

***VILLAGE OF MAGNOLIA***

***STARK COUNTY, OHIO***

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**







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Columbus, Ohio 43215  
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Village Council  
Village of Magnolia  
PO Box 297  
Magnolia, OH 44643

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

April 18, 2025

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**VILLAGE OF MAGNOLIA  
STARK COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Village of Magnolia  
Stark County  
PO Box 297  
328 North Main Street  
Magnolia, Ohio 44643

To the Village Council:

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

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Magnolia, Stark County, Ohio (the Village), which comprise the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental, proprietary and fiduciary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023 and 2022, or the changes in financial position or cash flows, thereof for the years then ended.

***Basis for Opinions***

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

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

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

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

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

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

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

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

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

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

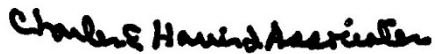


- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2025, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***

February 10, 2025

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

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 162,483	\$ 64,308	\$ 226,791
Intergovernmental	57,414	78,002	135,416
Charges for Services	3,415	17,566	20,981
Fines, Licenses and Permits	8,807	190	8,997
Earnings on Investments	126	9	135
Miscellaneous	9,132	-	9,132
<i>Total Cash Receipts</i>	<u>241,377</u>	<u>160,075</u>	<u>401,452</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	89,152	52,640	141,792
Public Health Services	3,720	22,072	25,792
Leisure Time Activities	24,114	14,360	38,474
Transportation	69,244	36,713	105,957
General Government	97,061	20,298	117,359
Debt Service:			
Principal Retirement	19,424	-	19,424
Interest and Fiscal Charges	861	-	861
<i>Total Cash Disbursements</i>	<u>303,576</u>	<u>146,083</u>	<u>449,659</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(62,199)</u>	<u>13,992</u>	<u>(48,207)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	10,282	-	10,282
<i>Total Other Financing Receipts (Disbursements)</i>	<u>10,282</u>	<u>-</u>	<u>10,282</u>
<i>Net Change in Fund Cash Balances</i>	(51,917)	13,992	(37,925)
<i>Fund Cash Balances, January 1</i>	<u>159,890</u>	<u>126,059</u>	<u>285,949</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 107,973</u>	<u>\$ 140,051</u>	<u>\$ 248,024</u>

*See accompanying notes to the financial statements*

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

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 204,006
<i>Total Operating Cash Receipts</i>	<u>204,006</u>
<b>Operating Cash Disbursements</b>	
Personal Services	52,060
Employee Fringe Benefits	23,854
Contractual Services	40,878
Supplies and Materials	<u>53,893</u>
<i>Total Operating Cash Disbursements</i>	<u>170,685</u>
<i>Operating Income (Loss)</i>	33,321
<b>Non-Operating Receipts (Disbursements)</b>	
Other Financing Sources	<u>5,221</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>5,221</u>
<i>Income (Loss) before Transfers</i>	38,542
Transfers In	178,000
Transfers Out	<u>(178,000)</u>
<i>Net Change in Fund Cash Balances</i>	38,542
<i>Fund Cash Balances, January 1</i>	<u>181,627</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 220,169</u>

*See accompanying notes to the financial statements*

**Village of Magnolia**  
**Stark County**  
**Statement of Additions, Deductions**  
**and Changes in Fund Balances (Regulatory Cash Basis)**  
**Fiduciary Fund Type**  
**For the Year Ended December 31, 2023**

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
<b>Additions</b>	
Gifts and Donations	<u>\$ 3,126</u>
<i>Total Additions</i>	<u>3,126</u>
<b>Deductions</b>	
Other Distributions	<u>-</u>
<i>Total Deductions</i>	<u>-</u>
<i>Net Change in Fund Balances</i>	3,126
<i>Fund Cash Balances, January 1</i>	<u>538</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 3,664</u></u>
<i>See accompanying notes to the financial statements</i>	

**Village of Magnolia**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The Village of Magnolia, Stark County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including water utilities, park operations, and police services.

***Jointly Governed Organizations***

The Village participates in the Stark Council of Governments (SCOG), the Stark County Regional Planning Commission and the Carroll County Regional Planning Commission, all jointly governed organizations. Note 11 to the financial statements provides additional information for these entities.

***Public Entity Risk Pool***

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Fire Levy Fund*** The fire levy fund accounts for and reports the receipt of property taxes for the operation and maintenance of the Village Volunteer Fire Department.

**Village of Magnolia**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

***Cemetery Fund*** This fund receives money from property tax monies, sales of grave lots, and opening & closing of graves. The money is used for any maintenance needed in the cemetery and to purchase equipment.

***Police Levy Fund*** The police levy fund accounts for and reports the receipt of property taxes for the police department's personnel expenses.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

***Water Fund*** The water fund accounts for and reports the receipt of charges for services from residents to cover the cost of providing water treatment and distribution to the residents and commercial users located within the Village.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The private purpose trust fund accounts for a family mausoleum of a resident.

