



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF HARTVILLE  
STARK COUNTY  
DECEMBER 31, 2022 AND 2021**

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**INDEPENDENT AUDITOR'S REPORT**

Village of Hartville  
Stark County  
202 West Maple Street  
Hartville, Ohio 44632

To the Village Council:

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

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Hartville, Stark County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

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

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

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

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2024, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 10, 2024

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

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$175,443	\$430,647	\$0	\$606,090
Municipal Income Tax	1,751,206	0	0	1,751,206
Intergovernmental	99,444	471,042	0	570,486
Charges for Services	5,500	0	0	5,500
Fines, Licenses and Permits	107,122	1,531	26,088	134,741
Earnings on Investments	28,177	0	0	28,177
Miscellaneous	14,304	10,575	629	25,508
<i>Total Cash Receipts</i>	<u>2,181,196</u>	<u>913,795</u>	<u>26,717</u>	<u>3,121,708</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	1,134,224	467,759	0	1,601,983
Public Health Services	38,590	0	0	38,590
Leisure Time Activities	49,546	0	0	49,546
Community Environment	17,991	0	0	17,991
Basic Utility Services	3,950	0	0	3,950
Transportation	0	521,581	0	521,581
General Government	367,057	9,450	0	376,507
Capital Outlay	78,234	33,142	41,929	153,305
<i>Total Cash Disbursements</i>	<u>1,689,592</u>	<u>1,031,932</u>	<u>41,929</u>	<u>2,763,453</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>491,604</u>	<u>(118,137)</u>	<u>(15,212)</u>	<u>358,255</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	35,841	0	0	35,841
Transfers In	0	160,000	211,600	371,600
Transfers Out	(371,600)	0	0	(371,600)
Other Financing Sources	11,107	0	0	11,107
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(324,652)</u>	<u>160,000</u>	<u>211,600</u>	<u>46,948</u>
<i>Net Change in Fund Cash Balances</i>	166,952	41,863	196,388	405,203
<i>Fund Cash Balances, January 1</i>	<u>1,433,381</u>	<u>371,537</u>	<u>646,104</u>	<u>2,451,022</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,600,333</u>	<u>\$413,400</u>	<u>\$842,492</u>	<u>\$2,856,225</u>

*See accompanying notes to the basic financial statements*

**Village of Hartville, Ohio**  
*Stark County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2022*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$1,293,469
Fines, Licenses and Permits	23,460
Miscellaneous	481
<i>Total Operating Cash Receipts</i>	1,317,410
<b>Operating Cash Disbursements</b>	
Personal Services	271,829
Contractual Services	385,428
Supplies and Materials	145,139
<i>Total Operating Cash Disbursements</i>	802,396
<i>Operating Income (Loss)</i>	515,014
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	105,309
Earnings on Investments	21,932
Capital Outlay	(153,522)
Principal Retirement	(312,636)
Interest and Other Fiscal Charges	(80,312)
<i>Total Non-Operating Receipts (Disbursements)</i>	(419,229)
<i>Income before Capital Contributions</i>	95,785
Capital Contributions	27,087
<i>Net Change in Fund Cash Balances</i>	122,872
<i>Fund Cash Balances, January 1</i>	2,410,910
<i>Fund Cash Balances, December 31</i>	\$2,533,782

*See accompanying notes to the basic financial statements*

**Village of Hartville, Ohio**  
*Stark County*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2022*

	Fiduciary Fund Types
	Custodial
	Other Custodial
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$70,616
Earnings on Investments	1,565
<i>Total Additions</i>	<i>72,181</i>
<b>Deductions</b>	
Distributions to Other Governments	25,074
Distributions to Other Funds (Primary Gov't)	53,057
Other Distributions	219
<i>Total Deductions</i>	<i>78,350</i>
<i>Net Change in Fund Balances</i>	<i>(6,169)</i>
<i>Fund Cash Balances, January 1</i>	<i>101,494</i>
<i>Fund Cash Balances, December 31</i>	<i>\$95,325</i>

*See accompanying notes to the basic financial statements*

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**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The Village of Hartville (the Village), Stark County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides sewer utilities, park operations, road maintenance, and police services. The Village contracts with Hartville Fire Department to receive fire protection services.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***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.

***Fire Fund*** The fire fund accounts for property tax money collection for fire protection.

***Lake EMS Fund*** The EMS Fund accounts for property tax money collection for EMS protection.

***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:

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***Building Reserve Fund*** The building reserve fund accounts for proceeds from sales of Village land to accumulate reserves for future building construction and improvements.

