



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY
DECEMBER 31, 2018 AND 2017**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Tuscarawas
Tuscarawas County
522 E. Cherry St.
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 by fund type, and related notes of the Village of Tuscarawas, Tuscarawas County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative 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 Revised Code § 117.38 and Ohio Administrative 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 Revised Code § 117.38 and Ohio Administrative 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, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2020, 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

May 21, 2020

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, 2018*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$53,131	\$45,612	\$0	\$98,743
Municipal Income Tax	79,508	0	0	79,508
Intergovernmental	28,701	66,998	360,848	456,547
Charges for Services	48,236	0	0	48,236
Fines, Licenses and Permits	3,631	0	0	3,631
Earnings on Investments	2,085	79	0	2,164
Miscellaneous	16,529	15,505	0	32,034
<i>Total Cash Receipts</i>	<u>231,821</u>	<u>128,194</u>	<u>360,848</u>	<u>720,863</u>
Cash Disbursements				
Current:				
Security of Persons and Property	68,043	0	0	68,043
Leisure Time Activities	0	11,584	0	11,584
Community Environment	8,283	0	0	8,283
Basic Utility Services	34,568	0	0	34,568
Transportation	0	65,527	0	65,527
General Government	100,472	443	0	100,915
Capital Outlay	3,800	0	386,640	390,440
Debt Service:				
Principal Retirement	0	18,075	6,123	24,198
<i>Total Cash Disbursements</i>	<u>215,166</u>	<u>95,629</u>	<u>392,763</u>	<u>703,558</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>16,655</u>	<u>32,565</u>	<u>(31,915)</u>	<u>17,305</u>
Other Financing Receipts (Disbursements)				
Loans Issued	0	0	18,992	18,992
Other Financing Sources	9,677	0	0	9,677
Other Financing Uses	(969)	0	0	(969)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>8,708</u>	<u>0</u>	<u>18,992</u>	<u>27,700</u>
<i>Net Change in Fund Cash Balances</i>	25,363	32,565	(12,923)	45,005
<i>Fund Cash Balances, January 1</i>	<u>169,486</u>	<u>117,353</u>	<u>106,800</u>	<u>393,639</u>
Fund Cash Balances, December 31				
Restricted	0	149,918	93,877	243,795
Assigned	46,588	0	0	46,588
Unassigned (Deficit)	148,261	0	0	148,261
<i>Fund Cash Balances, December 31</i>	<u>\$194,849</u>	<u>\$149,918</u>	<u>\$93,877</u>	<u>\$438,644</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)
Proprietary Fund Type
For the Year Ended December 31, 2018

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$345,732
Miscellaneous	112
<i>Total Operating Cash Receipts</i>	<u>345,844</u>
Operating Cash Disbursements	
Personal Services	111,793
Employee Fringe Benefits	52,097
Contractual Services	62,366
Supplies and Materials	53,180
Other	18,525
<i>Total Operating Cash Disbursements</i>	<u>297,961</u>
<i>Operating Income (Loss)</i>	<u>47,883</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(8,456)
Principal Retirement	(3,017)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(11,473)</u>
<i>Net Change in Fund Cash Balances</i>	36,410
<i>Fund Cash Balances, January 1</i>	<u>328,519</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$364,929</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, 2018

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.

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 provide additional information for these entities. The jointly governed organizations are:

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

The Villages 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 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.

State Highway Improvement 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 with the village limits.

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

Park Levy Fund The park 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 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 Section 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 Section 117-2-03 (D) permit.

Budgetary Process

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

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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 primarily canceled, and re-appropriated in the subsequent year.

A summary of 2018 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.

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.

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

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 Revised Code §5705.38(C), appropriation measures were adopted at the fund level for all funds except the General Fund.

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$229,731	\$241,498	\$11,767
Special Revenue	135,714	128,194	(7,520)
Capital Projects	379,840	379,840	0
Enterprise	303,500	345,844	42,344
Total	\$1,048,785	\$1,095,376	\$46,591

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$287,315	\$216,424	\$70,891
Special Revenue	215,673	96,504	119,169
Capital Projects	486,640	392,763	93,877
Enterprise	512,393	313,771	198,622
Total	\$1,502,021	\$1,019,462	\$482,559

Note 5 – Deposits

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

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

	<u>2018</u>
Demand Deposits	<u>\$803,573</u>

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 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective

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

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. 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. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</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 Board 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 29 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 2018, 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, 2018.

