



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2020.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) Enterprise Funds For the Year Ended December 31, 2020.....	6
Notes to the Financial Statements For the Year Ended December 31, 2020.....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2019.....	19
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) Enterprise Funds For the Year Ended December 31, 2019.....	20
Notes to the Financial Statements For the Year Ended December 31, 2019.....	21
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	31
Schedule of Findings	33
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	41

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INDEPENDENT AUDITOR'S REPORT

Village of Tuscarawas
Tuscarawas County
522 E. Cherry Street
Tuscarawas, Ohio 44682

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 combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Tuscarawas, Tuscarawas County, Ohio (the Village).

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 Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

Basis for Additional Opinion Qualification

Municipal income taxes are reported at \$89,915, and \$85,498 for the years ended December 31, 2020 and 2019, respectively, which are 35 percent of General Fund receipts for the year ended December 31, 2020, and 32 percent of General Fund receipts for the year ended December 31, 2019. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as municipal income taxes. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the year ended December 31, 2020 and for each governmental fund type as of and for the year ended December 31, 2019, and related notes of the Village of Tuscarawas, Tuscarawas County in accordance with the financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit, described in Note 2.

Unmodified 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 proprietary fund type combined total as of and for the year ended December 31, 2020 and for each proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Tuscarawas, Tuscarawas County, in accordance with the financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 16 to the financial statements, during 2020, the Village adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types. As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. Our opinions are not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 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.



Keith Faber
Auditor of State
Columbus, Ohio

March 11, 2022

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Village of Tuscarawas, Ohio*Tuscarawas 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*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$57,334	\$45,845	\$0	\$103,179
Municipal Income Tax	89,915	0	0	89,915
Intergovernmental	33,547	172,902	0	206,449
Charges for Services	49,721	0	0	49,721
Fines, Licenses and Permits	3,252	0	0	3,252
Earnings on Investments	1,885	128	0	2,013
Miscellaneous	22,226	5,070	0	27,296
<i>Total Cash Receipts</i>	<u>257,880</u>	<u>223,945</u>	<u>0</u>	<u>481,825</u>
Cash Disbursements				
Current:				
Security of Persons and Property	48,962	47,163	0	96,125
Leisure Time Activities	0	17,281	0	17,281
Community Environment	7,359	0	0	7,359
Basic Utility Services	50,142	0	0	50,142
Transportation	0	90,381	0	90,381
General Government	111,912	1,657	0	113,569
Capital Outlay	59	0	3,378	3,437
Debt Service:				
Principal Retirement	0	13,373	0	13,373
Interest and Fiscal Charges	0	3,163	0	3,163
<i>Total Cash Disbursements</i>	<u>218,434</u>	<u>173,018</u>	<u>3,378</u>	<u>394,830</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>39,446</u>	<u>50,927</u>	<u>(3,378)</u>	<u>86,995</u>
Other Financing Receipts				
Other Debt Proceeds	0	0	3,378	3,378
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>0</u>	<u>3,378</u>	<u>3,378</u>
<i>Net Change in Fund Cash Balances</i>	39,446	50,927	0	90,373
<i>Fund Cash Balances, January 1</i>	<u>197,479</u>	<u>119,140</u>	<u>81,632</u>	<u>398,251</u>
<i>Fund Cash Balances, December 31</i>	<u>\$236,925</u>	<u>\$170,067</u>	<u>\$81,632</u>	<u>\$488,624</u>

See accompanying notes to the basic financial statements

Village of Tuscarawas, Ohio
Tuscarawas County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Enterprise Funds
For the Year Ended December 31, 2020

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$491,210
Miscellaneous	568
	<u>491,778</u>
<i>Total Operating Cash Receipts</i>	<u>491,778</u>
Operating Cash Disbursements	
Personal Services	127,527
Employee Fringe Benefits	47,102
Contractual Services	82,558
Supplies and Materials	65,776
Other	3,736
	<u>326,699</u>
<i>Total Operating Cash Disbursements</i>	<u>326,699</u>
<i>Operating Income</i>	<u>165,079</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	9,166
Special Assessments	2,146
Other Debt Proceeds	115,535
Capital Outlay	(115,535)
Principal Retirement	(3,018)
	<u>8,294</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>8,294</u>
<i>Net Change in Fund Cash Balances</i>	173,373
<i>Fund Cash Balances, January 1</i>	<u>510,900</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$684,273</u></u>

See accompanying notes to the basic financial statements

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of Tuscarawas, Tuscarawas County (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 water and sewer utilities, maintenance of roads and bridges, park operations, and police services.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in two jointly governed organizations and the Ohio Plan Risk Management, Inc., a risk sharing pool available to Ohio local governments. Notes 6 and 10 of the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

- Tuscarawas County Regional Planning Commission
- Tuscarawas County Tax Incentive Review Council

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

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

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

State Highway Fund The state highway fund accounts for and reports the portion of the State gasoline tax and motor vehicle license fees restricted for maintenance and repair of any state highways within the Village limits.

Park Levy Fund The park levy fund accounts for and reports levy money taxed from the Village residents and restricted to fund construction and maintenance of the park.

