

**VILLAGE OF GNADENHUTTEN
TUSCARAWAS COUNTY**

SINGLE AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022



GUEYE & ASSOCIATES, CPA, INC.

2246 S. Hamilton Rd.
Suite 102
Columbus, OH 43232

Tel: 614-342-0297
Fax: 614-423-6615
www.gueyecpa.com



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Village Council
Village of Gnadenhutten
131 S. Walnut Street
P.O. Box 877
Gnadenhutten, Ohio 44629

We have reviewed the *Independent Auditor's Report* of the Village of Gnadenhutten, Tuscarawas County, prepared by Gueye & Associates, CPA, for the audit period January 1, 2022 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Gnadenhutten is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 12, 2026

This page intentionally left blank.

**VILLAGE OF
GNADENHUTTEN
TUSCARAWAS COUNTY**

DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Independent Auditor's Report | 1 |
| Prepared by Management: | |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2023..... | 4 |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Proprietary Fund Type – For the Year Ended December 31, 2023..... | 5 |
| Notes to the Financial Statements – December 31, 2023..... | 6 |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2022..... | 15 |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Proprietary Fund Type – For the Year Ended December 31, 2022..... | 16 |
| Notes to the Financial Statements – December 31, 2022..... | 17 |
| Schedule of Expenditures of Federal Awards – December 31, 2023 | 26 |
| Notes to the Schedule of Expenditures of Federal Awards – December 31, 2023..... | 27 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 28 |
| Independent Auditor's Report on Compliance with Requirements Applicable to each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance..... | 30 |
| Schedule of Findings..... | 33 |
| Prepared by Management | |
| Summary Schedule of Prior Audit Findings..... | 40 |
| Corrective Action Plan – December 31, 2023..... | 41 |

This page intentionally left blank.



GUEYE & ASSOCIATES, CPA, INC.

2246 S. Hamilton Rd.
Suite 102
Columbus, Ohio 43232

Tel: 614-342-0297
Fax: 614-423-6615
www.gueyecpa.com

INDEPENDENT AUDITOR'S REPORT

Village of Gnadenhutten
Tuscarawas County
131 S. Walnut Street
P.O. Box 877
Gnadenhutten, Ohio 44629

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 Gnadenhutten, Tuscarawas County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the years ended December 31, 2023, and December 31, 2022, 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 combined total as of and for the years ended December 31, 2023 and December 31, 2022, 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, 2023, and December 31, 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

As described in Note 2 of the financial statements, the financial statements are prepared by 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.

Supplementary Information

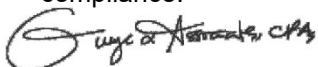
Our audit was conducted for the purpose of forming opinions on the Village's financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2025, 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.



Columbus, Ohio
December 3, 2025

Village of Gnadenhutten, 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, 2023

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|--|-------------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 131,853 | \$ 16,151 | \$ - | \$ 148,004 |
| Municipal Income Tax | 458,151 | - | - | 458,151 |
| Intergovernmental | 47,491 | 262,917 | - | 310,408 |
| Special Assessments | 1,108 | - | - | 1,108 |
| Charges for Services | 89,664 | - | - | 89,664 |
| Fines, Licenses and Permits | 80 | 1,096 | - | 1,176 |
| Earnings on Investments | 16,354 | - | - | 16,354 |
| Miscellaneous | 11,124 | 534 | 40 | 11,698 |
| <i>Total Cash Receipts</i> | <u>755,825</u> | <u>280,698</u> | <u>40</u> | <u>1,036,563</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 1,552 | 167,848 | - | 169,400 |
| Public Health Services | 18,229 | - | - | 18,229 |
| Leisure Time Activities | 14,668 | - | - | 14,668 |
| Community Environment | 1,753 | - | - | 1,753 |
| Basic Utility Services | 327,193 | - | - | 327,193 |
| Transportation | 151,314 | 193,343 | - | 344,657 |
| General Government | 79,142 | - | - | 79,142 |
| Capital Outlay | 183,396 | 325,839 | 78,946 | 588,181 |
| Debt Service: | | | | |
| Principal Retirement | 4,565 | 4,798 | - | 9,363 |
| Interest and Fiscal Charges | 620 | 617 | - | 1,237 |
| <i>Total Cash Disbursements</i> | <u>782,432</u> | <u>692,445</u> | <u>78,946</u> | <u>1,553,823</u> |
| <i>Excess of Cash Receipts Over (Under) Cash Disbursements</i> | <u>(26,607)</u> | <u>(411,747)</u> | <u>(78,906)</u> | <u>(517,260)</u> |
| Non-Operating Receipts (Disbursements) | | | | |
| Sale of Capital Assets | 928 | - | - | 928 |
| Loans Issued | - | 168,841 | - | 168,841 |
| Transfers In | 232,001 | 145,000 | 57,999 | 435,000 |
| Transfers Out | (435,000) | - | - | (435,000) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(202,071)</u> | <u>313,841</u> | <u>57,999</u> | <u>169,769</u> |
| Extraordinary Item | <u>116,034</u> | <u>-</u> | <u>-</u> | <u>116,034</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(112,644)</u> | <u>(97,906)</u> | <u>(20,907)</u> | <u>(231,457)</u> |
| <i>Fund Cash Balances, January 1 (Restated)</i> | <u>311,503</u> | <u>376,080</u> | <u>97,054</u> | <u>784,637</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 198,859</u> | <u>\$ 278,174</u> | <u>\$ 76,147</u> | <u>\$ 553,180</u> |