Assets	\$1,476,422
Liabilities	<u>(1,749,147)</u>
Net Position	<u>\$ (272,725)</u>

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

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.

The Ohio Revised Code also prescribes contribution rates. OPERS' members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

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 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Note 10 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loans	\$477,190	0%
Salt Shed Loan	45,225	0%
State Infrastructure Bank Loan	99,992	3%
OWDA Loan	6,379	0%
Total	<u>\$628,786</u>	

Amortization

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

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

Year ending December 31:	<u>OWDA</u>	<u>OPWC Loan</u>	<u>Salt Shed</u>
2019	6,034	17,883	6,700
2020	345	17,883	6,700
2021		17,883	6,700
2022		17,883	6,700
2023		17,883	6,700
2024-2028		89,417	11,725
2029-2033		85,533	
2034-2038		78,734	
2039-2043		78,734	
2044-2047		55,357	
Total	<u>\$6,379</u>	<u>\$477,190</u>	<u>\$45,225</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.

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.

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.

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.

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.

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.

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 will repay the loan in semiannual installments of \$3,017, interest free, for 5 years.

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. A loan payment schedule has not been finalized for this project as this project was still

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

in process at the end of 2018. Therefore, this debt is not included in the debt repayment schedule above.

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 three 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. The 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 no equity interest exists. During fiscal year 2018, no monies were paid to the TCTIRC from the Village.

Tuscarawas County Regional Planning Commission (Commission)

The Village participates in the Commission, which is a statutorily created political subdivision of the State. The Commission is jointly governed by Tuscarawas County and other cities, villages and townships in the County. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission has the purpose and duty to make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions and services, and other aspects of the region or the County, respectively. 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 – Subsequent Events

On April 11, 2019, the Village approved for the paving of Cherry Street to be paid from the Permissive Tax Fund at an expected cost of \$49,200.

During 2019, as a result of EPA mandates, the Village began the planning process for improvements necessary to install a water filtration and flush system, and also a water reservoir to the Village's water utility system. The Village has contracted with Thrasher Group for the project's engineering service. The engineer estimated the cost of the project at \$1.8 million. Financing for the project has been secured in part by a \$300,000 grant from the Ohio Public Works Commission. The Village plans to apply for grants and loans from various governmental agencies to secure the remaining amount of the project.

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

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

Note 13 – 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.

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, 2017

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$53,315	\$45,735	\$0	\$99,050
Municipal Income Tax	70,873	0	0	70,873
Intergovernmental	28,013	62,724	0	90,737
Charges for Services	48,225	0	0	48,225
Fines, Licenses and Permits	3,294	0	0	3,294
Earnings on Investments	2,075	233	0	2,308
Miscellaneous	18,495	15,675	0	34,170
<i>Total Cash Receipts</i>	<u>224,290</u>	<u>124,367</u>	<u>0</u>	<u>348,657</u>
Cash Disbursements				
Current:				
Security of Persons and Property	63,991	0	0	63,991
Leisure Time Activities	0	23,789	0	23,789
Community Environment	7,748	0	0	7,748
Basic Utility Services	35,000	0	0	35,000
Transportation	0	145,079	0	145,079
General Government	117,759	650	0	118,409
Capital Outlay	8,658	0	288,855	297,513
Debt Service:				
Principal Retirement	9,733	8,234	0	17,967
Interest and Fiscal Charges	475	0	0	475
<i>Total Cash Disbursements</i>	<u>243,364</u>	<u>177,752</u>	<u>288,855</u>	<u>709,971</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,074)</u>	<u>(53,385)</u>	<u>(288,855)</u>	<u>(361,314)</u>
Other Financing Receipts (Disbursements)				
Loans Issued	0	0	295,655	295,655
Transfers In	0	25,000	0	25,000
Transfers Out	(25,000)	0	0	(25,000)
Other Financing Uses	(3,733)	0	0	(3,733)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(28,733)</u>	<u>25,000</u>	<u>295,655</u>	<u>291,922</u>
<i>Net Change in Fund Cash Balances</i>	<u>(47,807)</u>	<u>(28,385)</u>	<u>6,800</u>	<u>(69,392)</u>
<i>Fund Cash Balances, January 1</i>	<u>217,293</u>	<u>145,738</u>	<u>100,000</u>	<u>463,031</u>
Fund Cash Balances, December 31				
Restricted	0	117,353	106,800	224,153
Assigned	58,315	0	0	58,315
Unassigned (Deficit)	111,171	0	0	111,171
<i>Fund Cash Balances, December 31</i>	<u>\$169,486</u>	<u>\$117,353</u>	<u>\$106,800</u>	<u>\$393,639</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)
Proprietary Fund Type
For the Year Ended December 31, 2017

