

VILLAGE OF GARRETTSVILLE

PORTAGE COUNTY, OHIO

REGULAR AUDIT

For the Years Ended December 31, 2022 and 2021





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Columbus, Ohio 43215
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Village Council
Village of Garrettsville
8213 High Street
Garrettsville, Ohio 44231

We have reviewed the *Independent Auditor's Report* of the Village of Garrettsville, Portage County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2021 through December 31, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a "proper public purpose" rests with the judgement of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditures of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

The Village Assistant Fiscal Officer and/or Village Fiscal Officer were responsible for making timely payments to avoid incurring penalties. Paying late fees and penalties that could have been avoided by remitting withholdings on time does not qualify as expenditure of funds for a public purpose.

During the period when the late fees were incurred, Deborah Wordell and Donna Love served as both the Fiscal Officer and Assistant Fiscal Officer.

The Assistant Fiscal Officer and Fiscal Officer failed to remit payroll related withholdings timely, therefore, the Village paid penalties and interest in a subsequent time frame in the amount of \$4,193 to the Internal Revenue Service, \$500 to the Ohio Department of Taxation for income tax, and \$500 to the Ohio Department of Taxation for School District income tax to total \$5,193.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Deborah Wordell and/or Donna Love and the bonding companies; Travelers Casualty and Surety Company of America (Wordell), Auto-Owners Mutual Insurance Company (Love), and an Employee Dishonesty and Faithful Performance insurance through Public Entities Pool of Ohio effective starting April 1, 2023 (Love), jointly and severally, in favor of the Village of Garrettsville's General Fund in the amount of \$5,193.

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-Page 2-

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 Garrettsville is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

September 10, 2024

VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY, OHIO
Regular Audit
For the Years Ended December 31, 2022 and 2021

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1-3
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances – Regulatory Cash Basis - All Governmental Fund Types - For the Year Ended December 31, 2022	4
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances – Regulatory Cash Basis - All Proprietary Fund Types - For the Year Ended December 31, 2022	5
Notes to the Financial Statements – For the Year Ended December 31, 2022	6-15
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances – Regulatory Cash Basis - All Governmental Fund Types - For the Year Ended December 31, 2021	16
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances – Regulatory Cash Basis - All Proprietary Fund Types - For the Year Ended December 31, 2021	17
Notes to the Financial Statements – For the Year Ended December 31, 2021	18-26
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27-28
Schedule of Findings	29-30
Schedule of Prior Audit Findings – Prepared by Management	31
Corrective Action Plan – Prepared by Management	32

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INDEPENDENT AUDITOR'S REPORT

Village of Garrettsville
Portage County
8213 High Street
Garrettsville, Ohio 44231

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 Garrettsville, Portage County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 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 of Garrettsville, Portage County, as of December 31, 2022 and 2021, or the changes in financial position or its cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 the 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.

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

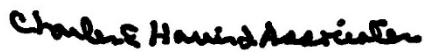
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 March 23, 2024, 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.
March 23, 2024

