

VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO

SINGLE AUDIT / SINGLE AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2024 & 2023



65 East State Street
Columbus, Ohio 43215
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Members of the Village Council and Mayor
Village of Hayesville
PO Box 246
Hayesville, OH 44838

We have reviewed the *Independent Auditor's Report* of the Village of Hayesville, Ashland County, prepared by Julian & Grube, Inc., for the audit period January 1, 2023 through December 31, 2024. 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 Hayesville is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink that reads "Tiffany L. Ridenbaugh".

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

January 22, 2026

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**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

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**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2024**

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

FOR THE YEAR ENDED DECEMBER 31, 2024

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Independent Auditor's Report

Village of Hayesville
Ashland County
P.O. Box 246
Hayesville, Ohio 44838

To the Members of the Village Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Village of Hayesville, Ashland County, Ohio, which comprises the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2024, and the related notes to the financial statements.

Unmodified Opinions 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 of the Village of Hayesville, as of and for the year ended December 31, 2024, and the related notes to the financial statements, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), as 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 referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Hayesville, as of December 31, 2024, or changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of Hayesville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village of Hayesville 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 a basis of accounting 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 GAAP, 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 these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 misstatements, 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 of Hayesville'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 generally accepted auditing standards and *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 generally accepted auditing standards 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 of Hayesville'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 of Hayesville's ability to continue as a going concern for a reasonable period of time.

Village of Hayesville
Ashland County
Independent Auditor's Report

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 financial statements that collectively comprise the Village of Hayesville's financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information 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, the schedule of expenditures of federal awards 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 September 8, 2025 on our consideration of the Village of Hayesville's internal control over financial reporting and on 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 of Hayesville'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 of Hayesville's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
September 8, 2025

Village of Hayesville, Ohio
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2024

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 18,106	\$ -	\$ 18,106
Intergovernmental	64,059	37,608	101,667
Charges for Services	9,149	-	9,149
Fines, Licenses and Permits	80	-	80
Earnings on Investments	2,579	298	2,877
Miscellaneous	164	29	193
<i>Total Cash Receipts</i>	<u>94,137</u>	<u>37,935</u>	<u>132,072</u>
Cash Disbursements			
Current:			
Security of Persons and Property	17,301	-	17,301
Leisure Time Activities	60	-	60
Community Environment	2,077	-	2,077
Transportation	-	8,279	8,279
General Government	40,506	3,367	43,873
Capital Outlay	-	40,361	40,361
<i>Total Cash Disbursements</i>	<u>59,944</u>	<u>52,007</u>	<u>111,951</u>
<i>Net Change in Fund Cash Balances</i>	<u>34,193</u>	<u>(14,072)</u>	<u>20,121</u>
<i>Fund Cash Balances, January 1</i>	<u>71,418</u>	<u>92,221</u>	<u>163,639</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 105,611</u>	<u>\$ 78,149</u>	<u>\$ 183,760</u>

See accompanying notes to the financial statements

Village of Hayesville, Ohio
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2024

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$ 329,485</u>
<i>Total Operating Cash Receipts</i>	<u>329,485</u>
Operating Cash Disbursements	
Personal Services	45,620
Employee Fringe Benefits	7,049
Contractual Services	38,287
Supplies and Materials	44,347
Other	<u>4,161</u>
<i>Total Operating Cash Disbursements</i>	<u>139,464</u>
<i>Operating Income (Loss)</i>	<u>190,021</u>
Non-Operating Receipts (Disbursements)	
Loans Issued	104,403
Miscellaneous Receipts	12,539
Intergovernmental	971,432
Capital Outlay	(1,411,789)
Principal Retirement	(102,258)
Interest and Other Fiscal Charges	<u>(6,500)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(432,173)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(242,152)</u>
<i>Fund Cash Balances, January 1</i>	<u>645,029</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 402,877</u>

See accompanying notes to the financial statements

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. Reporting Entity

Description of the Entity

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

Public Entity Risk Pool

Public Entity Risk Pool: The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

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

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The Village's financial statements consists 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 the proprietary fund type which are all organized on a fund type basis

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when 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.

C. Deposits

The Village's accounting basis includes investments as assets. The Village's certificate of deposit is recorded at cost.

D. Capital Assets

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

E. 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:

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

1. 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.

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

Coronavirus Relief Fund – This fund receives federal monies for the response to the COVID-19 pandemic.