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$310,008
Miscellaneous	100
	<u>310,108</u>
<i>Total Operating Cash Receipts</i>	<u>310,108</u>
Operating Cash Disbursements	
Personal Services	108,621
Employee Fringe Benefits	44,009
Contractual Services	42,472
Supplies and Materials	97,595
Other	32,678
	<u>325,375</u>
<i>Total Operating Cash Disbursements</i>	<u>325,375</u>
<i>Operating Income (Loss)</i>	<u>(15,267)</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	1,507
Loans Issued	10,500
Capital Outlay	(12,849)
Principal Retirement	(2,355)
	<u>(3,197)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(3,197)</u>
<i>Net Change in Fund Cash Balances</i>	(18,464)
<i>Fund Cash Balances, January 1</i>	<u>346,983</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$328,519</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, 2017

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.

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

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

The Villages 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 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.

State Highway Improvement 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 with the village limits.

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

Park Levy Fund The park 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 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 Section 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 Section 117-2-03 (D) permit.

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

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 primarily canceled, and re-appropriated in the subsequent year. The Village did encumber all commitments required by Ohio law.

A summary of 2017 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.

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

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

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 Revised Code §5705.38(C), appropriation measures were adopted at the fund level for all funds except the General Fund.

Contrary to Ohio Revised Code §5705.40, appropriation amendments were posted to the Village's accounting system that were not approved by Council in the General Fund by \$47,895, the Street Levy Fund by \$30,000, the Water Fund by \$30,185 and the Wastewater Fund by \$3,000.

Contrary to Ohio Revised Code §5705.10(D), restricted revenues of \$80,000 in loan proceeds were not properly accounted for within the Capital Projects Fund. The financial statements were adjusted accordingly.

Note 4 - Budgetary Activity

Budgetary activity for the year ending 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$204,671	\$224,290	\$19,619
Special Revenue	286,241	149,367	(136,874)
Capital Projects	295,655	295,655	0
Enterprise	299,007	322,115	23,108
Total	\$1,085,574	\$991,427	(\$94,147)

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

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$232,654	\$272,761	(\$40,107)
Special Revenue	230,803	177,968	52,835
Capital Projects	288,855	288,855	0
Enterprise	397,345	341,804	55,541
Total	<u>\$1,149,657</u>	<u>\$1,081,388</u>	<u>\$68,269</u>

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:

	2017
Demand Deposits	\$722,158

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

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

Income Taxes

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

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

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

Note 7 - Risk Management

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

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

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

Casualty and Property Coverage

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

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

Financial Position

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

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

At December 31, 2017, the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As December 31, 2017, the Government's share of these unpaid claims collectible in future years is approximately \$13,000.

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

2017 Contributions to PEP
\$19,971

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are

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

eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also, upon withdrawal, payments for all casualty claims and claim expenses becomes the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Health Insurance

The Tuscarawas County Healthcare Consortium (the Consortium) is a statutorily created political subdivision of the State as a regional council of governments. Tuscarawas County appoints the majority of the Consortium's Board of Directors. Full-time employees are provided health insurance and vision coverage through the Tuscarawas County Healthcare Consortium. Full-time employees are also provided life insurance through the Tuscarawas County Commissioners plan. Full-time employees are also offered dental, additional vision coverage and additional voluntary life insurance through the Tuscarawas County Commissioner's plans.