See accompanying notes to the basic financial statements

Village of Gnadenhutten, Ohio
Tuscarawas County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2023

| | Proprietary Fund Type |
|---|--------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | 646,152 |
| <i>Total Operating Cash Receipts</i> | <u>646,152</u> |
| Operating Cash Disbursements | |
| Personal Services | 39,342 |
| Employee Fringe Benefits | 6,970 |
| Contractual Services | 235,239 |
| Supplies and Materials | 114,221 |
| Other | 8,766 |
| <i>Total Operating Cash Disbursements</i> | <u>404,538</u> |
| <i>Operating Income (Loss)</i> | 241,614 |
| Non-Operating Receipts (Disbursements) | |
| Intergovernmental Receipts | 80,157 |
| Loan Issued | 2,001,006 |
| Capital Outlay | (471,376) |
| Principal Retirement | (1,656,186) |
| Interest and Other Fiscal Charges | (18,530) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(64,929)</u> |
| <i>Net Change in Fund Cash Balances</i> | 176,685 |
| <i>Fund Cash Balances, January 1</i> | <u>600,010</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$ 776,695</u></u> |

See accompanying notes to the basic financial statements

Village of Gnadenhutten, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Gnadenhutten, Tuscarawas County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, street maintenance, and police and fire services.

The Village participates in three jointly governed organizations and a public entity risk pool. Notes 7 and 11 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Police Fund - This fund receives income tax money for providing police services

Fire Fund - This fund receives property tax money to pay for providing fire protection and emergency medical services.

Capital Projects Funds

These funds account for and report financial resources that are restricted, committed or assigned receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust fund 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:

Capital Improvement Fund – This fund receives income tax money for capital projects.

Village of Gnadenhutten, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 – This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

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 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 (C) permit.

Budgetary Process

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

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 carried over, and need not be appropriated.

A summary of 2023 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.

Capital Asset

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

Village of Gnadenhutten, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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 and the nonexpendable portion of the corpus in permanent funds.

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

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

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

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

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

Note 3 – Compliance

Contrary to the Ohio Revised Code Section 5705.41(D), the Village made expenditures without prior certifications.

Also contrary to the Ohio Revised Code Section 5705.41(B), the Village had expenditures in excess of appropriations.

Village of Gnadenhutten, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

| 2023 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|--------------------|--------------------|------------------|
| | Budgeted | Actual | |
| Fund Type | Receipts | Receipts | Variance |
| General | \$901,901 | \$1,104,788 | \$202,887 |
| Special Revenue | \$249,432 | \$594,539 | \$345,107 |
| Capital Projects | \$53,335 | \$58,039 | \$4,704 |
| Enterprise | \$2,282,918 | \$2,727,315 | \$444,397 |
| Total | <u>\$3,487,586</u> | <u>\$4,484,681</u> | <u>\$997,095</u> |

| 2023 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|--------------------|--------------------|------------------|
| | Appropriation | Budgetary | |
| Fund Type | Authority | Expenditures | Variance |
| General | 1,112,000 | 1,217,432 | (\$105,432) |
| Special Revenue | 824,142 | 692,446 | 131,696 |
| Capital Projects | 135,000 | 78,946 | 56,054 |
| Enterprise | 2,609,918 | 2,550,630 | 59,288 |
| Total | <u>\$4,681,060</u> | <u>\$4,539,454</u> | <u>\$141,606</u> |

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 escrow agents that are not part of this pool.

A summary of the Village's deposit and investment accounts are as follows:

| | 2023 |
|--|--------------------|
| Cash Management Pool: | |
| Demand deposits | \$402,040 |
| Certificates of deposit | 177,150 |
| Other time deposits (savings and NOW accounts) | 750,685 |
| Total deposits | <u>\$1,329,875</u> |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village, or by the financial institution's public entity deposit pool.

Village of Gnadenhutten, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 6 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1.5 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.

Of the 1.5 percent income tax that the village collects, 80 percent of the first one percent is designated to support general Village operations and remaining 20 percent is designated to support Capital Improvement Fund and 50 percent is designated to support the Village police department.

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 (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public officials' liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

Village of Gnadenhutten, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

| | |
|-----------------------|---------------|
| | <u>2023</u> |
| Cash and investments | \$ 43,996,442 |
| Actuarial liabilities | \$ 19,743,401 |

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Twenty-Five (25) of the Village's full-time 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, 2023.

Ohio Police and Fire Retirement System

Two (2) of the Village certified Fire Fighters and 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, 2023.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan.