3. 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 water service costs.

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

F. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

A summary of 2024 budgetary activity appears in Note 4.

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

G. 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:

1. Nonspendable

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

2. 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.

3. Committed

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

4. 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.

5. Unassigned

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

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

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

3. Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2024</u>
Demand deposits	\$584,137
Certificates of deposit	<u>2,500</u>
Total deposits	<u><u>\$586,637</u></u>

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

4. Budgetary Activity

Budgetary activity for the year ending December 31, 2024 follows:

<u>2024 Budgeted vs. Actual Budgetary Basis Disbursements</u>			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$114,491	\$59,975	\$54,516
Special Revenue	145,334	52,007	93,327
Enterprise	<u>1,067,338</u>	<u>1,660,011</u>	<u>(592,673)</u>
Total	<u>\$1,327,163</u>	<u>\$1,771,993</u>	<u>\$(444,830)</u>

<u>2024 Budgeted vs. Actual Receipts</u>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,925	\$94,137	\$7,212
Special Revenue	33,889	37,935	4,046
Enterprise	<u>2,023,356</u>	<u>1,417,859</u>	<u>(605,497)</u>
Total	<u>\$2,144,170</u>	<u>\$1,549,931</u>	<u>\$(594,239)</u>

5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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.

6. Debt

Debt outstanding at December 31, 2024 was as follows:

	<u>2024</u>	<u>Interest Rate</u>
Ohio Water Development Authority (OWDA) loan (9961)	\$ 369,060	1.96%
Ohio Public Works Commission loan (OPWC) (CP17N)	47,090	0.00%
Ohio Water Development Authority (OWDA) loan (4243)	<u>137,152</u>	0.00%
Total	<u>\$553,302</u>	

The Ohio Public Works Commission loan (CP17N) was obtained in 2012 and was used for the elevated water tower tank exterior repainting project. The original amount of the loan was \$117,723. The Ohio Water Development Authority loan (4243) was obtained in 2006 and was used for a new waste water treatment plant and collection system. The original amount of the loan was \$1,828,686. The Ohio Water Development Authority loan (7443) was obtained in 2018 and was used for water system improvement planning. The original amount of the loan was \$90,400. This loan was eliminated with loan 9961. The Ohio Water Development Authority loan (8378) was obtained in 2019 and was used for water system design planning with the first payment being in 2020. The original amount of the loan was \$159,055. This loan was eliminated with loan 9961. The Village issued \$104,403 for loan 9961 in 2024.

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

Amortization of the above debt, is scheduled as follows:

Years Ending December 31	Loans Outstanding	
	OPWC Loan #CP17N	OWDA Loan #4243
2025	\$ 5,886	\$ 91,434
2026	5,886	45,718
2027	5,886	-
2028	5,886	-
2029	5,886	-
2030 - 2033	17,660	-
Total	\$ 47,090	\$ 137,152

An amortization schedule for the Village's OWDA loan 9961 is not available.

7. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2024, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2024.

8. Postemployment Benefits

OPERS offers 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 copays incurred by eligible benefit recipients and their dependents. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0% for members in the traditional pension plan and 2% for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4%; however, a portion of the health care rate was funded with reserves.

9. Risk Management

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

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

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024**

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 847 members as of December 31, 2024.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2024. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2024.

Assets	\$ 24,456,615
Liabilities	<u>(16,692,162)</u>
Members' Equity	<u>\$ 7,764,453</u>

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

10. Noncompliance

The Village approved appropriations at the fund level which is in noncompliance with Ohio Revised Code Section 5705.38(C). The Village expenditures exceeded approved appropriations which is in noncompliance with Ohio Revised Code Sections 5705.41(B) and 5705.40. The Village approved appropriations and County approved estimated resources did not agree to the system budgetary amounts which is in noncompliance with Ohio Administrative Code Section 117-2-02(C)(1).