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.

The Ohio Revised Code also prescribes contribution rates. OPERS' members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

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. OPERS contributed 1 percent of the employer contribution to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OPWC Loans	\$497,892	0%
Salt Shed Loan	51,925	0%
State Infrastructure Bank Loan	81,000	3%
OWDA Loan	9,396	0%
Total	\$640,213	

Amortization

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

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

Year ending December 31:	<u>OWDA</u>	<u>OPWC Loan</u>	<u>Salt Shed</u>
2018	3,017	17,883	6,700
2019	6,034	17,883	6,700
2020	345	17,883	6,700
2021		17,883	6,700
2022		17,883	6,700
2023-2027		89,417	18,425
2028-2032		87,198	
2033-2037		80,275	
2038-2042		78,734	
2043-2047		72,853	
Total	<u>\$9,396</u>	<u>\$497,892</u>	<u>\$51,925</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.

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.

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.

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.

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.

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.

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 will repay the loan in semiannual installments of \$3,017, interest free, for 5 years.

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. A loan payment schedule has not been finalized for this project as this project was still

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

in process at the end of 2017. Therefore, this debt is not included in the debt repayment schedule above.

Leases

The Village leased a police cruiser under a non-cancelable lease. The Village satisfied this lease with the final payment of \$10,208 on April 27, 2017.

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 three 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 2017, no monies were paid to the TCTIRC from the Village.

Tuscarawas County Regional Planning Commission (Commission)

The Village participates in the Commission, which is a statutorily created political subdivision of the State. The Commission is jointly governed by Tuscarawas County and other cities, villages and townships in the County. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission has the purpose and duty to make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic and governmental characteristics, functions and services, and other aspects of the region or the County, respectively. 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 – Subsequent Events

On April 11, 2019, the Village approved for the paving of Cherry Street to be paid from the Permissive Tax Fund at an expected cost of \$49,200.

During 2019, as a result of EPA mandates, the Village began the planning process for improvements necessary to install a water filtration and flush system, and also a water reservoir to the Village's water utility system. The Village has contracted with Thrasher Group for the project's engineering service. The engineer estimated the cost of the project at \$1.8 million. Financing for the project has been secured, in part, by a \$300,000 grant from the Ohio Public Works Commission. The Village plans to apply for grants and loans from various governmental agencies to secure the remaining amount of the project.

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

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

Note 13 – 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.

OHIO AUDITOR OF STATE KEITH FABER



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The Plains, Ohio 45780-1231
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SoutheastRegion@ohioauditor.gov

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

Village of Tuscarawas
Tuscarawas County
522 E. Cherry St.
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 by fund type of the Village of Tuscarawas, Tuscarawas County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated May 21, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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 2018-001, 2018-002 and 2018-005 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 2018-004 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 determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2018-003 through 2018-005.

Village's Response to Findings

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

May 21, 2020

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2018-001

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 is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were not prepared or reviewed each month of 2018 and 2017. As a result, the Village was not properly reconciled during any of these months and the following adjustments were made to the financial statements in order to reconcile the bank and book balances:

- For 2017, proceeds received for the Water Supply Revolving Loan in the amount of \$10,500 were deposited to the bank but never posted to the accounting system resulting in the Water Fund cash balance and Loan Proceed Revenue being understated by \$10,500;
- For 2017, \$2,527 in revenue collected by the Utility Clerk for one daily batch was doubly reported by the Fiscal Officer in the accounting system. As a process to reconcile amounts between the utility system and the accounting system was not in place, the error was not detected resulting in the overstatement of Charges for Service Revenue and cash fund balance in the Water Fund, Sewer Fund, Sewer Capital Assessment Fund, and General fund in the amounts of \$1,209, \$1,202, \$19, and \$97, respectively;
- During 2018 and 2017, errors were made multiple times related to checks returned by the bank for non-sufficient funds. It was noted that the Utility Clerk did not reduce the customer payment in the Utility system for the returned payments. Additionally, when the customer paid the NSF amount, the Utility Clerk added on additional charges to match the payment to therefore show her accounts as reconciled. However, this resulted in reconciliation issues in the accounting system due to the overstatement of charges. As a process to reconcile amounts between the utility system and the accounting system was not in place, the error was not detected resulting in the overstatement of Charges for Service Revenue and cash fund balance in the Water Fund, Sewer Fund, and General fund in the amounts of \$140, \$148, and \$59 respectively for 2017; errors of this nature in 2018 resulted in the overstatement of Charges for Service Revenue and cash fund balance in the Water Fund, Sewer Fund, and General fund in the amounts of \$124, \$127, and \$43, respectively;
- In 2017, the General Fund cash balance and Income Tax Revenue were overstated by \$73 as the payment related to one tax return was doubly receipted into the accounting system;
- In 2017, the Water Fund cash balance and Miscellaneous Operating Revenue were understated by \$100 as a refund was electronically received into the bank but was never posted to the accounting system;

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-001 (Continued)

Material Weakness (Continued)

- During 2018 and 2017, errors were made as revenue received from the County as collected for utility charges assessed to customer's property taxes were doubly reported by the Utility Clerk and the Fiscal Officer. As a process to reconcile amounts between the utility system and the accounting system was not in place, the error was not detected resulting in the overstatement of Other Miscellaneous Operating Revenue and cash fund balance in the Sewer Fund in the amount of \$1,935 in 2018 and \$856 in 2017;
- During 2017, an electronic payment made to AEP was posted to the accounting system in excess of the invoiced amount and the amount that cleared the bank. This error resulted in an overstatement of Contractual Service Expense and understatement of cash fund balance in the Water and Sewer Funds in the amount of \$31 and \$32, respectively;
- During 2018 and 2017, payments were processed through the Ohio Business Gateway for local payroll withholding tax to be remitted to the Village of Tuscarawas. It was noted that the payments never cleared the bank, and also, the Village never received income tax revenue from the Gateway for the amounts submitted. As the Fiscal Officer improperly cleared the outstanding payments, reconciliation errors were noted in the amount of \$1,030 in 2018 and \$512 in 2017. Therefore, adjustments were made to the Village's financial statements to increase the General Fund cash balance and Municipal Income Tax Revenue by the amounts noted;
- During 2018, Water Fund cash balance and Charges for Service Revenue were understated by \$36 due to a transposition error made on the Utility Clerk's report presented to the Fiscal Officer for posting to the accounting system;
- During 2018, an electronic payment was made to Tuscarawas County for the payment of health insurance premiums. However, the payment was never posted to the accounting system. As a result, cash fund balance and Fringe Benefit Expense was understated in the Water and Sewer Fund in the amount of \$242 each and cash fund balance and Transportation Expense was understated in the Street Construction Maintenance and Repair Fund in the amount of \$121;
- During 2018, one payment did not represent a valid outstanding payment as payment for the same invoice was again paid in 2019. Therefore, cash fund balance was understated and Personal Service Expense was overstated in the Water Fund and Sewer fund by \$157 and \$156, respectively. Also, cash fund balance was understated and Transportation expense was overstated in the Street Maintenance and Repair Fund by \$35;
- During 2018, the General Fund cash balance and Charges for Service Revenue were overstated by \$1,541 as the Fiscal Officer recorded revenue without supporting documentation in attempt to reconcile the bank to book difference;
- During 2017, an adjustment in the amount of \$10 to increase the General Fund cash fund balance and Other Revenue was made in order to reconcile the bank to book balance for amounts not identified by the Village;
- During 2018, an adjustment to decrease the cash fund balance and Charges For Service Revenue was made in the General, Water, and Sewer Funds in the amounts of \$89, \$180, and \$180, respectively, in order to reconcile the bank to book balance for amounts not identified by the Village as these amounts are believed to be related to the overstating of revenues related to NSF payments.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-001 (Continued)

Material Weakness (Continued)

In addition, we noted a total of \$3,604 in outstanding checks were included in the 12/31/18 outstanding check list that should not have been since they were for payments that had cleared the bank prior to 12/31/18.

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.

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.