For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Village of Gnadenhutten, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 10 – Debt

Debt outstanding at December 31, 2023, was as follows:

| Description | Principal | Interest Rate |
|---|--------------------|---------------|
| Ohio Water Development Authority Loan #4159 | \$263,387 | 0% |
| Ohio Water Development Authority Loan #3185 | \$10,257 | 6.13% |
| Ohio Water Development Authority Loan# 10488 | \$8,412 | 2.20% |
| USDA Sanitary Sewer System Revenue Bonds 2023 | 1,521,000 | 1.75% |
| OPWC Loan # CN05Z | 168,841 | 0.00% |
| Truck Loan- First National Bank | 25,977 | 4.59% |
| Total | <u>\$1,997,874</u> | |

(OWDA) loan #3185 was awarded for a waterline replacement project. The loan is repaid semi-annually from the Waterline Replacement Debt Service Fund. The loan is collateralized by user fees.

The Ohio Water Development Authority (OWDA) loan #4159 was awarded for a WWTP Improvement project. The loan is repaid semi-annually from the Sewer Upgrade Debt Service Fund. The loan is collateralized by the user fees.

The Ohio Water Development Authority (OWDA) loan #10488 was awarded for the Water Treatment Plant. The amount approved was \$628,801 and the Village has drawn \$8,412 as of December 31, 2023. There is no amortization schedule yet established for this loan. It will be repaid from the Water Debt Service Fund.

The USDA Sanitary Sewer System Revenue Bonds were issued for an upgrade to the Village's sanitary sewer system. The Bonds will be paid in annual installments of \$53,193, ending in 2063. The loan is collateralized by user fees. The bond carries an interest rate of 1.75%. The bond will be paid from the Sewer debt Service Fund.

The OPWC loan was issued to pave Walnut Street. The loan carries 0% interest and will be paid in semi-annual installments of \$5,628, starting January 2, 2025 and ending July 29, 2038.

The Village issued a loan to finance a truck used for the Village's road operations. The loan is paid in monthly installments of \$636 over 5 years.

Village of Gnadenhutten, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Amortization

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

| Year Ending | OWDA Loans | USDA Loan | First National Bank Truck Loan |
|-------------|------------|-------------|--------------------------------|
| 2024 | \$182,600 | \$53,193 | \$7,936 |
| 2025 | 94,946 | 53,193 | 7,936 |
| 2026 | - | 53,193 | 7,936 |
| 2027 | - | 53,193 | 7,936 |
| 2028 | - | 53,193 | - |
| 2029-2033 | - | 265,965 | - |
| 2034-2038 | - | 265,965 | - |
| 2039-2043 | - | 265,965 | - |
| 2044-2048 | - | 265,965 | - |
| 2049-2053 | - | 265,965 | - |
| 2054-2058 | - | 265,965 | - |
| 2059-2063 | - | 265,965 | - |
| Total | \$277,546 | \$2,127,720 | \$31,744 |

11. JOINTLY GOVERNED ORGANIZATION

Arrowhead Joint Fire District

The Joint Fire District is a jointly governed organization under Ohio Revised Code Section 505.371 and is directed by an appointed five-member board of District Trustees. Two members are council members in the Village of Gnadenhutten as appointed by Village Council, two members are Trustees of Clay Township as appointed by the Township Trustees, and one member is a resident appointed by the Village Council and Township Trustees. The Board is responsible for the fire protection of the District. The Joint Fire District houses their equipment in a portion of the Village Hall for which it leases in the amount of \$2,500 annually.

Gnadenhutten-Clay Union Cemetery

The cemetery is a jointly governed organization under Ohio Revised Code Section 729.27, and is directed by an appointed three-member board. The Village of Gnadenhutten and Clay Township each appoint one member to the board. The third member is a citizen appointed by the other two members. The Village funding provides burial services and operations and maintenance of the cemetery. The cemetery reimburses the Village for funding provided. At December 31, 2023, the Cemetery was paid in full.

Community Improvement Corporation of Tuscarawas County

The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugar Creek, and Gnadenhutten. It is controlled by 25 trustees consisting of the three county commissioners, the mayor of each participating city and 15 self-elected trustees. The board exercises total control over the operations of the corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to representation on the board. During 2023, no monies were paid to the Corporation by the Village.

Village of Gnadenhutten, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Tuscarawas County Regional Planning Commission (the Commission)

The Commission is a statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, Environmental, social, economical and governmental characteristics, functions and services of the County. In 2023, \$198 was paid to the Commission by the Village for each year.

Note 12 – Subsequent Events

In July 2024, the Village entered into a loan agreement with the Ohio Public Works Commission for the Walnut Street Paving Project in the amount of \$160,263. This loan has an interest rate of zero percent and maturity of July 31, 2039.

On April 2023, the Village entered into a SIB Loan and Promissory Note through the Ohio Department of Transportation in the amount of \$616,300 for TAPS project. The total project is \$1,566,300 composed of a grant of 950,000 from the ODOT Transportation Alternative (TAP) Fund and a loan from the State Infrastructure Bank (SIB) of \$616,300. This project is to finance the construction of curb ramps and a sidewalk along Walnut Street from Southern Gateway Drive to Meadows Drive and along Main Street to Zimmerman Road. As required by the project design, drainage structures will need replacements. The project will also include pedestrian improvements to the village square, providing one block lighting in each direction to promote safety. Construction is expected to start in June 2025. The loan has not yet been disbursed as of December 31, 2023.