***Basis of Accounting***

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

**Village of Magnolia**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Budgetary Process***

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

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

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

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

A summary of 2023 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***SBITAs***

The Village has entered into noncancelable Subscription-Based Information Technology Arrangements (SBITA) contracts (as defined by GASB 96) for several types of software including contracts related to financial systems. Subscription disbursements are recognized when they are paid.

**Village of Magnolia**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Fund Balance***

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.



**Village of Magnolia**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

**Note 3 – Budgetary Activity**

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

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 287,000	\$ 251,659	\$ (35,341)
Special Revenue	135,700	160,075	24,375
Enterprise	387,000	387,227	227
Private Purpose Trust	-	3,126	3,126

2023 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 351,237	\$ 311,149	\$ 40,088
Special Revenue	249,695	149,555	100,140
Enterprise	529,367	355,078	174,289
Private Purpose Trust	-	-	-

Contrary to the Ohio Revised Code, the Village had expenditures which exceeded appropriations in the Cemetery, Fire and Water Operations and Maintenance Funds. Additionally, the Village had appropriations which exceeded estimated resources in multiple funds. Also, contrary to Ohio Revised Code Section 5705.41(D), the Village had purchase orders dated after the commitment of expenditures.

**Note 4 – Deposits and Investments**

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

	2023
Demand deposits	\$ 413,052
Total deposits	413,052
MMDA	58,805
Total investments	58,805
Total deposits and investments	\$ 471,857

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. The Village did not have any unremitted employee payroll withholdings at year end.

**Village of Magnolia**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 4 – Deposits and Investments (Continued)**

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

**Note 6 – Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

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

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

**Village of Magnolia**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 6 – Risk Management (Continued)**

***Risk Pool Membership (Continued)***

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.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% 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.

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

**Village of Magnolia**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

**Note 9 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

**Note 10 – Fund Balance**

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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 7,573	\$ 3,472	\$ 11,045

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

**Village of Magnolia**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 11 – Jointly Governed Organizations**

***Stark Council of Governments***

The Village participates in Stark Council of Governments (the Council), which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County, municipalities and Villages with twenty-four participants providing twenty seven representatives. The Village appoints a representative and has a membership share based on the percentage of contractual financial contributions to the total funding. Each participant is entitled to vote its percentage share. The board exercises total authority over the operation of the Council including budgeting, appropriating, contracting, and designating management. Continued existence of the Council is not dependent on the Village's continued participation. The Council does not provide specific financial benefits or impose specific financial burdens in the Village. The Village did not make any contributions during the fiscal year and does not have an equity interest in the Council. Financial statements of the Council can be obtained from Stark Council of Governments, Canton, Ohio.

***Stark County Regional Planning Commission***

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

***Carroll County Regional Planning Commission***

The Village participates in the Carroll County Regional Planning Commission (the Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Carroll County and other cities, villages and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short term, dealing with the economic and physical environment of Carroll County. The Board exercises total authority for the day-to-day operations of the Commission. This includes budgeting, appropriating, contracting and designating management. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Carroll County Regional Planning Commission, Carroll County, Carrollton, Ohio 44615.

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

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 151,561	\$ 63,184	\$ -	\$ 214,745
Intergovernmental	51,770	123,041	-	174,811
Charges for Services	69,170	10,520	-	79,690
Fines, Licenses and Permits	8,837	1,249	-	10,086
Earnings on Investments	147	1	-	148
Miscellaneous	23,105	19,268	-	42,373
<i>Total Cash Receipts</i>	<u>304,590</u>	<u>217,263</u>	<u>-</u>	<u>521,853</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	121,884	44,726	-	166,610
Public Health Services	4,517	118,230	-	122,747
Leisure Time Activities	17,811	63,419	-	81,230
Transportation	37,911	51,373	-	89,284
General Government	84,524	19,286	-	103,810
Debt Service:				
Principal Retirement	5,751	-	-	5,751
Interest and Fiscal Charges	1,053	-	-	1,053
<i>Total Cash Disbursements</i>	<u>273,451</u>	<u>297,034</u>	<u>-</u>	<u>570,485</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>31,139</u>	<u>(79,771)</u>	<u>-</u>	<u>(48,632)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	-	-	1,578	1,578
Transfers Out	(1,578)	-	-	(1,578)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,578)</u>	<u>-</u>	<u>1,578</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	29,561	(79,771)	1,578	(48,632)
<i>Fund Cash Balances, January 1</i>	<u>130,329</u>	<u>205,830</u>	<u>(1,578)</u>	<u>334,581</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 159,890</u>	<u>\$ 126,059</u>	<u>\$ -</u>	<u>\$ 285,949</u>