11. Contingent Liabilities

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

12. Fund Balances

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

Fund Balances	General
Outstanding Encumbrances	<u>\$ 31</u>

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

SUPPLEMENTARY INFORMATION

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH/ ENTITY NUMBER/ ADDITIONAL AWARD IDENTIFICATION	ASSISTANCE LISTING NUMBER	TOTAL EXPENDITURES OF FEDERAL AWARDS
United States Department of the Treasury			
<i>Direct</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	COVID-19	21.027	40,361
<i>Passed through the Ohio Department of Development</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Water and Wastewater Infrastructure Program	COVID-19, DEV-2021-181173	21.027	<u>1,143,655</u>
Total Coronavirus State and Local Fiscal Recovery Funds and United States Department of the Treasury			<u>1,184,016</u>
Total Expenditures of Federal Awards			<u>\$ 1,184,016</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

2 CFR § 200.510(b)(6)

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of Hayesville under programs of the federal government for the year ended December 31, 2024. 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 of Hayesville, it is not intended to and does not present the financial position, or changes in net position of the Village of Hayesville. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE 2 – DE MINIMIS INDIRECT COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Village of Hayesville has not elected to use the 10% de minimis indirect cost rate.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Village of Hayesville
Ashland County
P.O. Box 246
Hayesville, Ohio 44838

To the Members of the Village Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2024 and the related notes to the financial statements of the Village of Hayesville, Ashland County, Ohio, and have issued our report thereon dated September 8, 2025, wherein we noted the Village of Hayesville 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 of Hayesville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Hayesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Hayesville's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village of Hayesville'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 2024-001 and 2024-002 that we consider to be material weaknesses.

Village of Hayesville

Ashland County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Hayesville'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 2024-002 through 2024-004.

Village of Hayesville's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Hayesville'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 of Hayesville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

September 8, 2025

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Village of Hayesville
Ashland County
P.O. Box 246
Hayesville, Ohio 44838

To the Members of the Village Council and Mayor:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Village of Hayesville's 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 the Village of Hayesville's major federal programs for the year ended December 31, 2024. The Village of Hayesville'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 Hayesville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 of Hayesville 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 of Hayesville's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 of Hayesville's federal programs.

Village of Hayesville
Ashland County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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 of Hayesville'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 generally accepted auditing standards, *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 of Hayesville's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 of Hayesville'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 of Hayesville'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 of Hayesville'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.

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 a 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. 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.

Village of Hayesville
Ashland County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
September 8, 2025

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2024

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(ii)	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	None reported
(d)(1)(iii)	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
(d)(1)(iv)	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	None reported
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
(d)(1)(vii)	<i>Major Programs (listed):</i>	COVID-19 – Coronavirus State and Local Fiscal Recovery Fund (ALN 21.027)
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2024**

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

Finding Number	2024-001
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Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

Various adjustments were made to the financial statements and notes to properly account for the Village's activities.

Control procedures not properly developed related to the financial statements limit management's ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Village implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

Client Response: See Corrective Action Plan.

Finding Number	2024-002
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Material Weakness/Noncompliance – Legal Level of Control

Ohio Rev. Code § 5705.38(C) requires the following minimum level of budgetary control for "subdivisions" other than schools: "Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services."

Appropriations were approved at the fund level for all funds.

Not appropriating at the legal level of control inhibits the Council's ability to appropriately monitor appropriations and spending.

We recommend the Council approve annual and subsequent appropriations at the appropriate legal level as required by the Ohio Revised Code. This will enable the Council to appropriately monitor spending.

Client Response: See Corrective Action Plan.

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2024**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)	
Finding Number	2024-003

Noncompliance – Expenditures Exceeding Appropriations

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. Also, the Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires any amendments to an appropriation measure be made by resolution and comply with the same provisions of the law as used in making the original appropriations.

The Village had expenditures exceeding appropriations in the Water Fund (an Enterprise Fund) as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Water	\$1,067,338	\$1,660,011	\$592,673

With expenditures exceeding appropriations, the Village is expending monies that have not been appropriated, which may result in unnecessary purchases and/or fund deficits.

We recommend the Village comply with the Ohio Revised Code Section 5705.41(B) and 5705.40 and the Auditor of State Bulletin 97-010 by monitoring expenditures, so they do not exceed lawful appropriations and amending the budget prior to year-end. This may be achieved by monitoring the budget more closely and on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations

Client Response: See Corrective Action Plan.

Finding Number	2024-004
----------------	----------

Noncompliance – System Budget:

Ohio Administrative Code Section 117-2-02(C)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

The Village's County approved estimated resources and Council approved appropriations did not agree to the system budgetary amounts for certain funds.

By not correctly including accurate (approved) budgetary accounts into the financial software, it could become challenging for the Village to easily monitor its budgeted activity in comparison with its actual amounts. The Village is also at risk for overspending in excess of available funds, which could possibly result in negative fund balances.