Also, the Village should contact the Ohio Business Gateway in regards to payments and revenues that are not being processed in relation to the Village's Municipal Income Tax.

FINDING NUMBER 2018-002

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.

As a result of audit procedures performed, errors were identified in the Village's financial statements that required audit adjustments and reclassifications as follows:

- During 2018, the Village received on-behalf grant revenues and on-behalf debt proceeds related to the Main Street Sidewalk project in the amount of \$360,848 and \$18,992, respectively which were not posted to the accounting system. As a result, Capital Outlay expenditures were also understated in the Capital Projects Fund by \$379,840 in 2018;
- The Village received a reimbursement in the amount of \$24,310 for an amount overpaid to the Ohio Department of Transportation related to the Village's Main Street Sidewalk Project. The Village recorded the receipt as Miscellaneous Revenue in the General Fund rather than reducing the General Government Expense in the General Fund as would have been appropriate. Therefore, the misposting resulted in the overstatement of General Fund revenues and expenses by \$24,310 in 2018;

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-002 (Continued)

Material Weakness (Continued)

- In 2018, the Village misclassified \$6,123 and \$3,350 paid for principal debt obligations as Transportation Expense in the Street Levy and Street Construction, Maintenance, and Repair Funds, respectively. An additional \$3,350 paid for principal debt obligations on the salt shed were improperly posted to the State Highway Fund as Transportation Expense instead of the Street Levy Fund;
- 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 2018 and 2017 in the amounts of \$46,588 and \$58,315, respectively. However, these amounts were reported as Unassigned rather than Assigned.

In addition, other misstatements related to mispostings of receipts, expenditures, and equity ranging from \$91 to \$15,680 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.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-003

Noncompliance

Ohio Rev. Code § 5705.38(C) requires the following minimum level of budgetary control for subdivisions other than schools: appropriation 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 2018 and 2017, the Village appropriated at the fund level for all funds, except the General Fund, 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 2018-004

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.

The Village Council should approve appropriations at the object level, the legal level of control. As such, any appropriation increase or decrease at the object level requires Village Council approval.

For 2017, appropriations posted to the Village's accounting system differed from legislatively approved amounts as follows:

Fund	Appropriation Approved	Appropriation Posted	Variance
General	\$232,716	\$280,611	\$47,895
Street Levy	66,000	96,000	30,000
Water	200,000	230,185	30,185
Wastewater	150,000	153,000	3,000

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.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

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

FINDING NUMBER 2018-004 (Continued)

Noncompliance and Significant Deficiency (Continued)

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. This will also provide additional control procedures to help ensure expenditures are not made from unapproved appropriations.

FINDING NUMBER 2018-005

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.

During 2017, the Village received \$80,000 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. The Village improperly posted the proceeds as Intergovernmental Revenue in the State Highway Fund rather than its own Capital Project Fund. Additionally, as a result, related Capital Outlay Expense in the amount of \$73,200 were reported in the State Highway Fund as Transportation Expense in 2017 and \$6,800 were reported in the General Fund as General Government Expense in 2018 rather than the related Capital Project Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

Inaccurate reporting of revenue could lead to money being utilized for unallowable disbursements that do not correspond with the legally required intent of such money. Additionally, 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. The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response: We did not receive a response from Officials to the Findings reported above.

**VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)**

2. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2018-006

Finding for Recovery

Ohio Rev. Code § 124.39(B) states "[e]xcept as provided in division (C) of this section, an employee of a political subdivision covered by section 124.38 or 3319.141 of the Revised Code may elect, at the time of retirement from active service with the political subdivision, and with ten or more years of service with the state, any political subdivisions, or any combination thereof, to be paid in cash for one-fourth the value of the employee's accrued but unused sick leave credit. The payment shall be based on the employee's rate of pay at the time of retirement and eliminates all sick leave credit accrued but unused by the employee at the time payment is made. An employee may receive one or more payments under this division, but the aggregate value of accrued but unused sick leave credit that is paid shall not exceed, for all payments, the value of thirty days of accrued but unused sick leave." Ohio Rev. Code § 124.39(C) states "[a] political subdivision may adopt a policy allowing an employee to receive payment for more than one-fourth the value of the employee's unused sick leave or for more than the aggregate value of thirty days of the employee's unused sick leave, or allowing the number of years of service to be less than ten. The political subdivision may also adopt a policy permitting an employee to receive payment upon a termination of employment other than retirement or permitting more than one payment to any employee." Ohio Rev. Code § 124.39 provides that "[a]s used in this section, "retirement" means disability or service retirement under any state or municipal retirement system in this state."