Village of Garrettsville
Portage County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 150,779	\$ 6,526	\$ -	\$ 157,305
Municipal Income Tax	1,218,782	308,992	15,446	1,543,220
Intergovernmental	116,496	280,189	-	396,685
Charges for Services	69,868	24,445	-	94,313
Fines, Licenses and Permits	46,982	210	-	47,192
Earnings on Investments	2,943	-	-	2,943
Miscellaneous	33,093	3,972	-	37,065
<i>Total Cash Receipts</i>	1,638,943	624,334	15,446	2,278,723
Cash Disbursements				
Current:				
Security of Persons and Property	858,096	1,803	-	859,899
Public Health Services	-	35,351	-	35,351
Leisure Time Activities	60,322	-	-	60,322
Community Environment	14,376	-	-	14,376
Basic Utility Services	24,462	232,086	-	256,548
Transportation	14,998	378,959	-	393,957
General Government	543,973	-	-	543,973
Capital Outlay	-	87,058	20,000	107,058
<i>Total Cash Disbursements</i>	1,516,227	735,257	20,000	2,271,484
<i>Excess of Receipts Over (Under) Disbursements</i>	122,716	(110,923)	(4,554)	7,239
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	422	-	-	422
Advances In	5,000	60,000	-	65,000
Advances Out	(60,000)	(5,000)	-	(65,000)
<i>Total Other Financing Receipts (Disbursements)</i>	(54,578)	55,000	-	422
<i>Net Change in Fund Cash Balances</i>	68,138	(55,923)	(4,554)	7,661
<i>Fund Cash Balances, January 1 (as restated, see Note 3)</i>	968,390	492,843	16,277	1,477,510
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,036,528</u>	<u>\$ 436,920</u>	<u>\$ 11,723</u>	<u>\$ 1,485,171</u>

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

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,406,438
Fines, Licenses and Permits	17,139
	1,423,577
<i>Total Operating Cash Receipts</i>	<i>1,423,577</i>
Operating Cash Disbursements	
Personal Services	302,818
Employee Fringe Benefits	118,063
Contractual Services	331,018
Supplies and Materials	137,424
Other	75
	889,398
<i>Total Operating Cash Disbursements</i>	<i>889,398</i>
<i>Operating Income (Loss)</i>	<i>534,179</i>
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	7,950
Intergovernmental	5,072
Earnings on Investments	6,552
Capital Outlay	(151,227)
Principal Retirement	(338,886)
Interest and Other Fiscal Charges	(5,260)
	(475,799)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(475,799)</i>
<i>Income (Loss) before Transfers</i>	<i>58,380</i>
Transfers In	12,000
Transfers Out	(12,000)
	58,380
<i>Net Change in Fund Cash Balances</i>	<i>58,380</i>
<i>Fund Cash Balances, January 1</i>	<i>3,281,247</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 3,339,627</i>

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

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

The Village’s management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

American Rescue Plan Act The ARPA fund accounts for the acceptance and tracking of local fiscal recovery funds. The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) were established by the American Rescue Plan Act of 2022.

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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

South Street Capital Fund The fund accounts for and reports receipts of OPWC and OWDA funds for the purpose of a waterline replacement project that consisted of two phases.

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

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

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users 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. Council 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 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 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 re-appropriated.

A summary of 2022 budgetary activity appears in Note 4.

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Accumulated Leave

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

Leases

The Village is the lessee in a lease (as defined by GASB 87) related to equipment under noncancelable leases. Lease disbursements are recognized when they are paid.

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 non-spendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

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.

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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 13.

Note 3 – Prior Period Adjustment

The General Fund balance was adjusted for a \$28 voided check which restated the December 31, 2021 from \$968,362 to \$968,390.

Note 4 – Budgetary Activity

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,404,134	\$1,644,365	\$180,228
Special Revenue	554,249	684,334	114,085
Capital Projects	13,800	15,446	1,646
Enterprise	1,395,300	1,455,151	59,851

2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,665,559	\$1,619,473	\$46,086
Special Revenue	829,213	761,654	67,559
Capital Projects	20,000	20,000	0
Enterprise	1,854,564	1,520,196	334,368

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – 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 accounts are as follows:

Cash Management Pool:	<u>2022</u>
Demand deposits	<u>\$4,824,798</u>
Total carrying amounts of deposits	<u>\$4,824,798</u>

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, 2022, the Village is holding \$32,722 in 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.

Note 6 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1.75 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Interfund Balances

On July 13, 2022, Village of Garrettsville Council passed RES 2022-29- to authorize an advance of \$60,000 from the General Fund to the Cemetery Fund, for the purpose of purchasing and installing columbaria. Outstanding advances at December 31, 2022, consisted of \$55,000 in the Cemetery Fund. It is anticipated that the advance will be able to be repaid in full, as columbarium niches are sold, by the end of FY2027.