On February 29, 2024, the Village entered into a Promissory Note in the amount of \$25,319 with The First National Bank of Dennison for the purchase of a front-end loader. This note has an interest rate of 6.5 percent and a maturity of February 28, 2029.

Note 13 – Prior Year Balance Correction

The Village voided a previous year check within the special revenues funds in 2023. The effect on the fund balances is as follows:

| Fund Type | Balance at 12/31/2022 | Debit | Credit | Restated Balance at 12/31/2022 |
|-----------------------|----------------------------------|--------------|---------------|---|
| Special Revenue Funds | \$ 376,027 | \$ - | \$ 53 | \$ 376,080 |

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines

Village of Gnadenhutzen, 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, 2022

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|--|-------------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 116,724 | \$ 16,744 | \$ - | \$ 133,468 |
| Municipal Income Tax | 432,590 | - | - | 432,590 |
| Intergovernmental | 50,847 | 183,505 | - | 234,352 |
| Charges for Services | 86,389 | - | - | 86,389 |
| Fines, Licenses and Permits | 280 | 987 | - | 1,267 |
| Earnings on Investments | 3,924 | - | - | 3,924 |
| Miscellaneous | 14,487 | 4,202 | 27,793 | 46,482 |
| <i>Total Cash Receipts</i> | <u>705,241</u> | <u>205,438</u> | <u>27,793</u> | <u>938,472</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 7,942 | 215,739 | - | 223,681 |
| Public Health Services | 17,712 | - | - | 17,712 |
| Leisure Time Activities | 7,091 | - | - | 7,091 |
| Community Environment | 1,056 | - | - | 1,056 |
| Basic Utility Services | 443,803 | - | - | 443,803 |
| Transportation | 139,416 | 69,054 | - | 208,470 |
| General Government | 83,159 | - | - | 83,159 |
| Capital Outlay | 35,340 | 17,282 | 750 | 53,372 |
| <i>Total Cash Disbursements</i> | <u>735,519</u> | <u>302,075</u> | <u>750</u> | <u>1,038,344</u> |
| <i>Excess of Cash Receipts Over (Under) Cash Disbursements</i> | <u>(30,278)</u> | <u>(96,637)</u> | <u>27,043</u> | <u>(99,872)</u> |
| Non-Operating Receipts (Disbursements) | | | | |
| Sales Of Capital Assets | 771 | - | - | 771 |
| Loans Issued | 35,340 | - | - | 35,340 |
| Transfers In | 221,333 | 138,334 | 55,333 | 415,000 |
| Transfers Out | (415,000) | - | - | (415,000) |
| Other Financing Sources | 5,688 | - | - | 5,688 |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(151,868)</u> | <u>138,334</u> | <u>55,333</u> | <u>41,799</u> |
| Extraordinary Item | 217,913 | - | - | 217,913 |
| <i>Net Change in Fund Cash Balances</i> | <u>35,767</u> | <u>41,697</u> | <u>82,376</u> | <u>(58,073)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>275,736</u> | <u>334,330</u> | <u>14,678</u> | <u>624,744</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 311,503</u> | <u>\$ 376,027</u> | <u>\$ 97,054</u> | <u>\$ 784,584</u> |

See accompanying notes to the basic financial statements

Village of Gnadenhutten, Ohio
Tuscarawas 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 Funds Type |
|---|---------------------------|
| | Enterprise |
| Operating Cash Receipts | |
| Charges for Services | 656,254 |
| <i>Total Operating Cash Receipts</i> | <u>656,254</u> |
| Operating Cash Disbursements | |
| Personal Services | 57,929 |
| Employee Fringe Benefits | 9,504 |
| Contractual Services | 224,933 |
| Supplies and Materials | 144,762 |
| Other | 300 |
| <i>Total Operating Cash Disbursements</i> | <u>437,428</u> |
| <i>Operating Income (Loss)</i> | 218,826 |
| Non-Operating Receipts (Disbursements) | |
| Loan Issued | 1,004,996 |
| Capital Outlay | (537,133) |
| Principal Retirement | (650,565) |
| Interest and Other Fiscal Charges | (11,823) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(194,525)</u> |
| <i>Net Change in Fund Cash Balances</i> | 24,301 |
| <i>Fund Cash Balances, January 1</i> | <u>575,709</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$ 600,010</u></u> |

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Gnadenhutten, Tuscarawas County, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, street maintenance, and police and fire services.

The Village participates in three jointly governed organizations and a public entity risk pool. Notes 7 and 11 to the financial statements provide additional information for these entities.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Police Fund - This fund receives income tax money for providing police services

Fire Fund - This fund receives property tax money to pay for providing fire protection and emergency medical services.

Capital Projects Funds

These funds account for and report financial resources that are restricted, committed or assigned receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust fund 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:

Capital Improvement Fund – This fund receives income tax money for capital projects.

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

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 – This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

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 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 (C) permit.