***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 Fund:

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

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the fines and fees collected and distribution of the Village's Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

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

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

A summary of 2022 budgetary activity appears in Note 4.

***Deposits and Investments***

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

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

***Committed*** Council can *commit* amounts via formal action (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.

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**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.

**Note 3 – Compliance**

Contrary to Ohio law, at December 31, 2022, the Street Construction, Maintenance and Repair fund had a cash deficit balance of \$2,058 and the Motor Vehicle License Tax fund had a cash deficit balance of \$994.

**Note 4 – Budgetary Activity**

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,045,300	\$2,228,144	\$182,844
Special Revenue	1,076,750	1,073,795	(2,955)
Capital Projects	226,000	238,317	12,317
Enterprise	1,400,000	1,471,738	71,738
<b>Total</b>	<b>\$4,748,050</b>	<b>\$5,011,994</b>	<b>\$263,944</b>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,504,462	\$2,242,839	\$261,623
Special Revenue	1,178,059	1,145,240	32,819
Capital Projects	61,474	49,390	12,084
Enterprise	2,956,285	1,694,782	1,261,503
<b>Total</b>	<b>\$6,700,280</b>	<b>\$5,132,251</b>	<b>\$1,568,029</b>



**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 5 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village’s deposit and investment accounts are as follows:

	2022
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$2,439,026
Total deposits	2,439,026
STAR Ohio	3,046,306
Total investments	3,046,306
Total carrying amount of deposits and investments held in the Pool	5,485,332
<b><i>Segregated Accounts - Not held in the Pool:</i></b>	
Payroll Clearing Account	\$23,645
Third-Party Accounts	6,500
Total Outside Accounts	\$30,145

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village’s payroll clearing account represent unremitted employee payroll withholdings.

The Village also has accounts held outside of the deposit pool for money held by a third-party administrator providing claims servicing for an insurance program.

***Deposits***

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

***Investments***

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

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**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**

***Workers' Compensation***

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

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability;
- Cyber;
- Law Enforcement liability;
- Automobile liability;
- Vehicles;
- Property; and
- Equipment breakdown.

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2022.

***Ohio Police and Fire Retirement System***

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

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

***Social Security***

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

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

**Note 9 – Postemployment Benefits**

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

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

**Note 10 – Debt**

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

	Principal	Interest Rate
(OPWC) Ohio Public Works Commission Loan #CT710	\$147,609	0.00%
(OWDA) Ohio Water Development Authority Loan #3722	\$5,276	0.00%
(OWDA) Ohio Water Development Authority Loan #4414	\$829,367	0.00%
(OWDA) Ohio Water Development Authority Loan #6445	\$159,664	0.00%
USDA Loan	3,145,800	2.50%
Total	\$4,287,716	

The Ohio Public Works Commission (OPWC) loan #CT710 relates to a sewer line replacement. The loan will be repaid with semiannual installments of \$6,418 until its maturity in 2034.

The Ohio Water Development Authority (OWDA) loan #3722 relates to a project for the construction of a sanitary sewer to connect to the existing Sunnyside lift station. The loan will be repaid with semiannual installments of \$5,276 until its maturity in 2023. The loan is secured by special assessment sewer receipts.

The Ohio Water Development Authority (OWDA) loan #4414 was obtained to construct Woodland Street sanitary sewer lines. The loan will be repaid with semiannual installments of \$103,671 until its maturity in 2027. The loan is secured by special assessment sewer receipts.

The Ohio Water Development Authority (OWDA) loan #6445 was obtained for a sewer line replacement project. The loan will be repaid with semiannual installments of \$7,603 until its maturity in 2033. The loan is secured by sewer receipts.

The Village entered into a loan agreement with the United States Department of Agriculture (USDA) which is in the form of three sewer system mortgage revenue bonds of the Village. The Bonds were issued on March 11, 2013 in the amount of \$3,580,000 and purchased by the USDA. The Bonds have a stated interest of 2.5% and mature in 2053. The loan was used to upgrade the sanitary sewer plant.