Note 8 – 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.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. Pool covers the following risks:

- General liability and casualty;
- Public official’s liability; and
- Cyber
- Law Enforcement Liability
- Automobile Liability
- Vehicle
- Property
- Equipment Breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$42,310,794
Actuarial liabilities	\$15,724,479

Note 9 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most 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.

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Defined Benefit Pension Plans (continued)

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, 2022.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

Several Village elected officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Elected officials contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 10 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan #5752	\$2,676,961	0%
OWDA Loan #7741	\$310,140	1.63
OWDA Loan #7872	\$9,422	0
OWDA Loan #9339	\$264,097	0
OPWC Loan #67X	\$32,510	0
OPWC Loan #25L	\$17,500	0
Total	<u>\$3,310,630</u>	

In 2012, the Village obtained a loan from Ohio Public Works Commission (OPWC) totaling \$350,000 at 0% interest to complete the Sanitary Expansion project. The Village plans to repay the loan from user charges and makes semi-annual installments of \$17,500. The loan matures January 1, 2023.

In 2012, the Village obtained financing from Ohio Water Development Authority (OWDA) for the completion of the Waste Water Treatment Plant Expansion Phase I. The total amount borrowed at 0% interest rate was \$5,635,708. The Village makes semi-annual installments of \$140,893 over 20 years. The Board of Public Affairs and the Village Council have agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan matures January 1, 2032.

In 2017, the Village obtained financing again from OWDA for the completion of the North Street Water Main Phase II. The total amount borrowed was \$375,833. The Village makes semi-annual installments of \$11,050, including interest, over 20 years. The loan matures July 1, 2038.

In 2018, the Village obtained a loan from OWDA for GIS Mapping & Asset Management Planning. The total amount borrowed at 0% interest rate was \$23,555. The Village makes semi-annual installments of \$2,356. The loan matures July 1, 2024.

In 2021, The Village obtained grants and loans from OPWC and OWDA for completing Phase I and II of the South Street Waterlines. The cost of the project to replace 4”-6” waterlines with 10” waterlines, totaled nearly \$1,000,000. Almost half of the total cost was paid for through OPWC grants received, while \$186,453 and \$264,097 was borrowed with 0% interest from OPWC and OWDA, respectively. The Village makes semi-annual installments of \$551 to OPWC (maturing in 30 years) and semi-annual installments of \$6,602 to OWDA (maturing in 20 years).

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Debt (Continued)

Amortization

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

Year Ending December 31:	OWDA Loans	OPWC Loans
2023	\$321,801	\$18,602
2024	321,801	1,102
2025	317,090	1,102
2026	317,090	1,102
2027	317,090	1,102
2028-2032	1,444,556	5,510
2033-2037	176,522	5,510
2038-2042	66,024	5,510
2043-2047	0	5,510
2048-2052	0	4,960
Total	\$3,281,974	\$50,010

Note 12 – Contingent Liabilities

The Village maybe a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

Note 13 – 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. 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
Nonspendable:			
Unclaimed Monies	\$2,626	\$0	\$ 2,626
Outstanding Encumbrances	43,246	21,397	64,643
<i>Total</i>	\$45,872	\$21,397	\$ 67,269

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 – Fund Balances (continued)

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

Note 14 – 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 ended in April, 2023. During 2022, 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 funding, either federal or state, cannot be estimated.