Budgetary Process

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

Appropriations - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 carried over, and need not be appropriated.

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.

Capital Asset

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

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

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 and the nonexpendable portion of the corpus in permanent funds.

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

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

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

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

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

Note 3 – Compliance

Contrary to the Ohio Revised Code Section 5705.41(D), the Village made expenditures without prior certifications.

Also contrary to the Ohio Revised Code Section 5705.41(B), the Village had expenditures in excess of appropriations.

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

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

| 2022 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$802,000 | \$1,186,286 | \$384,286 |
| Special Revenue | 357,877 | 343,772 | (14,105) |
| Capital Projects | 45,000 | 83,126 | 38,126 |
| Enterprise | 1,648,896 | 1,661,250 | 12,354 |
| Total | <u>\$2,853,773</u> | <u>\$3,274,434</u> | <u>\$420,661</u> |

| 2022 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,030,000 | \$1,150,519 | (\$120,519) |
| Special Revenue | 529,777 | 302,075 | 227,702 |
| Capital Projects | 50,000 | 750 | 49,250 |
| Enterprise | 1,975,996 | 1,636,949 | 339,047 |
| Total | <u>\$3,585,773</u> | <u>\$3,090,293</u> | <u>\$495,480</u> |

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 escrow agents that are not part of this pool.

A summary of the Village's deposit and investment accounts are as follows:

| | 2022 |
|--|--------------------|
| Cash Management Pool: | |
| Demand deposits | \$472,148 |
| Certificates of deposit | 173,797 |
| Other time deposits (savings and NOW accounts) | 738,649 |
| Total deposits | <u>\$1,384,594</u> |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village, or by the financial institution's public entity deposit pool.

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

Note 6 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1.5 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.

Of the 1.5 percent income tax that the village collects, 80 percent of the first one percent is designated to support general Village operations and remaining 20 percent is designated to support Capital Improvement Fund and 50 percent is designated to support the Village police department.

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 (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public officials' liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

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

| | |
|-----------------------|---------------|
| | <u>2023</u> |
| Cash and investments | \$ 43,996,442 |
| Actuarial liabilities | \$ 19,743,401 |

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Twenty-Six (26) of the Village's full-time 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

Two (2) of the Village certified Fire Fighters and 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.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2022, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan.

For 2022, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

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

Note 10 – Debt

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

| | Principal | Interest Rate |
|---|--------------------|---------------|
| Ohio Water Development Authority Loan #4159 | \$438,980 | 0% |
| Ohio Water Development Authority Loan #3185 | 16,597 | 6.13% |
| Ohio Water Development Authority Loan# 9710 | 1,002,660 | 2.08% |
| Truck Loan- First National Bank | 35,340 | 4.59% |
| Total | <u>\$1,493,577</u> | |

(OWDA) loan #3185 was awarded for a waterline replacement project. The loan is repaid semi-annually from the Waterline Replacement Debt Service Fund. The loan is collateralized by user fees.

The Ohio Water Development Authority (OWDA) loan #4159 was awarded for a WWTP Improvement project. The loan is repaid semi-annually from the Sewer Upgrade Debt Service Fund. The loan is collateralized by the user fees.

The Ohio Water Development Authority (OWDA) loan #9710 was awarded for the Water Treatment Plant Upgrade Planning and Design in anticipation to the USDA loan. The amount approved was \$1,474,254 and the Village has drawn \$1,002,660 as of December 31, 2022. There is no amortization schedule established for this loan. It will be repaid from the Sewer Upgrade Debt Service Fund. This was paid off in 2023.

The Village issued a loan to finance a truck used for the Village's road operations. The loan is paid in monthly installments of \$636 over 5 years.

Amortization

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

| Year Ending December 31: | OWDA Loans | First National Bank Truck Loan |
|-----------------------------|------------------|---|
| 2023 | \$181,744 | \$7,936 |
| 2024 | 182,601 | 7,936 |
| 2025 | 94,946 | 7,936 |
| 2026 | | 7,936 |
| 2027 | | 7,936 |
| 2028-2032 | | 0 |
| Total | <u>\$459,291</u> | <u>\$39,680</u> |

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

11. JOINTLY GOVERNED ORGANIZATION

Arrowhead Joint Fire District

The Joint Fire District is a jointly governed organization under Ohio Revised Code Section 505.371 and is directed by an appointed five-member board of District Trustees. Two members are council members in the Village of Gnadenhutzen as appointed by Village Council, two members are Trustees of Clay Township as appointed by the Township Trustees, and one member is a resident appointed by the Village Council and Township Trustees. The Board is responsible for the fire protection of the District. The Joint Fire District houses their equipment in a portion of the Village Hall for which it leases in the amount of \$2,500 annually.

Gnadenhutzen-Clay Union Cemetery

The cemetery is a jointly governed organization under Ohio Revised Code Section 729.27, and is directed by an appointed three-member board. The Village of Gnadenhutzen and Clay Township each appoint one member to the board. The third member is a citizen appointed by the other two members. The Village funding provides burial services and operations and maintenance of the cemetery. The cemetery reimburses the Village for funding provided. At December 31, 2022, the Cemetery was paid in full.