Street Levy Fund The street levy fund accounts for and reports levy money taxed from the Village residents and restricted to fund construction and maintenance of all streets inside Village limits.

Permissive Motor Vehicle Fund The permissive motor vehicle fund accounts for levied vehicle registration taxes for planning, constructing, improving, maintaining and repairing public roads, highway streets, and for the maintaining and repair of public bridges and viaducts.

Coronavirus Relief Fund The coronavirus relief fund accounts for payments to State and Local governments navigating the impact of the COVID-19 outbreak. The CARES Act established the \$150 billion Coronavirus Relief Fund.

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

Grant Construction Projects Fund The grant construction projects fund accounts for the revenues and debt proceeds received from the Ohio Department of Transportation and State Infrastructure Bank restricted for construction and improvement of the sidewalks on Main Street within the Village.

ARC Grant Construction Fund The ARC grant construction fund accounts for federal grant proceeds received which are restricted for repaying the Ohio Public Works Commission School Street Improvement loan.

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.

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2020 budgetary activity appears in Note 3.

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.

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 12.

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$271,844	\$257,880	(\$13,964)
Special Revenue	167,428	223,945	56,517
Capital Projects	64,786	3,378	(61,408)
Enterprise	449,613	618,625	169,012
Total	\$953,671	\$1,103,828	\$150,157

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$357,237	\$218,434	\$138,803
Special Revenue	276,100	173,171	102,929
Capital Projects	85,010	3,378	81,632
Enterprise	684,637	446,301	238,336
Total	\$1,402,984	\$841,284	\$561,700

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 accounts are as follows:

Demand deposits	2020 \$1,172,897
Total Deposits	\$1,172,897

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

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

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Income Taxes

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

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

Note 6 - Risk Management

Liability Insurance

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

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.

Health Insurance

The Village participates in the Tuscarawas County Healthcare Consortium (the "Consortium"), which is a legally separate entity organized under Ohio Revised Code Chapter 167. The Consortium was established on January 1, 2017, formed by certain political subdivisions located within Tuscarawas County, for the purpose of obtaining medical and hospitalization benefits. The Consortium acts as a governmental risk pool for health insurance (including prescription and vision) coverage for its 23 member subdivisions. The Consortium has a Board of Directors consisting of five members. The Fiscal Agent is responsible for administering the financial transactions of the Consortium. For 2020, Tuscarawas County served as Fiscal Agent for the Consortium. Member contributions are used to provide medical, hospitalization, prescription drug and vision insurance benefits as provided for in the Member's Plan Document and as established by law. The Board of Directors determines, at their discretion, the insurance benefits to be provided by or through the Consortium. Insurance limits, types of claims covered, eligibility for benefits and any deductibles shall be approved by the governing board of each member and shall be described in the Member's Plan Document. The risk of loss for loss transfers from the member subdivisions to the Consortium upon payment of the monthly premium.

The Consortium's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2020.

Assets	\$1,351,483
Liabilities	<u>(1,382,396)</u>
Net Position	\$ (30,913)

Note 7 - Defined Benefit Pension Plans

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.

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
OPWC Loans	\$459,307	0%
Salt Shed Loan	\$36,850	0%
SIB Loan - Main Street Sidewalk	88,531	3%
OWDA Water Supply Revolving Loan	112,058	0%
Total	\$696,746	

Amortization

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

Year ending December 31:	OPWC Loan Principal	Salt Shed Principal	SIB Loan	
			Principal	Interest
2021	17,883	11,725	12,530	2,907
2022	17,883	6,700	12,909	2,528
2023	17,883	6,700	13,299	2,138
2024	17,883	6,700	13,701	1,736
2025	17,883	5,025	14,115	1,322
2026-2030	89,417	0	21,977	1,178
2031-2035	83,397	0	0	0
2036-2040	78,734	0	0	0
2041-2045	78,734	0	0	0
2046-2048	39,610	0	0	0
Total	\$459,307	\$36,850	\$88,531	\$11,809

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Village has several loans issued by the Ohio Public Works Commission (OPWC). In 2010, OPWC approved a loan for water and sewer lift station on Park Drive in the Village in the amount of \$22,192. The Village will repay the loan in semiannual installments of \$555, interest free, for 20 years from the Sewer Operating Fund.

An OPWC loan was approved in 2012 for improvements to the Village's Wastewater Treatment Plant in the amount of \$20,538. The Village will repay the loan in semiannual installments of \$513, interest free, for 20 years from the Sewer Operating Fund.

In 2013, OPWC approved a loan for widening, resurfacing and installation of storm sewers on School Street in the Village, in the amount of \$367,359. The Village will repay the loan in semiannual installments of \$6,123, interest free, for 30 years from the ARC Grant Construction Fund.

An OPWC loan was approved in 2014 for extending the storm sewer two and a half blocks on Main Street in the amount of \$47,592. The Village will repay the loan in semiannual installments of \$793, interest free, for 30 years from the Street Levy Fund.

Additionally, in 2014, OPWC approved a loan for storm sewer improvements on Heritage Drive in the Village in the amount of \$57,454. The Village will repay the loan in semiannual installments of \$958, interest free, for 30 years from the Street Levy Fund.