Village of Garrettsville
Portage 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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property and Other Local Taxes	\$ 132,521	\$ 6,277	\$ -	\$ 138,798
Municipal Income Tax	1,141,500	288,930	15,988	1,446,418
Intergovernmental	117,381	293,866	474,209	885,456
Charges for Services	47,750	22,941	-	70,691
Fines, Licenses and Permits	50,066	275	-	50,341
Earnings on Investments	1,488	-	-	1,488
Miscellaneous	87,040	7,653	-	94,693
<i>Total Cash Receipts</i>	<u>1,577,746</u>	<u>619,942</u>	<u>490,197</u>	<u>2,687,885</u>
Cash Disbursements				
Current:				
Security of Persons and Property	835,072	64,700	-	899,772
Public Health Services	-	45,037	-	45,037
Leisure Time Activities	39,495	-	-	39,495
Community Environment	17,304	-	-	17,304
Basic Utility Services	-	3,081	34,116	37,197
Transportation	18,059	337,849	-	355,908
General Government	511,131	-	-	511,131
Capital Outlay	-	50,000	752,251	802,251
<i>Total Cash Disbursements</i>	<u>1,421,061</u>	<u>500,667</u>	<u>786,367</u>	<u>2,708,095</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	156,685	119,275	(296,170)	(20,210)
Other Financing Receipts (Disbursements)				
Loans Issued	-	-	297,158	297,158
Sale of Capital Assets	15	-	-	15
<i>Total Other Financing Receipts (Disbursements)</i>	<u>15</u>	<u>-</u>	<u>297,158</u>	<u>297,173</u>
<i>Net Change in Fund Cash Balances</i>	156,700	119,275	988	276,963
<i>Fund Cash Balances, January 1 (as restated, see Note 3)</i>	<u>811,662</u>	<u>373,568</u>	<u>15,289</u>	<u>1,200,519</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 968,362</u>	<u>\$ 492,843</u>	<u>\$ 16,277</u>	<u>\$ 1,477,482</u>

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

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 1,425,089
Fines, Licenses and Permits	8,900
	1,433,989
<i>Total Operating Cash Receipts</i>	<i>1,433,989</i>
Operating Cash Disbursements	
Personal Services	283,621
Employee Fringe Benefits	115,710
Contractual Services	427,920
Supplies and Materials	170,250
Other	434
	997,935
<i>Total Operating Cash Disbursements</i>	<i>997,935</i>
<i>Operating Income (Loss)</i>	<i>436,054</i>
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	8,307
Intergovernmental Receipts	139,432
Earnings on Investments	7,662
Capital Outlay	(203,339)
Principal Retirement	(337,214)
Interest and Other Fiscal Charges	(5,532)
	(390,684)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(390,684)</i>
<i>Income (Loss) before Transfers</i>	<i>45,370</i>
Transfers In	12,000
Transfers Out	(12,000)
	45,370
<i>Net Change in Fund Cash Balances</i>	<i>45,370</i>
<i>Fund Cash Balances, January 1 (as restated, see Note 3)</i>	<i>3,235,877</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 3,281,247</i>

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

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

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

Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary 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 Fund:

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

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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

South Street Capital Fund The fund accounts for and reports receipts of OPWC and OWDA funds for the purpose of a waterline replacement project that consisted of two phases.

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

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

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users 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. Council 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 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 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 re-appropriated.

A summary of 2021 budgetary activity appears in Note 4.

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes non-spendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village.

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.

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Prior Period Adjustment

The beginning fund balance was restated due to the recording of the Village employee tax withholdings from 2020 and due to several uncashed checks being voided.

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Enterprise</u>
December 31, 2020 balance	\$ 801,472	\$ 370,600	\$ 3,230,807
Voided checks	2,528	400	3,235,877
Payroll withholding	7,662	2,568	5,070
December 31, 2020 balance restated	\$ 811,662	\$ 373,568	\$ 3,235,877

Note 4 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,357,871	\$1,577,761	\$180,228
Special Revenue	552,690	619,942	114,085
Capital Projects	792,407	787,355	(5,052)
Enterprise	1,440,393	1,601,390	160,997

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,659,060	\$1,521,835	\$137,225
Special Revenue	547,178	509,469	37,709
Capital Projects	794,367	786,367	8,000
Enterprise	1,955,377	1,677,887	277,490

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – 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 account is as follows:

Cash Management Pool:	<u>2021</u>
Demand deposits	<u>\$4,758,729</u>
Total carrying amounts of deposits	<u>\$4,758,729</u>

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 is holding \$29,167 in 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.