***Amortization***

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

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

Year Ending December 31:	OPWC CT710	OWDA 3722	OWDA 4414	OWDA 64445	USDA Loan
2023	\$12,836	\$5,276	\$207,342	\$15,206	\$147,045
2024	12,836		207,342	15,206	147,035
2025	12,836		207,342	15,206	146,983
2026	12,836		207,341	15,206	147,088
2027	12,836			15,206	147,045
2028-2032	64,178			76,030	735,157
2033-2037	19,251			7,604	735,115
2038-2042					735,148
2043-2047					735,137
2048-2052					735,235
2053					146,985
Total	<u>\$147,609</u>	<u>\$5,276</u>	<u>\$829,367</u>	<u>\$159,664</u>	<u>\$4,557,973</u>

**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**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Enterprise	Total
Nonspendable:					
Unclaimed Monies	\$14,842				\$14,842
Outstanding Encumbrances	181,647	113,308	7,461	345,916	648,332
<i>Total</i>	<u>\$196,489</u>	<u>\$113,308</u>	<u>\$7,461</u>	<u>\$345,916</u>	<u>\$663,174</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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

	General	Special Revenue	Capital Projects	Combined Total
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$152,821	\$421,031	\$0	\$573,852
Municipal Income Tax	1,770,506	0	0	1,770,506
Intergovernmental	101,157	472,925	0	574,082
Charges for Services	2,428	0	0	2,428
Fines, Licenses and Permits	69,167	950	26,381	96,498
Earnings on Investments	1,572	112	0	1,684
Miscellaneous	96,935	4,541	0	101,476
<i>Total Cash Receipts</i>	<u>2,194,586</u>	<u>899,559</u>	<u>26,381</u>	<u>3,120,526</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	999,054	458,163	0	1,457,217
Public Health Services	23,509	0	0	23,509
Leisure Time Activities	34,015	0	0	34,015
Community Environment	24,081	0	0	24,081
Basic Utility Services	4,305	0	0	4,305
Transportation	0	442,094	0	442,094
General Government	396,170	4,235	0	400,405
Capital Outlay	58,166	282,577	175,410	516,153
<i>Total Cash Disbursements</i>	<u>1,539,300</u>	<u>1,187,069</u>	<u>175,410</u>	<u>2,901,779</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>655,286</u>	<u>(287,510)</u>	<u>(149,029)</u>	<u>218,747</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	30,928	0	0	30,928
Transfers In	15,000	511,302	359,267	885,569
Transfers Out	(870,569)	0	0	(870,569)
Other Financing Sources	623	0	0	623
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(824,018)</u>	<u>511,302</u>	<u>359,267</u>	<u>46,551</u>
<i>Net Change in Fund Cash Balances</i>	<u>(168,732)</u>	<u>223,792</u>	<u>210,238</u>	<u>265,298</u>
<i>Fund Cash Balances, January 1</i>	<u>1,602,113</u>	<u>147,745</u>	<u>435,866</u>	<u>2,185,724</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,433,381</u>	<u>\$371,537</u>	<u>\$646,104</u>	<u>\$2,451,022</u>

*See accompanying notes to the basic financial statements*

**Village of Hartville, Ohio**  
*Stark County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary Fund Types*  
*For the Year Ended December 31, 2021*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$1,313,589
Fines, Licenses and Permits	12,890
Miscellaneous	242
<i>Total Operating Cash Receipts</i>	1,326,721
<b>Operating Cash Disbursements</b>	
Personal Services	279,782
Contractual Services	392,386
Supplies and Materials	114,795
<i>Total Operating Cash Disbursements</i>	786,963
<i>Operating Income (Loss)</i>	539,758
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	98,236
Earnings on Investments	1,309
Capital Outlay	(56,857)
Principal Retirement	(311,035)
Interest and Other Fiscal Charges	(81,940)
<i>Total Non-Operating Receipts (Disbursements)</i>	(350,287)
<i>Income before Transfers</i>	189,471
Transfers Out	(15,000)
<i>Net Change in Fund Cash Balances</i>	174,471
<i>Fund Cash Balances, January 1</i>	2,236,439
<i>Fund Cash Balances, December 31</i>	\$2,410,910

*See accompanying notes to the basic financial statements*



**Village of Hartville, Ohio**  
*Stark County*  
*Combined Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Fund Types*  
*For the Year Ended December 31, 2021*

	Fiduciary Fund Types
	Custodial
	Other Custodial
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$49,399
Deposits Received	90,002
	139,401
<i>Total Additions</i>	<i>139,401</i>
<b>Deductions</b>	
Distributions to Other Governments	13,148
Distributions to Other Funds (Primary Gov't)	26,773
	39,921
<i>Total Deductions</i>	<i>39,921</i>
<i>Net Change in Fund Balances</i>	<i>99,480</i>
<i>Fund Cash Balances, January 1</i>	<i>2,014</i>
<i>Fund Cash Balances, December 31</i>	<i>\$101,494</i>

*See accompanying notes to the basic financial statements*

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**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Hartville (the Village), Stark County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations, road maintenance, and police services. The Village contracts with Hartville Fire Department to receive fire protection services.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***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.

