
<i>Total Other Financing Receipts (Disbursements)</i>	(6,630)	18,630	12,000
	<hr/>	<hr/>	<hr/>
<i>Net Change in Fund Cash Balances</i>	(37,342)	87,649	50,307
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, January 1, restated</i>	222,094	72,805	294,899
	<hr/>	<hr/>	<hr/>
<i>Fund Cash Balances, December 31</i>	<u>\$ 184,752</u>	<u>\$ 160,454</u>	<u>\$ 345,206</u>

See accompanying notes to the financial statements.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES - REGULATORY CASH BASIS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 424,700
Miscellaneous	69
	<hr/>
<i>Total Operating Cash Receipts</i>	424,769
	<hr/>
<b>Operating Cash Disbursements</b>	
Personal Services	130,493
Fringe Benefits	19,529
Contractual Services	203,537
Supplies and Materials	46,532
Other	950
	<hr/>
<i>Total Operating Cash Disbursements</i>	401,041
	<hr/>
<i>Operating Income (Loss)</i>	23,728
 <b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	653
Intergovernmental	91,395
Special Assessments	71,711
Principal Retirement	(71,492)
Interest and Other Fiscal Charges	(61,284)
	<hr/>
<i>Total Non-Operating Receipts (Disbursements)</i>	30,983
	<hr/>
<i>Net Change in Fund Cash Balance</i>	54,711
 <i>Fund Cash Balances, January 1</i>	 642,864
	<hr/>
<i>Fund Cash Balances, December 31</i>	\$ 697,575
	<hr/> <hr/>

*See accompanying notes to the financial statements.*

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 - Reporting Entity**

The Village of Hopedale, Harrison County, Ohio (the Village), 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 general governmental services such as water, sewer, park operations, street maintenance and repair, and building inspection. The Village contracts with the Hopedale Volunteer Fire Department to provide fire protection services.

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

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types, 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 and repair fund accounts for and reports a portion of the State gasoline tax and motor vehicle registration fees restricted for maintenance and repair of streets within the Village.

***State Highway Improvements*** The State Highway Improvement Fund pulls its revenue from state funds and is used to maintain our streets and pay street personnel.

***SIB Loan – ODOT*** The SIB loan fund collects real estate taxes for the repayment of the SIB Loan through the Ohio Department of Transportation.

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

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

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

***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 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 disbursements 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 disbursements (that is, disbursements and encumbrances) may not exceed appropriations at the 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 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.

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

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**Note 2 - Summary of Significant Accounting Policies (continued)**

***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.

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 447,999	\$ 286,576	\$(161,423)
Special Revenue	323,260	267,817	(55,443)
Capital Projects	143,714	-	(143,714)
Enterprise	808,779	588,528	(220,251)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 472,023	\$ 325,258	\$ 146,765
Special Revenue	326,219	238,585	87,634
Capital Projects	-	-	-
Enterprise	961,403	535,447	425,956

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village's deposit account is as follows:

	2020
Demand deposits	\$1,042,781

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

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; 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 Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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.

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

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

***Income Taxes***

The Village levies a municipal income tax of 1% 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 R.I.T.A either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 - 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.

The Village did not exceed coverage or reduce limits during 2020.



**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some of the 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 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, 2020.

***Social Security***

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

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2020.

**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2008 U.S Bank Water System Improvement Loan	\$ 279,629	5.18%
2016 OPWC CT61T Main St. Resurfcing	69,300	0.00%
2016 ODOT - SIB Loan	483,187	3.00%
2016 U.S Bank Sewer Improvement	112,624	2.94%
OWDA WWTP - Improvements	1,288,585	3.17%
OPWC WWTP - Loan	145,521	0.00%
2020 USDA John Deere Tractor	12,000	2.38%
2019 USDA Backhoe	27,600	3.28%
	<u>\$ 2,418,446</u>	

Debt from 2019 was understood by \$30,200.

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 – Debt (Continued)**

The Sanitary Sewer System Mortgage Revenue Bonds were issued to the Village through the USDA Rural Development to pay for the sanitary sewer extension project. The bonds were issued in 2002 in the amount of \$225,000. The bonds were re-financed in 2016 and will be repaid in annual instalments over a period of 10 years and paid through the Revenue Bond Sewer Fund. The bonds are collateralized by sewer revenue.

The Water System Improvement Bond, Series 2008 was issued to replace waterlines within the Village. The original bond was issued June 5, 2008 in the amount of \$550,000. It will be repaid in semi-annual installments through the Debt Service Waterline Fund over a period of 20 years. The Village has agreed to set utility rates sufficient to cover the debt service requirements. The bonds are collateralized by water surcharge revenues.

In 2016, the Village entered into loans with the Ohio Public Works Commission in the amount of \$99,000 and Ohio Department of Transportation in the amount of \$529,000. This will be repaid from the Street Fund.

In 2017, the Village took out a loan from the Ohio Water Development Authority for WWTP Improvements. This was loan was originally approved for \$1,315,070.

In 2018, the Village took out a loan from the Ohio Public Works Commission for WWTP Improvements in the amount of \$153,180. The loan will be repaid in semi-annual installments over 30 years.

In 2019, the Village took out a loan with USDA for Equipment acquisition bonds in the amount of \$30,200. The load will be paid in annual installments over 10 years. There is no amortization schedule as of December 31, 2020.

In 2020, the Village took out a loan with USDA for Equipment acquisition bonds in the amount of \$12,000 with an interest rate of 2.375%. The loan will be paid in annual installments over 10 years.