Community Improvement Corporation of Tuscarawas County

The Corporation is operated by Tuscarawas County, New Philadelphia, Dover, Uhrichsville, Dennison, Strasburg, Sugar Creek, and Gnadenhutzen. It is controlled by 25 trustees consisting of the three county commissioners, the mayor of each participating city and 15 self-elected trustees. The board exercises total control over the operations of the corporation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to representation on the board. During 2022, no monies were paid to the Corporation by the Village.

Tuscarawas County Regional Planning Commission (the Commission)

The Commission is a statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, recommendations and reports concerning the physical, Environmental, social, economical and governmental characteristics, functions and services of the County. In 2022, \$0 was paid to the Commission by the Village.

Note 12 – Subsequent Events

In July 2024, the Village entered into a loan agreement with the Ohio Public Works Commission for the Walnut Street Paving Project in the amount of \$160,263. This loan has an interest rate of zero percent and maturity of July 31, 2039.

On April 2023, the Village entered into a SIB Loan and Promissory Note through the Ohio Department of Transportation in the amount of \$616,300 for TAPS project. The total project is \$1,566,300 composed of a grant of 950,000 from the ODOT Transportation Alternative (TAP) Fund and a loan from the State Infrastructure Bank (SIB) of \$616,300. This project is to finance the construction of curb ramps and a sidewalk along Walnut Street from Southern Gateway Drive to Meadows Drive and along Main Street to Zimmerman Road. As required by the project design, drainage structures will need replacements. The project will also include pedestrian improvements to the village square, providing one block lighting in each direction to promote safety. Construction is expected to start in June 2025. The loan has not yet been disbursed as of December 31, 2023.

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

On August 22, 2023, the Village issued \$1,521,00 in Sanitary Sewer System Revenue Bonds through the Rural Utilities Service, United States Department of Agriculture for wastewater treatment plant improvements. These bonds carry an interest rate of 1.75 percent and a maturity of August 1, 2063.

On February 29, 2024, the Village entered into a Promissory Note in the amount of \$25,319 with The First National Bank of Dennison for the purchase of a front-end loader. This note has an interest rate of 6.5 percent and a maturity of February 28, 2029.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines

VILLAGE OF GNADENHUTTEN
TUSCARAWAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title | Federal AL Number | Pass Through Entity Identifying Number | Total Federal Expenditures |
|---|----------------------------------|---|---------------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Direct Program</i> | | | |
| Water & Waste Disposal System for Rural Communities - Grant | 10.760 | N/A | 1,521,000 |
| Total Expenditures of Federal Awards | | | <u>1,521,000</u> |

The accompanying notes are an integral part of this schedule.

**VILLAGE OF GNADENHUTTEN
TUSCARAWAS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Village of Gnadenhutten, Tuscarawas County (the Village) under programs of the federal government for the year ended December 31, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – SUBRECIPIENTS

The Village did not provide any funds to subrecipients.

NOTE E – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan programs listed below are administered directly by the Village, and balances and transactions relating to these programs are included in the Village basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at December 31, 2023, consist of:

| AL Number | Program/Cluster Name | Outstanding Balance at December 31, 2023 |
|------------------|--|---|
| 10.760 | Water & Waste Disposal System for Rural Communities | \$ 1,521,000 |



GUEYE & ASSOCIATES, CPA, INC.

2246 S. Hamilton Rd
Suite 102
Columbus, Ohio 43232

Tel: 614-342-0297
Fax: 614-423-6615
www.gueyecpa.com

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

Village of Gnadenhutten
Tuscarawas County
131 S. Walnut Street
P.O. Box 877
Gnadenhutten, Ohio 44629

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental, the proprietary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Gnadenhutten, Tuscarawas County (the Village) and have issued our report thereon dated December 3, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Entity'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 certain deficiencies in internal control, described in the accompanying schedule of findings as items Nos. 2023-001, and 2023-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

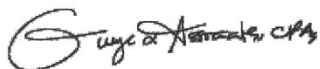
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items Nos. 2023-003, and 2023-004.

Village's Response to Findings

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

Purpose of this Report

This 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.



Columbus, Ohio
December 3, 2025



GUEYE & ASSOCIATES, CPA, INC.

2246 S. Hamilton Rd,
Suite 102
Columbus, Ohio 43232

Tel: 614-342-0297
Fax: 614-423-6615
www.gueyecpa.com

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Village of Gnadenhutten
Tuscarawas County
131 S. Walnut Street
P.O. Box 877
Gnadenhutten, Ohio 44629

To the Council:

Report on Compliance for Each Major Federal Program

Opinion on the Other Major Federal Program

We have audited Village of Gnadenhutten's, Tuscarawas County, Ohio (the Village), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Village of Gnadenhutten's major federal programs for the year ended December 31, 2023. The Village of Gnadenhutten's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Village of Gnadenhutten complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Village's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings as item No. 2023-005. Our opinion on the major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

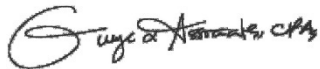
Report on Internal Control Over Compliance (Suite)

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Columbus, Ohio
December 3, 2025

**VILLAGE OF GNADENHUTTEN
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | Yes |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | Yes |
| (d)(1)(iv) | Were there any material weaknesses in internal control reported for major federal programs? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR § 200.516(a)? | Yes |
| (d)(1)(vii) | Major Programs (list): | Water & Waste Disposal System for Rural Communities. AL# 10.760 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee under 2 CFR § 200.520? | No |

**VILLAGE OF GNADENHUTTEN
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023 AND 2022**

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

FINDING NUMBER 2023-001

Material Weakness – Material misclassifications

In our audit engagement letter, as required by AU-C Section 210, 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.