Note 6 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1.75 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Cyber
- Law Enforcement Liability
- Automobile Liability
- Vehicle
- Property
- Equipment Breakdown

The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	2021
Cash and investments	<u>\$41,996,850</u>
Actuarial liabilities	\$14,974,099

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most 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.

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans (continued)

Ohio Police and Fire Retirement System

The Village’s full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2021.

Social Security

Several Village elected officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 9 – Postemployment Benefits

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

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan #5752	\$2,958,747	0%
OWDA Loan #7741	\$326,978	1.63
OWDA Loan #7872	\$14,133	0
OWDA Loan #9339	\$264,097	0
OPWC Loan #67X	\$33,061	0
OPWC Loan #25L	\$52,500	0
Total	<u>\$3,649,516</u>	

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Debt (continued)

In 2012, the Village obtained a loan from Ohio Public Works Commission (OPWC) totaling \$350,000 at 0% interest to complete the Sanitary Expansion project. The Village plans to repay the loan from user charges and makes semi-annual installments of \$17,500. The loan matures January 1, 2023.

In 2012, the Village obtained financing from Ohio Water Development Authority (OWDA) for the completion of the Waste Water Treatment Plant Expansion Phase I. The total amount borrowed at 0% interest rate was \$5,635,708. The Village makes semi-annual installments of \$140,893 over 20 years. The Board of Public Affairs and the Village Council have agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan matures January 1, 2032.

In 2017, the Village obtained financing again from OWDA for the completion of the North Street Water Main Phase II. The total amount borrowed was \$375,833. The Village makes semi-annual installments of \$11,050, including interest, over 20 years. The loan matures July 1, 2038.

In 2018, the Village obtained a loan from OWDA for GIS Mapping & Asset Management Planning. The total amount borrowed at 0% interest rate was \$23,555. The Village makes semi-annual installments of \$2,356. The loan matures July 1, 2024.

In 2021, The Village obtained grants and loans from OPWC and OWDA for completing Phase I and II of the South Street Waterlines. The cost of the project to replace 4”-6” waterlines with 10” waterlines, totaled nearly \$1,000,000. Almost half of the total cost was paid for through OPWC grants received, while \$33,061 and \$264,097 was borrowed with 0% interest from OPWC and OWDA, respectively. No amortization schedule is currently available for these loans.

Amortization

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

Year Ending December 31:	OWDA Loans	OPWC Loans
2022	\$308,596	\$35,000
2023	308,596	17,500
2024	308,596	0
2025	303,885	0
2026	303,885	0
2027-2031	1,519,425	0
2032-2036	251,390	0
2037-2038	44,199	0
Total	<u>\$3,348,572</u>	<u>\$52,500</u>

Village of Garrettsville, Ohio
Portage County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Contingent Liabilities

The Village maybe a defendant in lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

Note 12 – 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. 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
Nonspendable:			
Unclaimed Monies	\$2,626	\$0	\$ 2,626
Outstanding Encumbrances	100,774	8,802	109,576
<i>Total</i>	<u>\$103,400</u>	<u>\$8,802</u>	<u>\$112,202</u>

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

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 ended in April 2023. 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 funding, either federal or state, cannot be estimated.

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

Village of Garrettsville
Portage County
8213 High Street
Garrettsville, Ohio 44231

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 years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Village of Garrettsville, Portage County, (the Village) and have issued our report thereon dated March 23, 2024, 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.

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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We consider the deficiency described in the accompanying Schedule of Findings as item 2022-001 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2022-002.


We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 23, 2024.