During 2012, the Ohio Development Services Agency approved a Local Government Investment Loan for the construction of a salt shed in the Village in the amount of \$67,000. The Village will repay the loan in quarterly installments of \$1,675, interest free, for 10 years from the Street Construction Maintenance and Repair and Street Levy Funds.

During 2017, the Village was approved for a State Infrastructure Bank (SIB) loan through the Ohio Department of Transportation in the amount of \$110,446 for the replacement of sidewalks on Main Street within the Village. The Village will repay the loan in semiannual installments until 2027 from the Street Construction Maintenance and Repair, State Highway and Permissive Motor Vehicle Funds.

In 2017, the Ohio Water Development (OWDA) approved a loan in the amount of \$30,169, to develop an Asset Management Plan, GIS, and a Rate Analysis for the Village's water system in order to review rate setting and plan for capital improvement projects. The Village decided to not draw additional funding from the loan, however began repayment based on an OWDA issued amortization schedule, resulting in a credit balance. This was refunded to the Village in fiscal year 2020 and therefore satisfying the debt obligations between OWDA and the Village.

In 2020, the Ohio Water Development (OWDA) approved a loan in the amount of \$171,303, to develop an improvement project for the Village's water system in order to evaluate potential aeration or chemical products as well as the installation of new meters from the Village's water wells. A loan payment schedule has not been finalized for this project and the Village has not begun repayment on this debt. Therefore, it is not included in the amortization schedule above.

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Jointly Governed Organizations

Tuscarawas County Tax Incentive Review Council (TCTIRC)

TCTIRC is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 56 members, consisting of 3 members appointed by the County Commissioners, 22 members appointed by municipal corporations, 12 members appointed by township trustees, 2 members from the county auditor’s office, 16 members appointed by boards of education located within the county, and 1 member representing the Economic Development and Finance Alliance. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependent on the Village’s continued participation and not equity interest exists. During fiscal year 2020, no monies were paid to the TCTIRC from the Village.

Tuscarawas County Regional Planning Commission (Commission)

The Village participates in the Commission, which is statutorily created political subdivision of the State. The Commission is jointly governed by Tuscarawas County and other cities, villages and townships in the County. The principal aim of the Commission is to provide comprehensive planning, both long and short term, dealing with the economic and physical environment of Tuscarawas County. The board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The Village has no financial responsibility for any of the Commission’s liabilities. Complete financial statements can be obtained from the Tuscarawas County Regional Planning Commission, Tuscarawas County, Ohio.

Note 11 – Contingent Liabilities

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

Note 12 - Fund Balances

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

Fund Balances	Special Revenue	Total
Outstanding Encumbrances	\$ 153	\$ 153
<i>Total</i>	\$ 153	\$ 153

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

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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. 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 – Subsequent Events

On April 15, 2021, the Village entered into an agreement with Kinsey Excavating in the amount of \$1,805,842 for the purpose of general construction of the Water System Improvement project. Financing for the project has been secured in part by a \$720,000 Community Development Block Grant. The Village plans to apply for grants and loans from various governmental agencies to secure the remaining amount of the project.

On September 21, 2021, the Village received half of their current allocation from the American Rescue Plan Act of \$110,303. The full allocation is intended to benefit only the Village.

Note 15 – Compliance

Contrary to Ohio Rev. Code § 5705.10, restricted revenues were not always paid into appropriate restricted funds and used for the restricted purposes. Such revenues were for the Ohio Water Development Authority water system improvements, Main Street sidewalk construction project, and the Water Fund.

Note 16 – Change in Accounting Principles

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

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Village of Tuscarawas, Ohio*Tuscarawas County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$53,267	\$45,799	\$0	\$99,066
Municipal Income Tax	85,498	0	0	85,498
Intergovernmental	30,841	72,269	48,822	151,932
Charges for Services	48,379	0	0	48,379
Fines, Licenses and Permits	2,501	0	0	2,501
Earnings on Investments	2,060	84	0	2,144
Miscellaneous	40,739	12,520	0	53,259
<i>Total Cash Receipts</i>	<u>263,285</u>	<u>130,672</u>	<u>48,822</u>	<u>442,779</u>
Cash Disbursements				
Current:				
Security of Persons and Property	60,298	0	0	60,298
Leisure Time Activities	0	35,004	0	35,004
Community Environment	7,240	0	0	7,240
Basic Utility Services	43,203	0	0	43,203
Transportation	0	108,382	0	108,382
General Government	145,133	443	0	145,576
Capital Outlay	4,781	0	51,392	56,173
Debt Service:				
Principal Retirement	0	15,913	12,245	28,158
Interest and Fiscal Charges	0	1,708	0	1,708
<i>Total Cash Disbursements</i>	<u>260,655</u>	<u>161,450</u>	<u>63,637</u>	<u>485,742</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>2,630</u>	<u>(30,778)</u>	<u>(14,815)</u>	<u>(42,963)</u>
Other Financing Receipts				
Other Debt Proceeds	0	0	2,570	2,570
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>0</u>	<u>2,570</u>	<u>2,570</u>
<i>Net Change in Fund Cash Balances</i>	2,630	(30,778)	(12,245)	(40,393)
<i>Fund Cash Balances, January 1</i>	<u>194,849</u>	<u>149,918</u>	<u>93,877</u>	<u>438,644</u>
Fund Cash Balances, December 31				
Restricted	0	119,140	81,632	200,772
Assigned	82,588	0	0	82,588
Unassigned (Deficit)	114,891	0	0	114,891
<i>Fund Cash Balances, December 31</i>	<u>\$197,479</u>	<u>\$119,140</u>	<u>\$81,632</u>	<u>\$398,251</u>