***Fire Fund*** The fire fund accounts for property tax money collection for fire protection.

***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:

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Capital Improvement Fund** The capital improvement fund accounts for cable franchise fees for the purpose of acquiring and constructing major capital projects.

**Building Reserve Fund** The building reserve fund accounts for proceeds from sales of Village land to accumulate reserves for future building construction and improvements.

**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 Fund:

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

**Fiduciary Funds** Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the fines and fees collected and distribution of the Village's Mayor's Court.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

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

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

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

A summary of 2021 budgetary activity appears in Note 3.

**Deposits and Investments**

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

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

**Capital Assets**

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

**Accumulated Leave**

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

**Fund Balance**

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

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

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

**Committed** Council can *commit* amounts via formal action (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.

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**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.

**Note 3 – Budgetary Activity**

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,843,795	\$2,241,137	\$397,342
Special Revenue	\$1,459,468	1,410,861	(48,607)
Capital Projects	\$244,882	385,648	140,766
Enterprise	\$1,415,757	1,426,266	10,509
Total	\$4,963,902	\$5,463,912	\$500,010

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,445,903	\$2,578,202	(\$132,299)
Special Revenue	1,311,967	1,321,504	(9,537)
Capital Projects	422,796	224,800	197,996
Enterprise	2,390,808	1,389,056	1,001,752
Total	\$6,571,474	\$5,513,562	\$1,057,912

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. The Village also has segregated accounts which include clearing accounts and amounts with fiscal and escrow agents that are not part of this pool. A summary of the Village’s deposit and investment accounts are as follows:

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

	2021
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$1,968,602
Total deposits	1,968,602
STAR Ohio	2,994,644
Total investments	2,994,644
Total carrying amount of deposits and investments held in the Pool	4,963,246
<b><i>Segregated Accounts - Not held in the Pool:</i></b>	
Payroll Clearing Account	\$15,496
Third-Party Accounts	6,500
Total Outside Accounts	\$21,996

The Village has a payroll clearing account that is held outside of the deposit pool where gross payroll is held for distribution. The expenditures included in the accompanying financial statement reflect gross payroll. The balance in the Village’s payroll clearing account represent unremitted employee payroll withholdings.

The Village also has accounts held outside of the deposit pool for money held by a third-party administrator providing claims servicing for an insurance program.

***Deposits***

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

***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

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

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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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 – Interfund Balances**

Outstanding advances at December 31, 2021, consisted of \$10,500 advanced to the Bullet Proof Vest fund from the General Fund to provide working capital until such time as the reimbursement money is received for such project.

**Note 7 – Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability;
- Cyber;
- Law enforcement liability;
- Vehicles;
- Property; and
- Equipment breakdown.

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

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



**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Ohio Police and Fire Retirement System***

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

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

***Social Security***

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

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

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 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 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 10 – Debt**

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

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

	Principal	Interest Rate
(OPWC) Ohio Public Works Commission Loan #CT710	\$160,443	0.00%
(OWDA) Ohio Water Development Authority Loan #3722	\$15,828	0.00%
(OWDA) Ohio Water Development Authority Loan #4414	\$1,036,709	0.00%
(OWDA) Ohio Water Development Authority Loan #6445	\$174,870	0.00%
USDA Loan	\$3,212,500	2.50%
Total	\$4,600,350	

The Ohio Public Works Commission (OPWC) loan #CT710 relates to a sewer line replacement. The loan will be repaid with semiannual installments of \$6,418 until its maturity in 2034.

The Ohio Water Development Authority (OWDA) loan #3722 relates to a project for the construction of a sanitary sewer to connect to the existing Sunnyside lift station. The loan will be repaid with semiannual installments of \$5,276 until its maturity in 2023. The loan is secured by special assessment sewer receipts.

The Ohio Water Development Authority (OWDA) loan #4414 was obtained to construct Woodland Street sanitary sewer lines. The loan will be repaid with semiannual installments of \$103,671 until its maturity in 2027. The loan is secured by special assessment sewer receipts.

The Ohio Water Development Authority (OWDA) loan #6445 was obtained for a sewer line replacement project. The loan will be repaid with semiannual installments of \$7,603 until its maturity in 2033. The loan is secured by sewer receipts.