We recommend that approved budgetary modifications be incorporated into the accounting system by the Fiscal Officer in a timely manner. This will aid the Village Council and Fiscal Officer in their review of budgetary versus actual information and help ensure budgetary requirements are followed.

Client's Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**VILLAGE OF HAYESVILLE
5 S. MECHANIC ST., PO BOX 246
HAYESVILLE, OHIO 44838**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
DECEMBER 31, 2024**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2023-001	2021	Material Weakness - Financial Statement Presentation - Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. Various adjustments were made to the financial statements and notes to properly account for the Village's activities.	Not Corrected	Finding repeated as 2024-001 as the Village's 2024 report required various adjustments.
2023-002	2021	Material Weakness/Noncompliance – Legal Level of Control - Ohio Rev. Code § 5705.38(C) requires the following minimum level of budgetary control for “subdivisions” other than schools: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.” Appropriations were approved at the fund level for all funds.	Not Corrected	Finding repeated as 2024-002 as the Village approved 2024 appropriations at the fund level for all funds.

**VILLAGE OF HAYESVILLE
5 S. MECHANIC ST., PO BOX 246
HAYESVILLE, OHIO 44838**

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2024**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2024-001	The Village Fiscal Officer will more closely examine the unaudited report prior to filing with the HINKLE system and will consider above adjustments in future years.	December 31, 2025	Amy Pickering, Fiscal Officer
2024-002	We will evaluate updating future permanent appropriations to the allowable legal level.	December 31, 2025	Amy Pickering, Fiscal Officer
2024-003	We will ensure expenditures do not exceed appropriations in the future.	December 31, 2025	Amy Pickering, Fiscal Officer
2024-004	We will ensure budgeted receipts and expenditures agree to the UAN system in the future.	December 31, 2025	Amy Pickering, Fiscal Officer

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

SINGLE AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

FOR THE YEAR ENDED DECEMBER 31, 2023

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Independent Auditor's Report

Village of Hayesville
Ashland County
P.O. Box 246
Hayesville, Ohio 44838

To the Members of the Village Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Village of Hayesville, Ashland County, Ohio, which comprises the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinions 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 of the Village of Hayesville, as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), as 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 referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Hayesville, as of December 31, 2023, or changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of Hayesville and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village of Hayesville 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 a basis of accounting 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 GAAP, 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 these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). 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 misstatements, 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 of Hayesville'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 generally accepted auditing standards and *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 generally accepted auditing standards 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 of Hayesville'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 of Hayesville's ability to continue as a going concern for a reasonable period of time.

Village of Hayesville
Ashland County
Independent Auditor's Report

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 financial statements that collectively comprise the Village of Hayesville's financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information 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, the schedule of expenditures of federal awards 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 September 8, 2025 on our consideration of the Village of Hayesville's internal control over financial reporting and on 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 of Hayesville'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 of Hayesville's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
September 8, 2025

Village of Hayesville, Ohio
Ashland 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	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 23,011	\$ -	\$ 23,011
Intergovernmental	34,476	37,610	72,086
Charges for Services	8,345	-	8,345
Fines, Licenses and Permits	50	-	50
Earnings on Investments	1,538	158	1,696
Miscellaneous	282	1,500	1,782
<i>Total Cash Receipts</i>	<i>67,702</i>	<i>39,268</i>	<i>106,970</i>
Cash Disbursements			
Current:			
Security of Persons and Property	15,396	-	15,396
Community Environment	2,645	-	2,645
Transportation	-	13,050	13,050
General Government	32,597	3,108	35,705
<i>Total Cash Disbursements</i>	<i>50,638</i>	<i>16,158</i>	<i>66,796</i>
<i>Net Change in Fund Cash Balances</i>	<i>17,064</i>	<i>23,110</i>	<i>40,174</i>
<i>Fund Cash Balances, January 1</i>	<i>54,354</i>	<i>69,111</i>	<i>123,465</i>
<i>Fund Cash Balances, December 31</i>	<i>\$ 71,418</i>	<i>\$ 92,221</i>	<i>\$ 163,639</i>