See accompanying notes to the basic financial statements

Village of Tuscarawas, Ohio
Tuscarawas County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Enterprise Funds
For the Year Ended December 31, 2019

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$475,257</u>
<i>Total Operating Cash Receipts</i>	<u>475,257</u>
Operating Cash Disbursements	
Personal Services	96,366
Employee Fringe Benefits	35,851
Contractual Services	80,856
Supplies and Materials	75,240
Other	<u>30,612</u>
<i>Total Operating Cash Disbursements</i>	<u>318,925</u>
<i>Operating Income (Loss)</i>	<u>156,332</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(2,189)
Principal Retirement	<u>(8,172)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(10,361)</u>
<i>Net Change in Fund Cash Balances</i>	145,971
<i>Fund Cash Balances, January 1</i>	<u>364,929</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$510,900</u></u>

See accompanying notes to the basic financial statements

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of Tuscarawas, Tuscarawas County (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 water and sewer utilities, maintenance of roads and bridges, park operations, and police services.

Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in two jointly governed organizations and the Ohio Plan Risk Management, Inc., a risk sharing pool available to Ohio local governments. Notes 7 and 11 of the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

- Tuscarawas County Regional Planning Commission
- Tuscarawas County Tax Incentive Review Council

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

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

State Highway Fund The state highway fund accounts for and reports the portion of the State gasoline tax and motor vehicle license fees restricted for maintenance and repair of any state highways within the Village limits.

Park Levy Fund The park levy fund accounts for and reports levy money taxed from the Village residents and restricted to fund construction and maintenance of the park.

Street Levy Fund The street levy fund accounts for and reports levy money taxed from the Village residents and restricted to fund construction and maintenance of all streets inside Village limits.

Permissive Motor Vehicle Fund The permissive motor vehicle fund accounts for levied vehicle registration taxes for planning, constructing, improving, maintaining and repairing public roads, highway streets, and for the maintaining and repair of public bridges and viaducts.

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

Grant Construction Projects Fund The grant construction projects fund accounts for the revenues and debt proceeds received from the Ohio Department of Transportation and State Infrastructure Bank restricted for construction and improvement of the sidewalks on Main Street within the Village.

ARC Grant Construction Fund The ARC grant construction fund accounts for federal grant proceeds received which are restricted for repaying the Ohio Public Works Commission School Street Improvement loan.

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 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Budgetary Process

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

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2019 budgetary activity appears in Note 4.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

Note 3 – Compliance

Contrary to Ohio Rev. Code § 5705.10, restricted revenues were not always paid into appropriate restricted funds and used for the restricted purposes. Such revenues were for the Main Street sidewalk construction project, the Water Fund, and the Sewer Fund.

Contrary to Ohio Revised Code § 5705.38(C), appropriation measures were adopted at the fund level for all funds.

Contrary to Ohio Rev. Code § 5705.40, appropriations posted to the Village's accounting system differed from the legislatively approved amounts for the General, State Highway, Park Levy, Street Levy, and Permissive Motor Vehicle Tax Funds.

Contrary to Ohio Revised Code § 5705.41(B), expenditures exceeded appropriations by \$10,000 in the Permissive Vehicle License Tax Fund.

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$249,662	\$263,285	\$13,623
Special Revenue	111,539	130,672	19,133
Capital Projects	145,269	51,392	(93,877)
Enterprise	340,000	475,257	135,257
Total	\$846,470	\$920,606	\$74,136

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$298,321	\$260,655	\$37,666
Special Revenue	206,031	161,450	44,581
Capital Projects	145,269	63,637	81,632
Enterprise	513,529	329,286	184,243
Total	\$1,163,150	\$815,028	\$348,122

Note 5 – Deposits

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

Demand deposits	2019 \$909,151
Total Deposits	\$909,151

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

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

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Income Taxes

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

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

Note 7 - Risk Management

Liability Insurance

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

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.

Health Insurance

The Village participates in the Tuscarawas County Healthcare Consortium (the "Consortium"), which is a legally separate entity organized under Ohio Revised Code Chapter 167. The Consortium was established on January 1, 2017, formed by certain political subdivisions located within Tuscarawas County, for the purpose of obtaining medical and hospitalization benefits. The Consortium acts as a governmental risk pool for health insurance (including prescription and vision) coverage for its 23 member subdivisions. The Consortium has a Board of Directors consisting of five members. The Fiscal Agent is responsible for administering the financial transactions of the Consortium. For 2019, Tuscarawas County served as Fiscal Agent for the Consortium. Member contributions are used to provide medical, hospitalization, prescription drug and vision insurance benefits as provided for in the Member's Plan Document and as established by law. The Board of Directors determines, at their discretion, the insurance benefits to be provided by or through the Consortium. Insurance limits, types of claims covered, eligibility for benefits and any deductibles shall be approved by the governing board of each member and shall be described in the Member's Plan Document. The risk of loss for loss transfers from the member subdivisions to the Consortium upon payment of the monthly premium.