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Village Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

The Village did not properly post all receipts and expenditures. Amounts were not always posted to the correct fund and/or line item. The following errors were noted:

We noted the following in 2023:

- Homestead Rollbacks revenues in the sum of \$ 15,364 were receipted as Property and Other Local Taxes, instead of Intergovernmental Revenues, in the General Fund.
- A total of \$181,932 in principal payments were incorrectly classified as interest in the Sewer Debt Service Fund.
- Principal payments of \$1,474,254 in the Sewer Debt Service fund was incorrectly classified as capital outlay, and loan issuance of \$1,521,000 was incorrectly classified as intergovernmental revenues.
- Income Tax Fund activity was not combined with the General Fund for financial reporting purposes, therefore all activity required adjustment from the Special Revenue Fund to the General Fund. This error also resulted in Transfers-In and Transfers-Out being overstated between the General Fund and Income Tax Fund.

We noted the following in 2022:

- Homestead Rollbacks revenues in the sum of \$ 14,936 were receipted as Property and Other Local Taxes, instead of Intergovernmental Revenues, in the General Fund.
- A total of \$193,602 in principal payments were incorrectly classified as interest in the Sewer Debt Service Fund.
- Loan issuance of \$35,340 from the General Fund and its corresponding capital outlay expenditures were not recorded.
- Intergovernmental revenues of \$93,621 and a corresponding amount as supplies and material in the Water fund were incorrectly recorded.

**VILLAGE OF GNADENHUTTEN
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023 AND 2022
(Continued)**

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

FINDING NUMBER 2023-001

Material Weakness – Material misclassifications (Continued)

- Income Tax Fund activity was not combined with the General Fund for financial reporting purposes, therefore all activity required adjustment from the Special Revenue Fund to the General Fund. This error also resulted in Transfers-In and Transfers-Out being overstated between the General Fund and Income Tax Fund.

Audit adjustments, which were agreed by management, are reflected in the financial statements and in the accounting, records correcting the misstatement. In addition, revisions were made to the Hinkle footnotes filed.

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: See corrective action plan.

FINDING NUMBER 2023-002

Material Weakness - On-Behalf Payments

In our audit engagement letter, as required by AU-C Section 210, 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.

All local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Village Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Village with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

Further, Auditor of State (AOS) Bulletin 2000-008 provides guidance for cash basis accounting for on-behalf funding. In short, the Bulletin indicates that when a local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

**VILLAGE OF GNADENHUTTEN
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023 AND 2022
(Continued)**

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

FINDING NUMBER 2023-002 (Continued)

Material Weakness - On-Behalf Payments (Continued)

The Village did not always accurately classify receipts and disbursements to the correct account classification.

For the year ended December 31, 2023, the following errors were noted:

- Loan issuance of \$471,594 from OWDA and its corresponding capital outlay and interest expenditures of \$453,704 and \$17,889 in the Sewer Debt Service Fund were not recorded.
- Capital outlay of \$325,839 related to an OPWC loan and grant of \$168,841 and 156,998, respectively in the Street Fund were not recorded.

For the year ended December 31, 2022, the following errors were noted:

- Loan issuance of \$1,004,996 from OWDA and its corresponding capital outlay, principal, and interest expenditures of \$537,133, \$456,963, and \$8,564 in the Sewer Debt Service Fund were not recorded.
- Capital outlay of \$325,839 related to an OPWC loan and grant of \$168,841 and 156,998, respectively in the Street Fund were not recorded

The adjustments above, with which management agrees, are reflected in the accompanying financial statements.

The Village did not have procedures in place to accurately post receipts, disbursements, and fund balance in the correct classification to the accounting system.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Village's financial position and operations.

The Fiscal Officer should refer to the Ohio Village Handbook, and AOS Bulletin 2000-08 for proper receipt, expenditure, fund balance classifications, and on-behalf receipts and expenditures, and take additional care in posting transactions to the Village ledgers in order to ensure the Village's year-end financial statements reflect the appropriate sources and uses of the Village's financial resources.

Officials' Response: See corrective action plan.

FINDING NUMBER 2023-003

Non-Compliance: Prior Certification

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

**VILLAGE OF GNADENHUTTEN
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023 AND 2022
(Continued)**

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

FINDING NUMBER 2023-003 (Continued)

Non-Compliance: Prior Certification (Continued)

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money.