The Village entered into a loan agreement with the United States Department of Agriculture (USDA) which is in the form of three sewer system mortgage revenue bonds of the Village. The Bonds were issued on March 11, 2013 in the amount of \$3,580,000 and purchased by the USDA. The Bonds have a stated interest of 2.5% and mature in 2053. The loan was used to upgrade the sanitary sewer plant.

***Amortization***

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

Year Ending	OPWC CT710	OWDA 3722	OWDA 4414	OWDA 6445	USDA Loan
December 31:					
2022	\$12,836	\$10,552	\$207,342	\$15,206	\$147,013
2023	12,836	5,276	207,342	15,206	147,045
2024	12,836	0	207,342	15,206	147,035
2025	12,836	0	207,342	15,206	146,983
2026	12,836	0	207,341	15,206	147,088
2027-2031	64,178	0	0	76,030	735,178
2032-2036	32,085	0	0	22,810	735,137
2037-2041	0	0	0	0	735,145
2042-2046	0	0	0	0	735,102
2047-2051	0	0	0	0	735,190
2052-2053	0	0	0	0	294,069
Total	\$160,443	\$15,828	\$1,036,709	\$174,870	\$4,704,985

**Village of Hartville, Ohio**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**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**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Enterprise	Total
Nonspendable:					
Unclaimed Monies	\$3,735	\$0	\$0	\$0	\$3,735
Outstanding Encumbrances	168,333	134,435	49,390	137,261	489,419
<i>Total</i>	<u>\$172,068</u>	<u>\$134,435</u>	<u>\$49,390</u>	<u>\$137,261</u>	<u>\$493,154</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 13 – COVID-19**

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

The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent period if any, cannot be determined.

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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 Hartville  
Stark County  
202 West Maple St.  
Hartville, Ohio 44632

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Village of Hartville, Stark County, (the Village) as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated January 10, 2024.

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

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

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

***Village's Response to Findings***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

January 10, 2024

**VILLAGE OF HARTVILLE  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2022 AND 2021**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2022-001**

MATERIAL WEAKNESS

A public office filing its annual financial report on the regulatory cash basis shall include the notes to the basic financial statements. The Auditor of State provides footnote shells to public offices reporting on the regulatory cash basis. The footnote shells include a budgetary activity note and explains that within the budgetary activity note, for each fund type the following should be entered:

- Budgetary receipts from the Certificate of Estimated Resources (total available resources less unencumbered fund balance);
- Actual receipts from the financial statements;
- Appropriation authority from the approved Appropriation Resolution and any amendments made during the period plus prior year carryover encumbrances;
- Budgetary expenditures from the financial statements should include expenditures from the financial statements plus outstanding encumbrances at year end.

The Village's budgetary activity notes included the following misstatements:

- During 2021, the note reported Capital Project Funds budgeted receipts of \$281,981; however, actual budgeted receipts were \$244,882 which is a difference of \$37,099.
- During 2021, the note reported Special Revenue Funds appropriation authority of \$1,296,824; however, the actual appropriation authority was \$1,311,967, which is a difference of \$15,143.
- During 2022, the Accrued Sick/Vacation Fund budgeted receipts of \$45,000 were improperly reported within the Special Revenue Funds rather than the General Fund.
- During 2022, the note reported General Fund appropriation authority of \$2,395,989; however, the actual appropriation authority was \$2,504,462, which is a difference of \$108,473.
- During 2022, the note reported Special Revenue Funds appropriation authority of \$1,183,541; however, the actual appropriation authority was \$1,178,059, which is a difference of \$5,482.
- During 2022, the note reported Capital Projects Funds appropriation authority of \$61,390; however, the actual appropriation authority was \$61,474, which is a difference of \$84.
- During 2022, the note reported Enterprise Funds appropriation authority of \$2,896,846; however, the actual appropriation authority was \$2,956,285, which is a difference of \$40,561.
- During 2022, the note reported Enterprise Funds budgetary expenditures of \$1,792,750; however, the actual budgetary expenditures were \$1,694,782, which is a difference of \$97,968.

The notes to the financial statements have been adjusted to reflect the correct amounts.

The Village should implement controls over financial reporting to ensure the budgetary activity note is completed accurately.

**Official's Response:**

Controls will be implemented to ensure the budgetary activity is properly reflected in the notes.

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF HARTVILLE**

**STARK COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 2/20/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)