Furthermore, the *Village of Tuscarawas Personnel Policy and Procedure Manual* §§ 5.01 and 5.12, addressing sick leave and retirement, do not include provisions for the payout of sick leave.

On August 9, 2018 Village Police Department employee James Goodall was improperly paid severance pay for his sick leave balance. Since Mr. Goodall resigned from the Village, was still employed with another political subdivision, and had not applied for retirement with a state retirement system, he was not eligible for payment of his accrued, but unused sick leave. Additionally, the Village had not adopted a policy to allow for severance payments to be made to employees resigning rather than retiring from the Village. As a result, employee James Goodall was overcompensated \$1,369.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against employee James Goodall, in the amount of \$1,369 in favor of the Village's General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); (1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; State ex rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. See 1980 Op. Att'y. Gen. No. 80-074.

VILLAGE OF TUSCARAWAS
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018 AND 2017
(Continued)

2. OTHER – FINDINGS FOR RECOVERY (Continued)

FINDING NUMBER 2018-006 (Continued)

Finding for Recovery (Continued)

The check issued by the Village for this payment was signed by Village Fiscal Officer Jennifer Price and Village Council Members Chris Shamel and Wanda Krockner.

Jennifer Price, Fiscal Officer, and her bonding company, Ohio Plan Risk Management, Inc. of the state of Ohio, along with Council Members Chris Shamel and Wanda Krockner will be jointly and severally liable in the amount of \$1,369 in favor of the Village of Tuscarawas.

The Village should ensure that they adhere to the requirements provided by Ohio Rev. Code §124.39 to verify that Village employees are compensated correctly. This will help ensure the Village employees are not overcompensated.

Officials' Response: At the time of this payout, the Village Council, Mayor and Fiscal Officer did not have knowledge of Mr. Goodall's continuing State employment, which also allowed for accruing sick time leave. They also were not aware that this payout would be a violation of the Ohio Revised Code.

The Village of Tuscarawas has been in contact with Mr. Goodall about this matter and feels confident that this incorrect payment will be reimbursed to the Village. Mr. Goodall is retiring from his State of Ohio position on June 26, 2020 at which time he would like to have these sick pay hours rolled over to that position for pay out. Mr. Goodall and the Village of Tuscarawas Council has agreed upon a reimbursement of the full payout amount by July 31, 2020.

Village of Tuscarawas

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 Tuscarawas, Ohio 44682-0388
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Balancing Bank Reconciliations	Not Corrected	The Village's Fiscal Officer will perform bank reconciliations that balance without unsupported reconciliation items and have Council members sign off each month.
2016-002	Financial Reporting provisions of Ohio Rev. Code 117.38 and Ohio Admin. Code 117-03(D) adjustments to financial statements	Partially Corrected	Since the Village was notified of these errors and omissions late in the audit year, procedures are being adopted to identify and correct errors before submitting financial statements for audit.
2016-003	Ohio Rev. Code 5705.10(A) errors in recording revenues	Partially Corrected	Since the Village was notified of these errors late in the audit year, procedures are being adopted to correct these errors.
2016-004	Ohio Rev. Code 5705.10(C) inaccurate reporting of intergovernmental revenue	Partially Corrected	The Village Fiscal Officer is continuing to recognize and post these revenues correctly to be sure money is being utilized for spending from the correct allowable accounts.
2016-005	Ohio Rev. Code 5705.10(D) Special Fund and Grant agreements	Partially Corrected	The Village set up a separate special fund for the Federal ARC grant money for accurately tracking the spending of that disbursement. The Village is implementing procedures to ensure that they no longer overlook meeting the requirements of all project agreements.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF TUSCARAWAS

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 4, 2020**