The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

- A. "Then and Now" Certificate - If the chief fiscal officer can certify that both at the time the contract or order was made ("then") and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
- B. Blanket Certificate - Fiscal Officer may prepare "blanket" certificates for a certain sum of money not to excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line-item account over a period not running beyond the end of the current fiscal. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line-item appropriations.
- C. Super Blanket Certificate - The Village may also make expenditures and contract for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certificate may, but need not, be limited to a specific vendor. This certificate is noted to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any one-line item appropriation.

The Village did not properly certify the availability of funds prior to the purchase commitment for 26 out of 27 purchases or 96%, and 11 out of 20 or 55% of transactions tested in 2022 and 2023, respectively, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval.

VILLAGE OF GNADENHUTTEN
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023 AND 2022
(Continued)

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

FINDING NUMBER 2023-003 (Continued)

Non-Compliance: Prior Certification (Continued)

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used. The Village should also implement procedures to ensure expenditure does not exceed available resources, thus avoiding negative fund balance situations and enabling the Village to properly certify the availability of funds for purchases.

Officials' Response: See corrective action plan.

FINDING NUMBER 2023-004

Non-Compliance: Expenditures in Excess of Appropriations

Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit "shall make any expenditure of money unless it has been appropriated."

In 2022, and 2023, the Village's expenditures plus contract commitments exceeded the total appropriations in the General Fund by \$120,519 and \$105,432, respectively.

Expenditures in excess of appropriations could result in deficit spending and/or the use of another fund's money to cover the expenditures.

A control(s) or procedure(s), such as the periodic review of appropriations, disbursements, and encumbrances to ensure that spending is within appropriations, should be performed by the Trustees.

Official's Response: See corrective action plan.

VILLAGE OF GNADENHUTTEN
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023 AND 2022
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2023-005

Non-Compliance: Schedule of Expenditures of Federal Awards

2 CFR Subpart F § 200.510(b) requires the auditee to prepare a Schedule of Expenditures of Federal Awards (the Schedule) for the period covered by the Entity's financial statements which must include the total federal awards expended as determined in accordance with § 200.502.

At a minimum, the schedule must:

- List individual Federal programs by Federal agency.
- For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- Include the total amount provided to subrecipients from each Federal program.
- For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period.
- Include notes that describe the significant accounting policies used in preparing the schedule and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in § 200.414 Indirect (F&A) costs.

The Village did not prepare a Schedule.

Errors and omissions on the Schedule of Expenditures of Federal Awards (the Schedule) could adversely affect future grant awards in addition to causing an inaccurate assessment of major federal programs that would be subjected to audit.

The adjustment, to which management has agreed, is reflected in the Schedule.

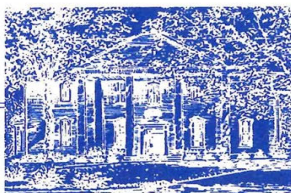
The Village management should implement a system to review the Schedule for errors and omissions. This will help ensure the Schedule is complete and accurate and major federal programs are correctly identified for audit.

Official's Response: See corrective action plan.

**VILLAGE OF GNADENHUTTEN
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
YEARS ENDED DECEMBER 31, 2023 AND 2022**

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|--|---------------|--------------------------------|
| 2021-001 | Material Weakness – Financial Reporting. | Not Corrected | Reissued as Finding # 2023-001 |
| 2021--002 | Non-Compliance and Material Weakness – 5705.41D. | Not Corrected | Reissued as Finding # 2023-003 |



VILLAGE HALL - GNADENHUTTEN, OHIO

HISTORIC VILLAGE OF GNADENHUTTEN

131 S. WALNUT STREET • P.O. BOX 877

GNADENHUTTEN, OHIO 44629

PHONE (740) 254-4307 • Email: gnadclk@tusco.net

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2023

Finding Number: 2023-001

Planned Corrective Action: We will ensure correct classification of accounts are made in the future.

Anticipated Completion Date: 12/31/2025

Responsible Contact Person: Kim Stull, Fiscal Officer

Finding Number: 2023-002

Planned Corrective Action: The on-behalf payments were linked to our first time using federal funds. Any future projects will be addressed for proper accounting.

Anticipated Completion Date: 12/31/2025

Responsible Contact Person:: Kim Stull, Fiscal Officer

Finding Number: 2023-003

Planned Corrective Action: We will monitor compliance with ORC Section 5705.41(D) more closely in the future.

Anticipated Completion Date: 12/31/2025

Responsible Contact Person: Kim Stull, Fiscal Officer

Finding Number: 2023-004

Planned Corrective Action: We will monito compliance with ORC Section 5705.41(B) more closely in the future.

Anticipated Completion Date: 12/31/2025

Responsible Contact Person: Kim Stull, Fiscal Officer

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
December 31, 2023
(Continued)

| | |
|-------------------------------------|---|
| Finding Number: | 2023-005 |
| Planned Corrective Action: | We will address this issue with any future federal funds received and expended. |
| Anticipated Completion Date: | 12/31/2025 |
| Responsible Contact Person: | Kim Stull, Fiscal Officer |

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF GNADENHUTTEN

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/22/2026

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

This report is a matter of public record and is available online at
www.ohioauditor.gov