The Consortium's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2019.

Assets	\$1,191,033
Liabilities	<u>(1,423,046)</u>
Net Position	\$ (232,013)

Note 8 - Defined Benefit Pension Plans

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.

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, 2019.

Note 9 - 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 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 10 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loans	\$459,307	0%
Salt Shed Loan	\$38,525	0%
SIB Loan - Main Street Sidewalk	96,851	3%
OWDA Water Supply Revolving Loan	(2,671)	0%
Total	<u>\$592,012</u>	

Amortization

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

Year ending	<u>OWDA Loan</u>	<u>OPWC Loan</u>	<u>Salt Shed</u>
December 31:			
2020	(2,671)	17,883	6,700
2021	0	17,883	6,700
2022	0	17,883	6,700
2023	0	17,883	6,700
2024	0	17,883	6,700
2025-2029	0	89,417	5,025
2030-2034	0	83,397	0
2035-2039	0	78,734	0
2040-2044	0	78,734	0
2045-2048	0	39,608	0
Total	<u>(\$2,671)</u>	<u>\$459,307</u>	<u>\$38,525</u>

The Village has several loans issued by the Ohio Public Works Commission (OPWC). In 2010, OPWC approved a loan for water and sewer lift station on Park Drive in the Village in the amount of \$22,192. The Village will repay the loan in semiannual installments of \$555, interest free, for 20 years from the Sewer Operating Fund.

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

An OPWC loan was approved in 2012 for improvements to the Village's Wastewater Treatment Plant in the amount of \$20,538. The Village will repay the loan in semiannual installments of \$513, interest free, for 20 years from the Sewer Operating Fund.

In 2013, OPWC approved a loan for widening, resurfacing and installation of storm sewers on School Street in the Village, in the amount \$367,359. The Village will repay the loan in semiannual installments of \$6,123, interest free, for 30 years from the ARC Grant Construction Fund.

An OPWC loan was approved in 2014 for extending the storm sewer two and a half blocks on Main Street in the amount of \$47,592. The Village will repay the loan in semiannual installments of \$793, interest free, for 30 years from the Street Levy Fund.

Additionally, in 2014, OPWC approved a loan for storm sewer improvements on Heritage Drive in the Village in the amount of \$57,454. The Village will repay the loan in semiannual installments of \$958, interest free, for 30 years from the Street Levy Fund.

During 2012, the Ohio Development Services Agency approved a Local Government Investment Loan for the construction of a salt shed in the Village in the amount of \$67,000. The Village will repay the loan in quarterly installments of \$1,675, interest free, for 10 years from the Street Construction Maintenance and Repair and the Street Levy Fund.

During 2017, the Village was approved for a State Infrastructure Bank (SIB) loan through the Ohio Department of Transportation in the amount of \$110,446 for the replacement of sidewalks on Main Street within the Village. The project was not complete as of December 31, 2019; therefore, an amortization schedule was not available. Repayment of the loan is expected to be paid from the Street Construction Maintenance and Repair, State Highway, and Permissive Motor Vehicle License Tax Funds.

In 2017, the Ohio Water Development (OWDA) approved a loan in the amount of \$30,169, to develop an Asset Management Plan, GIS, and a Rate Analysis for the Village's water system in order to review rate setting and plan for capital improvement projects. The Village decided to not draw additional funding from the loan, however began repayment based on an OWDA issued amortization schedule, resulting in a credit balance. This was refunded to the Village in fiscal year 2020.

Note 11 – Jointly Governed Organizations

Tuscarawas County Tax Incentive Review Council (TCTIRC)

TCTIRC is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 56 members, consisting of 3 members appointed by the County Commissioners, 22 members appointed by municipal corporations, 12 members appointed by township trustees, 2 members from the county auditor's office, 16 members appointed by boards of education located within the county, and 1 member representing the Economic Development and Finance Alliance. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependent on the Village's continued participation and not equity interest exists. During fiscal year 2019, no monies were paid to the TCTIRC from the Village.

Village of Tuscarawas, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Tuscarawas County Regional Planning Commission (Commission)

The Village participates in the Commission, which is statutorily created political subdivision of the State. The Commission is jointly governed by Tuscarawas County and other cities, villages and townships in the County. The principal aim of the Commission is to provide comprehensive planning, both long and short term, dealing with the economic and physical environment of Tuscarawas County. The board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Tuscarawas County Regional Planning Commission, Tuscarawas County, Ohio.

Note 12 – Contingent Liabilities

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

Note 13 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

On April 15, 2021, the Village entered into an agreement with Kinsey Excavating in the amount of \$1,805,842 for the purpose of general construction of the Water System Improvement project. Financing for the project has been secured in part by a \$720,000 Community Development Block Grant. The Village plans to apply for grants and loans from various governmental agencies to secure the remaining amount of the project.