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 9 – Debt (Continued)**

***Amortization***

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

Year ending December 31:	Sanitary Sewer Bonds	Water		ODOT SIB Loan	OWDA	
		Improvement Bonds	OPWC Loans		WWTP Improvements	USDA John Deere
2021	\$ 20,779	\$ 45,620	\$ 15,006	\$ 39,192	\$ 68,987	\$ 1,409
2022	20,779	43,580	15,006	39,192	68,987	1,485
2023	20,779	43,560	15,006	39,192	68,987	1,447
2024	20,779	43,580	15,006	39,192	68,987	1,408
2025	20,779	43,680	15,006	39,192	68,987	1,469
2026-2030	20,779	130,741	50,436	195,957	344,935	7,196
2031-2035	-	-	25,530	195,955	344,935	-
2036-2040	-	-	25,530	19,596	344,935	-
2041-2045	-	-	25,530	-	344,935	-
2046-2050	-	-	12,765	-	241,455	-
	<u>\$ 124,674</u>	<u>\$ 350,761</u>	<u>\$ 214,821</u>	<u>\$ 607,468</u>	<u>\$ 1,966,130</u>	<u>\$ 14,414</u>

**Note 10 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

**Note 11 – Fund Balances**

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 1,340	\$58,417	\$ 59,757

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

**Village of Hopedale**  
*Harrison County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – Change in Accounting Principles**

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

**Note 13 – COVID-19**

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

**Note 14 – Prior Year Adjustments**

The beginning balance of the General Fund decreased by \$317 due to the correcting of a carryover fund adjustment.

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

Village of Hopedale  
Harrison County  
105 East Main Street  
Hopedale, OH 43976

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and the related notes of the Village of Hopedale, Harrison County (the Village), and have issued our report thereon dated May 20, 2022, wherein we noted that 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 and several changes to its reporting model.

***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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

***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 that are required to be reported under *Government Auditing Standards*.

***Village's Response to Finding***

The Village's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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.



***Charles E. Harris & Associates, Inc.***  
May 20, 2022

**VILLAGE OF HOPEDALE  
HARRISON COUNTY  
SCHEDULE OF FINDINGS  
December 31, 2021 and 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2021-001 - Material Weakness**

Audit Adjustments and Reclassifications:

The Village erroneously recorded numerous transactions during 2021 and 2020. The more significant adjustments are as follows:

- In 2020, the Special Revenue Fund had Other Financing Sources of \$26,000. It was reclassified as \$14,000 in Intergovernmental for a USDA grant and \$12,000 in Loans Issued for a USDA loan.
- In 2020, the Special Revenue Fund had disbursements in Other Financing Uses of \$71,608 they have been reclassified to various disbursement line items.
- In 2020, the Special Revenue Fund had receipts in Extraordinary Item of \$106,675 it was reclassified too Intergovernmental receipts.
- In 2020, the General Fund had COVID-19 receipts in Extraordinary Item of \$23,189 that was reclassified to Intergovernmental receipts in the Special Revenue fund.
- In 2020, the General Fund had disbursements in Other Financing uses of \$10,142 and \$7,112 that were reclassified to the Special Revenue fund under Security of Persons and Property and in the General Fund as General Government, respectively.
- In 2020, the Debt Service Fund had receipts in Special Assessments of \$28,281 and Transfers in of \$6,630 that were reclassified to the Special Revenue Fund under Property and Other Local Taxes and Transfers In, respectively.
- In 2020, the Debt Service Fund had disbursements of \$23,931 and \$14,327 for Principal and Retirement and Interest & Fiscal Charges that were reclassified to the Special Revenue Fund
- In 2021, the Debt Service Fund had receipts in Special Assessments of \$28,829 and Transfers In of \$9,301 that were reclassified to the Special Revenue Fund under Property and Other Local Taxes and Transfers In, respectively.
- In 2021, the Debt Service Fund had disbursements of \$24,654 and \$13,604 for Principal and Retirement and Interest & Fiscal Charges that were adjusted to the Special Revenue Fund.
- In 2021, the Special Revenue Fund had disbursements in Other Financing Uses of \$58,256 that have been reclassified to various disbursement line items.
- In 2021, the Special Revenue Fund had receipts in Extraordinary Item of \$47,295 that should have been posted to Intergovernmental Receipts.
- Various Footnote changes in 2020 and 2021.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY  
SCHEDULE OF FINDINGS – (Continued)  
December 31, 2021 and 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</b>
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**Finding Number 2021-001 - Material Weakness (Continued)**

- Prior audit adjustments cited in the prior audit but not corrected of \$4,347 from the General Fund to the Special Revenue Fund needed to be posted to the Village’s records.

The accompanying financial statements and the Village’s records have been adjusted to properly reflect these transactions. Various other immaterial posting errors were also noted and brought to the attention of management.

Failure to report transactions correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer refer to the Village Officers’ Handbook, UAN manual and other Auditor of State guidance to properly classify its transactions. In addition, we recommend the Fiscal Officer adopt policies and procedures on the reviewing all financial reports compiled by UAN to ensure their accuracy.

**Management Response:**

See Corrective Action Plan



**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Years Ended December 31, 2021 and 2020  
Prepared by Management**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Financial Reporting	Not corrected	Due to oversight, Repeated as finding 2021-001
2019-002	Posting of Budget	Corrected	

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

**CORRECTIVE ACTION PLAN  
For the Years Ended December 31, 2021 and 2020  
Prepared by Management**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2021-001	Aware of the issue. Will review Receipts and Disbursements when received to post correctly.	ASAP	Denise Geanangel, Treasurer

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HOPEDALE**

**HARRISON 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 7/12/2022**

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)