See accompanying notes to the financial statements

Village of Hayesville, Ohio
Ashland County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	<u>\$ 294,812</u>
<i>Total Operating Cash Receipts</i>	<u>294,812</u>
Operating Cash Disbursements	
Personal Services	43,631
Employee Fringe Benefits	5,931
Contractual Services	32,706
Supplies and Materials	27,991
Other	<u>459</u>
<i>Total Operating Cash Disbursements</i>	<u>110,718</u>
<i>Operating Income (Loss)</i>	<u>184,094</u>
Non-Operating Receipts (Disbursements)	
Loans Issued	5,161
Miscellaneous Receipts	6,047
Intergovernmental	1,187,803
Capital Outlay	(972,781)
Principal Retirement	(97,320)
Interest and Other Fiscal Charges	<u>(5,161)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>123,749</u>
<i>Net Change in Fund Cash Balances</i>	307,843
<i>Fund Cash Balances, January 1</i>	<u>337,186</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 645,029</u>

See accompanying notes to the financial statements

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

1. Reporting Entity

Description of the Entity

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

Public Entity Risk Pool

Public Entity Risk Pool: The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

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

2. Summary of Significant Accounting Policies

A. Basis of Presentation

The Village's financial statements consists 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 the proprietary fund type which are all organized on a fund type basis.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when 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.

C. Deposits

The Village's accounting basis includes investments as assets. The Village's certificate of deposit is recorded at cost.

D. Capital Assets

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

E. 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:

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

1. 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.

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

3. 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 water service costs.

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

F. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2023 budgetary activity appears in Note 4.

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

G. 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:

1. Nonspendable

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

2. 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.

3. Committed

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

4. 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.

5. Unassigned

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

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

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

3. Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	<u>2023</u>
Demand deposits	\$806,157
Certificates of deposit	<u>2,511</u>
Total deposits	<u><u>\$808,668</u></u>

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

4. Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

Fund Type	<u>2023 Budgeted vs. Actual Budgetary Basis Disbursements</u>		
	Appropriation	Budgetary	Variance
General	\$107,554	\$50,638	\$56,916
Special Revenue	109,369	16,158	93,211
Enterprise	1,768,383	1,186,028	582,355
Total	<u>\$1,985,306</u>	<u>\$1,252,824</u>	<u>\$732,482</u>

Fund Type	<u>2023 Budgeted vs. Actual Receipts</u>		
	Budgeted	Actual	Variance
General	\$68,005	\$67,702	\$(303)
Special Revenue	25,456	39,268	13,812
Enterprise	1,431,196	1,493,823	62,627
Total	<u>\$1,524,657</u>	<u>\$1,600,793</u>	<u>\$76,136</u>

5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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.

6. Debt

Debt outstanding at December 31, 2023 was as follows:

	<u>2023</u>	<u>Interest Rate</u>
Ohio Water Development Authority (OWDA) loan (9961)	\$ 269,595	1.96%
Ohio Public Works Commission (OPWC) loan (CP17N)	52,976	0.00%
Ohio Water Development Authority (OWDA) loan (4243)	<u>228,586</u>	0.00%
Total	<u>\$551,157</u>	

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

The Ohio Public Works Commission loan (CP17N) was obtained in 2012 and was used for the elevated water tower tank exterior repainting project. The original amount of the loan was \$117,723. The Ohio Water Development Authority loan (4243) was obtained in 2006 and was used for a new waste water treatment plant and collection system. The original amount of the loan was \$1,828,686. The Ohio Water Development Authority loan (7443) was obtained in 2018 and was used for water system improvement planning. The original amount of the loan was \$90,400. This loan was eliminated with loan 9961. The Ohio Water Development Authority loan (8378) was obtained in 2019 and was used for water system design planning with the first payment being in 2020. The original amount of the loan was \$159,055. This loan was eliminated with loan 9961. Amortization of the above debt, is scheduled as follows:

Years Ending December 31	Loans Outstanding	
	OPWC Loan #CP17N	OWDA Loan #4243
2024	\$ 5,886	\$ 91,434
2025	5,886	91,434
2026	5,886	45,718
2027	5,886	-
2028	5,886	-
2029 - 2033	<u>23,545</u>	-
Total	<u>\$ 52,975</u>	<u>\$ 228,586</u>

An amortization schedule for the Village's OWDA loan 9961 is not available.

7. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2023, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

8. Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2023. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2023.

9. Risk Management

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

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

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	<u>(16,078,587)</u>
Members' Equity	<u>\$ 7,035,109</u>

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

10. Noncompliance

The Village approved appropriations at the fund level which is in noncompliance with Ohio Revised Code Section 5705.38(C).