On September 21, 2021, the Village received half of their current allocation from the American Rescue Plan Act of \$110,303. The full allocation is intended to benefit only the Village.

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Tuscarawas
Tuscarawas County
522 E. Cherry Street
Tuscarawas, Ohio 44682

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Tuscarawas, Tuscarawas County, (the Village) and have issued our report thereon dated March 11, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(D) permit. We noted the Village adopted a change in accounting principle in 2020 and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balance (Regulatory Cash Basis) – All Governmental Fund Types. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village. We also qualified our opinion on the General Fund, as we were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as municipal income tax receipts.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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 a 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. We consider Findings 2020-001 through 2020-003 and 2020-006 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2020-005 described in the accompanying Schedule of Findings to be a significant deficiency.

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 financial statement. 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2020-003 through 2020-006.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 11, 2022

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council and/or other administrator are responsible for reviewing the reconciliations and related support.

During the review of the 2020 and 2019 bank to book reconciliations, the following was noted:

- Monthly bank to book reconciliations were not prepared and/or reviewed timely each month of 2020 and 2019;
- In 2020 and 2019, two instances were identified where the Fiscal Officer recorded the wrong payee in the Village's accounting system;
- In 2020, a total of \$17,044 in checks were incorrectly included in the December 31, 2020 outstanding check list as the warrants were issued based on a quote received for anticipated services to be performed, however ultimately were not performed. The Village retained the original warrant and marked them void, however did not void in the accounting system;
- In 2020, a total of \$2,125 in checks were incorrectly included in the December 31, 2020 outstanding check list as the warrant was returned by the payee due to the payment being included on a previous payment;
- In 2020, a total of \$130 in checks were incorrectly included in the December 31, 2020 outstanding check list as they were for payments that had cleared the bank, or a subsequent check was reissued by the Village prior to December 31, 2020;
- In 2019, a total of \$2,119 in checks were incorrectly included in the December 31, 2019 outstanding check list as a subsequent check was reissued due to the original being lost.

These misstatements have been agreed to by management, and the financial statements have been adjusted accordingly.

In addition to the items above, we identified two checks totaling \$9,375 that were issued in 2020 based off of an estimate received from the payee, however an invoice was not received until July 2021. Also noted were several instances throughout 2020 and 2019 where the Fiscal Officer was not posting receipts and disbursements to the accounting system on a timely basis.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-001 (Continued)

Material Weakness (Continued)

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. Unsupported reconciling items should be investigated prior to approval.

FINDING NUMBER 2020-002

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Errors were identified in the Village's financial statements that required audit adjustments and reclassifications as follows:

- During 2020, the Village received \$3,477 in on-behalf debt proceeds related to the asset management plan water study, which were not posted to the accounting system. As a result, Capital Outlay expenditures were also understated in the Water Fund by \$3,477;
- During 2020 and 2019, the following miss-postings of debt obligation payments were noted:
 - In 2019, the Village misclassified \$12,245 paid for principal debt obligations as Capital Outlay Expense in the Capital Projects Fund;
 - Principal debt obligations and interest and fiscal charges for the SIB Loan in the amounts of \$3,757 and \$1,708, respectively, were misclassified as Transportation Expense in 2019;
 - The Village misclassified \$4,526 paid for principal debt obligations in 2019 as Supplies and Materials Expense in the Water Fund.
 - In 2019, the Village misclassified \$3,502 paid for principal debt obligations as Transportation Expense in the Capital Projects Fund
- During 2019, the Village received on-behalf grant revenue and on-behalf debt proceeds related to the Main Street Sidewalk project in the amount of \$48,822 and \$2,570, respectively, which were not posted to the accounting system. As a result, Capital Outlay expenditures were also understated in the Capital Projects Fund by \$51,392 in 2019;
- Revenue received from the Rosenberry Foundation and Reeves Foundation in the amounts of \$13,000 and \$12,000, respectively, were classified as Intergovernmental Revenue in the General Fund and Park Levy Fund, respectively, during 2019 instead of Miscellaneous Revenue;

VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2020-002 (Continued)

Material Weakness (Continued)

- Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows: GASB Cod. 1800.173-176 requires funds without external or internal constraints to report Assigned fund balances for amounts encumbered or set aside to cover the excess of subsequent year appropriations exceeding estimated revenue. The following inaccurate reporting of fund balance was noted prior to the effect of any audit adjustments:
 - The General Fund's year end cash balance was utilized to cover the deficiency of subsequent year appropriations exceeding estimated revenue at the end of 2019 in the amount of \$82,588. However, the amount was reported as Unassigned rather than Assigned.

In addition, other misstatements related to miss-postings of receipts, expenditures, and equity ranging from \$463 to \$9,645 were identified and have been adjusted on the financial statements. These instances have been brought to the Village's attention.