Village's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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.
March 23, 2024

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY
SCHEDULE OF FINDINGS
December 31, 2022 and 2021**

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

During 2021, the Village erroneously recorded several transactions. The adjustments are as follows:

- Made a fund balance adjustment to reallocate interest instead of revising the receipt for \$7,662
- Recorded grant revenue as loans issued instead of intergovernmental revenue for \$139,432
- Numerous corrections were made to the notes to the financial statements for both years

The accompanying financial statements and the Village's records have been adjusted to properly reflect these transactions.

Failure to report transactions correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer follow the Village Officer's Handbook, the Uniform Accounting Network (UAN) manual and other Auditor of State guidance to properly classify its transactions and the templates for the notes to the financial statements provided by the Auditor of State. In addition, we recommend the Fiscal Officer review all financial reports compiled by UAN to ensure their accuracy.

Management Response:

See corrective action plan.

Finding Number 2022-002 – Noncompliance

Payroll Taxes

26 U.S.C. 3102(a) and 3402(a) requires that employers withhold taxes from employees' paychecks and remit those taxes to the government, such as the employees' share of FICA taxes and individual income taxes. Those withholdings are considered to be held in "a special fund in trust for the United States." See 26 U.S.C. 7501(a). The employer is liable for the withheld portion of the employee's wages and must pay over the full amount to the government each quarter.

Ohio Rev. Code §§ 145.01, 145.03, 145.402, 145.47, 145.48, and Ohio Admin. Code 145-1-26 requires Ohio Public Employees Retirement System (OPERS) and Ohio Rev. Code §§ 742.01, 742.02, 742.31 to 742.34 – Ohio Police and Fire Disability and Pension Fund require governments to enroll most of their employees in the appropriate retirement system, and to withhold from the employees' wages, or pay on behalf of the employees, a certain percentage of earned wages as defined and to pay over to the appropriate system the amounts withheld, matched with an appropriate percentage of employer matching contributions.

The Assistant Fiscal Officer is the official responsible for withholding and remitting the required income taxes from Village employee earnings. During our audit, we noted that the former Assistant Fiscal Officer filed some OPERS OP&F, Federal and local payments late and, in addition did not file the appropriate tax returns for 2020, 2021 and 2022.

As a result of the above-mentioned instances, the Village incurred penalties and interest charges of \$5,193 for the unpaid taxes and failure to file tax returns from January 1, 2020 through September 30, 2023. The penalties and interest charges totaling \$5,193 paid by the Village during 2021 through 2024 serve no proper public purpose and could have been avoided had the funds been remitted as required by law.

VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY
SCHEDULE OF FINDINGS
December 31, 2022 and 2021

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
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Finding Number 2022-002 – Noncompliance (continued)

We recommend the Fiscal Officer remit OPERS, OP&F, state, federal and unemployment taxes withheld on a timely basis. The Village should review all applicable guidance for preparing, filing and payment of these taxes so that the Village meets all requirements and avoids potential significant liabilities. This information was communicated to the Ohio Auditor of State for further consideration.

Management's Response – See Corrective Action Plan.

**VILLAGE OF GARRETTSVILLE
 PORTAGE COUNTY, OHIO
 Schedule of Prior Audit Findings-Prepared by management
 For the Years Ended December 31, 2022 and 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Material Weakness – Improper Posting of Transactions	Not corrected	See Corrective Action Plan
2020-002	Destruction or damaged financial records	Corrected	

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY, OHIO
Corrective Action Plan-Prepared by management
For the Years Ended December 31, 2022 and 2021**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	We will review transaction entries for accuracy and review financial statements from UAN as well as refer to the Village Officer's Handbook.	Immediately	Donna Love, Fiscal Officer
2022-002	We have combined payroll groups to streamline reporting to all withholding agencies and will be diligent to meet reporting requirements.	Immediately	Donna Love, Fiscal Officer

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF GARRETTSVILLE

PORTAGE 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 9/24/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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