11. Contingent Liabilities

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

12. Fund Balances

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

Fund Balances	Enterprise
Outstanding Encumbrances	<u>\$ 48</u>

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

SUPPLEMENTARY INFORMATION

VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO

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

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH/ ENTITY NUMBER/ ADDITIONAL AWARD IDENTIFICATION	ASSISTANCE LISTING NUMBER	TOTAL EXPENDITURES OF FEDERAL AWARDS
United States Department of the Treasury <i>Passed through the Ohio Department of Development</i>	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Water and Wastewater Infrastructure Program	COVID-19, DEV-2021-181173 21.027	856,345
Total United States Department of the Treasury			856,345
Total Expenditures of Federal Awards			\$ 856,345

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

2 CFR § 200.510(b)(6)

FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Village of Hayesville 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 of Hayesville, it is not intended to and does not present the financial position, or changes in net position of the Village of Hayesville. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE 2 – DE MINIMIS INDIRECT COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Village of Hayesville has not elected to use the 10% de minimis indirect cost rate.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Village of Hayesville
Ashland County
P.O. Box 246
Hayesville, Ohio 44838

To the Members of the Village Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of Hayesville, Ashland County, Ohio, and have issued our report thereon dated September 8, 2025, wherein we noted the Village of Hayesville 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 of Hayesville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Hayesville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Hayesville's internal control.

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

Village of Hayesville
Ashland County
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Hayesville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-002.

Village of Hayesville's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Hayesville'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 of Hayesville's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
September 8, 2025

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Village of Hayesville
Ashland County
P.O. Box 246
Hayesville, Ohio 44838

To the Members of the Village Council and Mayor:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Village of Hayesville's 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 the Village of Hayesville's major federal programs for the year ended December 31, 2023. The Village of Hayesville'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 Hayesville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 of Hayesville 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 of Hayesville's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 of Hayesville's federal programs.

Village of Hayesville
Ashland County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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 of Hayesville'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 generally accepted auditing standards, *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 of Hayesville's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 of Hayesville'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 of Hayesville'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 of Hayesville'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.

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 a 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. 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.

Village of Hayesville
Ashland County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
September 8, 2025

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

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

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	None reported
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	None reported
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	COVID-19 – Coronavirus State and Local Fiscal Recovery Fund (ALN 21.027)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**VILLAGE OF HAYESVILLE
ASHLAND COUNTY, OHIO**

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

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

Finding Number	2023-001
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Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information.

Various adjustments were made to the financial statements and notes to properly account for the Village's activities.

Control procedures not properly developed related to the financial statements limit management's ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Village implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

Client Response: See Corrective Action Plan.

Finding Number	2023-002
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Material Weakness/Noncompliance – Legal Level of Control

Ohio Rev. Code § 5705.38(C) requires the following minimum level of budgetary control for "subdivisions" other than schools: "Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services."

Appropriations were approved at the fund level for all funds.

Not appropriating at the legal level of control inhibits the Council's ability to appropriately monitor appropriations and spending.

We recommend the Council approve annual and subsequent appropriations at the appropriate legal level as required by the Ohio Revised Code. This will enable the Council to appropriately monitor spending.

Client Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**VILLAGE OF HAYESVILLE
5 S. MECHANIC ST., PO BOX 246
HAYESVILLE, OHIO 44838**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
DECEMBER 31, 2023**

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2022-001	2021	Material Weakness - Financial Statement Presentation - Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. Various adjustments were made to the financial statements and notes to properly account for the Village's activities.	Not Corrected	Finding repeated as 2023-001 as the Village's 2023 report required various adjustments.
2022-002	2021	Material Weakness/Noncompliance – Legal Level of Control - Ohio Rev. Code § 5705.38(C) requires the following minimum level of budgetary control for “subdivisions” other than schools: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.” Appropriations were approved at the fund level for all funds.	Not Corrected	Finding repeated as 2023-002 as the Village approved 2023 appropriations at the fund level for all funds.

**VILLAGE OF HAYESVILLE
5 S. MECHANIC ST., PO BOX 246
HAYESVILLE, OHIO 44838**

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	The Village Fiscal Officer will more closely examine the unaudited report prior to filing with the HINKLE system and will consider above adjustments in future years.	December 31, 2025	Amy Pickering, Fiscal Officer
2023-002	We will evaluate updating future permanent appropriations to the allowable legal level.	December 31, 2025	Amy Pickering, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF HAYESVILLE

ASHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/3/2026

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