We also identified related errors and omissions in the footnotes that have been adjusted. The adjustments and reclassifications above were agreed to by management, and the financial statements and notes have been adjusted accordingly.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

FINDING NUMBER 2020-003

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(D) provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. **Ohio Rev. Code § 5705.10(I)** requires that money paid into any fund shall be used only for the purposes for which such fund is established.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-003 (Continued)

Noncompliance and Material Weakness (Continued)

During 2020 and 2019, the following errors were noted:

- The Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) in 2020 and received \$112,058 in loan proceeds for water system improvements. Article III, Section 3.2 of the project agreement required the Village to segregate revenues, funds and properties of the project activities from all other funds and properties of the Village. The Village did not establish the required fund and improperly posted \$44,990 of the loan proceeds as Intergovernmental revenue in the Enterprise Water Fund and \$64,786 to Other Financing Sources – Loans Issued in the Capital Project ARC Grant Fund rather than a separate Enterprise Improvement Fund. Additionally, as a result, related Capital Outlay expenses in the amount of \$112,058 were reported in the Enterprise Water Fund rather than a separate Enterprise Improvement Fund. An additional \$2,282 in loan proceeds and related expenditures was not posted to the accounting system;
- In 2020, principal debt payments and interest and fiscal charges for the SIB Loan in the amounts of \$5,893 and \$1,537, respectively, were improperly posted to the Water Fund instead of being allocated among the Street Construction Maintenance and Repair, State Highway and Street Levy funds;
- In 2020, the Village miss-posted the January sewer receipts of \$1,155 from the Tuscarawas County Metropolitan Sewer District in the Water Fund.
- In 2019, \$1,508 paid for principal debt obligations on the asset management plan water study were improperly posted to the Sewer Fund as Supplies and Materials Expense instead of the Water Fund;
- \$3,350 paid for principal debt obligations on the salt shed in 2019 were improperly posted to the Water Operating Fund as Supplies and Materials and Principal Retirement expenses instead of Principal Retirement Expense in the Street Construction Maintenance and Repair Fund;
- During 2020 and 2019, the Village received \$3,378 and \$2,570, respectively, in loan proceeds related to a project for the construction of sidewalks on Main Street. The project agreement required the creation of a separate fund for the accounting of revenues and expenditures related to the project. However, the Village failed to post the loan proceeds and related expenditures of the activity to the accounting ledgers;
- The Village reported liability insurance payments relating to the General Fund in the Water Fund, resulting in an understatement of General Government expenditures in the General Fund of \$4,378 and overstatement of Contractual Services expenditures in the Water Fund of \$4,378 in 2020;
- The Village received a \$12,000 grant to purchase a John Deere Gator for the Village Parks that the Village receipted to the Park Fund; however, the Village only charged \$7,598 of the John Deere Gator purchase to the Park Fund. This resulted in an understatement of Leisure Time Activities expenditures in the Park Fund of \$4,402 and an overstatement of Other Expense and Capital Outlay expenditures in the Water Fund and Other Expense expenditures in the Sewer Fund of \$440, \$1,761 and \$2,201, respectively in 2019;
- The Village erroneously reported \$5,105 relating to Sewer line repairs in the Water Fund instead of the Sewer Fund in 2019.

These misstatements have been brought to Village's attention and have been adjusted on the accounting records and financial statements of the Village.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2020-003 (Continued)

Noncompliance and Material Weakness (Continued)

The Village should review each fund and its purpose to ensure they are knowledgeable of expenditures that can be paid from each fund. The Village should implement controls to ensure all transactions are reviewed for posting to the proper funds.

FINDING NUMBER 2020-004

Noncompliance

Ohio Rev. Code § 5705.38(C) states that “[a]ppropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.”

For 2019, the Village appropriated at the fund level for all funds, failing to meet the minimum legal level of control required by this section.

To ensure compliance and to increase internal controls over disbursements, the Village should appropriate for all funds at the object level.

FINDING NUMBER 2020-005

Noncompliance and Significant Deficiency

Ohio Rev. Code § 5705.40 allows any appropriation ordinance or measure to be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation. **Ohio Admin. Code 117-2-02(C)(1)** requires all local public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The Village utilized a financial accounting system which was capable of integrating budgetary and actual financial information at a level lower than the legal level of budgetary control. However, for 2019, appropriations posted to the Village’s accounting system differed from legislatively approved amounts as follows:

Fund	Appropriation Approved	Appropriation Posted	Variance
General	\$299,000	\$312,000	\$13,000
State Highway	9,000	9,946	946
Park Levy	45,000	49,000	4,000
Street Levy	50,000	40,000	(10,000)
Permissive Motor Vehicle Tax	40,000	50,000	10,000

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-005 (Continued)

Noncompliance and Significant Deficiency (Continued)

As such, changes to appropriations were modified without legal approval. This practice could result in overspending or in unallowable expenditures being made should expenditures be made by the Village personnel from unapproved appropriations. In addition, in accurately posted budgetary information could lead to errors in reporting budget versus actual information in the notes to the financial statements.

The Village should not make adjustments to appropriations prior to Village Council approval. Adjustments to appropriations should only be done if total appropriations are less than estimated resources. This will help ensure the Village's accounting system only reflects Council approved appropriations and provide additional control procedures to help ensure expenditures are not made from unapproved appropriations.

FINDING NUMBER 2020-006

Noncompliance and Material Weakness

Village of Tuscarawas Income Tax Ordinance 915 Section 4(B)(8) states that on or before the last day of February of each year, an employer shall file a withholding reconciliation return with the Tax Administrator listing:

- (a) The names, addresses, and social security numbers of all employees from whose qualifying wages tax was withheld or should have been withheld for The Village of Tuscarawas, Ohio during the preceding calendar year;
- (b) The amount of tax withheld, if any, from each such employee, the total amount of qualifying wages paid to such employee during the preceding calendar year;
- (c) The name of every other municipal corporation for which tax was withheld or should have been withheld from such employee during the preceding calendar year;
- (d) Any other information required for federal income tax reporting purposes on Internal Revenue Service form W-2 or its equivalent form with respect to such employee;
- (e) Other information as may be required by the Tax Administrator.

Village of Tuscarawas Income Tax Ordinance 915 Section 5(A) states an annual The Village of Tuscarawas, Ohio income tax return shall be completed and filed by every individual taxpayer eighteen (18) years of age or older and any taxpayer that is not an individual for each taxable year for which the taxpayer is subject to the tax, whether or not a tax is due thereon.

Village of Tuscarawas Income Tax Ordinance 915 Section 5(F)(2) states the Tax Administrator shall require a taxpayer who is an individual to include, with each annual return and amended return, copies of the following documents: all of the taxpayer's Internal Revenue Service form W-2, "Wage and Tax Statements," including all information reported on the taxpayer's federal W-2, as well as taxable wages reported or withheld for any municipal corporation; the taxpayer's Internal Revenue Service form 1040; and, with respect to an amended tax return, any other documentation necessary to support the adjustments made in the amended return. An individual taxpayer who files the annual return required by this section electronically is not required to provide paper copies of any of the foregoing to the Tax Administrator unless the Tax Administrator requests such copies after the return has been filed.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-006 (Continued)

Noncompliance and Material Weakness (Continued)

We noted the following exceptions:

- A quarterly income tax estimate selected for testing was not accompanied by a quarterly estimate form. When reviewing the taxpayer's file, we noted four quarterly payments made in equal amounts and properly claimed as estimated payments on the 2019 Village income tax return. However, the total estimated payments and prior year credits claimed on the 2019 tax return totaled \$202 and the total estimated payments supporting totaled \$178, resulting in a \$24 difference. This difference was related to 2018 overpayments carried forward to 2019, however the Income Tax Administrator was unable to provide supporting documentation for the 2018 tax return;
- A money order received by the Village in 2019 for \$730 was not supported by an income tax return or other supporting documentation;
- We noted one receipt in 2020 for quarterly employer withholding remittances that did not contain supporting documentation and additionally, a year-end withholding reconciliation was not provided or maintained;
- We noted one instance in 2020 of individual returns and supporting documentation were not on file to support amounts paid to the Village.

When errors listed above, which were identified during sampling procedures, were projected upon the Municipal Income Tax sample, they totaled \$12,032 and \$12,132 for 2020 and 2019, respectively. As a result, completeness over Municipal Income Taxes receipts could not be reasonably assured.

Additionally, while the Income Tax Administrator was noted to have notified delinquent filers per copies of correspondence kept within the respective tax filer folders, we noted no formal tracking was being performed to document whether additional attempts to contact individuals or companies was made and as to whether or not the noted issues were resolved. Additionally, W-3 year-end reconciliation forms were not always submitted as required by employers.

The Village Income Tax Department should periodically perform reviews of tax liability calculations and supporting documentation submitted to ensure that the proper tax liability is calculated for all residents and businesses. When supporting documentation is not provided, steps should be taken to ensure support is obtained to compare against reported amounts and ensure the proper income tax due to the Village is being received. Communication logs should be maintained to track correspondence with taxpayers. Additionally, annual reconciliation W-3 forms should be submitted for all applicable taxpayers. This will ensure compliance with Village Ordinance and help ensure proper rates are charged to taxpayers.

Official's Response – We did not receive a response from Officials to the above findings.

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Village of Tuscarawas

522 East Cherry St.

PO Box 388

Tuscarawas, Ohio 44682-0388

740-922-4189

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020 AND 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Bank Reconciliations	Partially corrected	The Village Council members are made aware of each month's bank reconciliation and sign off for each month. The Village's Fiscal Officer will continue to reconcile each month and void warrants in the correct months instead of carrying forward.
2018-002	Financial Reporting	Partially corrected	The Village Fiscal Officer is made aware of the errors and omissions and are correcting these to move forward for each audit year.
2018-003	Ohio Rev. Code § 5705.38(C)	Partially corrected	The Village has corrected this issue in 2020
2018-004	Ohio Rev. Code § 5705.40	Not corrected	The Fiscal Officer will follow proper procedures and report amendments to the county for Amended certificates.
2018-005	Ohio Rev. Code § 5705.10(D)	Partially corrected	The Fiscal Officer has recognized the error in receipting and reporting of revenue.
2018-006	Finding for Recovery – Improper Severance Payout	Fully corrected/Finding no longer valid	Amount was repaid in full to the Village.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF TUSCARAWAS

TUSCARAWAS 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 3/24/2022

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