See accompanying notes to the financial statements

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

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 194,216
<i>Total Operating Cash Receipts</i>	<u>194,216</u>
<b>Operating Cash Disbursements</b>	
Personal Services	52,957
Employee Fringe Benefits	13,847
Contractual Services	44,317
Supplies and Materials	<u>97,843</u>
<i>Total Operating Cash Disbursements</i>	<u>208,964</u>
<i>Operating Income (Loss)</i>	(14,748)
<b>Non-Operating Receipts (Disbursements)</b>	
Capital Outlay	<u>(2,463)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(2,463)</u>
<i>Income(Loss) before Transfers</i>	(17,211)
Transfers In	225,000
Transfers Out	<u>(225,000)</u>
<i>Net Change in Fund Cash Balances</i>	(17,211)
<i>Fund Cash Balances, January 1</i>	<u>198,838</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 181,627</u>

*See accompanying notes to the financial statements*

**Village of Magnolia**  
**Stark County**  
*Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**Fiduciary Fund Type**  
*For the Year Ended December 31, 2022*

	<u>Fiduciary Fund Type</u>
	<u>Private Purpose Trust</u>
<b>Additions</b>	
Gifts and Donations	<u>\$ 3,118</u>
<i>Total Additions</i>	<u>3,118</u>
<b>Deductions</b>	
Other Distributions	<u>15,683</u>
<i>Total Deductions</i>	<u>15,683</u>
<i>Net Change in Fund Balances</i>	(12,565)
<i>Fund Cash Balances, January 1</i>	<u>13,103</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 538</u></u>
<i>See accompanying notes to the financial statements</i>	



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

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**Note 1 – Reporting Entity**

The Village of Magnolia, Stark County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including water utilities, park operations, and police services. In addition, the Village is contracted to provide police protection services to the Village of East Sparta.

***Jointly Governed Organizations***

The Village participates in the Stark Council of Governments (SCOG), the Stark County Regional Planning Commission and the Carroll County Regional Planning Commission, all jointly governed organizations. Note 11 to the financial statements provides additional information for these entities.

***Public Entity Risk Pool***

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Fire Levy Fund*** The fire levy fund accounts for and reports the receipt of property taxes for the operation and maintenance of the Village Volunteer Fire Department.

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

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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

***Cemetery Fund*** This fund receives money from property tax monies, sales of grave lots, and opening & closing of graves. The money is used for any maintenance needed in the cemetery and to purchase equipment.

***Police Levy Fund*** The police levy fund accounts for and reports the receipt of property taxes for the police department's personnel expenses.

***Debt Service Fund*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

***Storm Sewer Project Fund*** The storm sewer project fund accounts for and reports the receipt of General Fund transfers that are committed to the repayment of an Ohio Public Works Commission loan for a storm sewer replacement project.

***Enterprise Funds*** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

***Water Fund*** The water fund accounts for and reports the receipt of charges for services from residents to cover the cost of providing water treatment and distribution to the residents and commercial users located within the Village.

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment trust funds. Trust funds account for assets held under a trust agreement meeting certain criteria. The private purpose trust fund accounts for a family mausoleum of a resident.

***Basis of Accounting***

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

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Budgetary Process***

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

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

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

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

A summary of 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

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

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***Fund Balance***

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

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

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

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

**Note 3 – Budgetary Activity**

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 176,612	\$ 304,590	\$ 127,978
Special Revenue	173,583	217,263	43,680
Debt Service	-	1,578	1,578
Enterprise	372,000	419,216	47,216
Private Purpose Trust	-	3,118	3,118
2022 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 306,581	\$ 275,936	\$ 30,645
Special Revenue	379,769	297,091	82,678
Debt Service	-	-	-
Enterprise	612,570	436,677	175,893
Private Purpose Trust	-	15,683	(15,683)

Contrary to Ohio Revised Code the Village had expenditures which exceeded appropriations in the Cemetery, Fire Levy, Mary Ann Beck, Water System Revenue, and Water Operations and Maintenance Funds. Additionally, the Village had appropriations which exceeded estimated resources in the Street Construction and Maintenance and Water Improvement Project Funds. Also, contrary to Ohio Revised Code the Village had numerous purchase orders dated after the invoice date.

**Note 4 – Deposits and Investments**

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

	2022
Demand deposits	\$ 409,315
Total deposits	409,315
MMDA	58,799
Total investments	58,799
Total deposits and investments	\$ 468,114

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. The Village did not have any unremitted employee payroll withholdings at year end.

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

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**Note 4 – Deposits and Investments (Combined)**

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

**Note 6 – Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

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

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

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

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**Note 6 – Risk Management (Continued)**

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 773 members as of December 31, 2022.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% 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, 2022.

**Note 7 – Defined Benefit Pension Plans (Continued)**

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

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

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

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

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**Note 8 – Postemployment Benefits**

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

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

**Note 9 – Contingent Liabilities**

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

**Note 10 – Fund Balance**

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

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$ 907	\$ 57	\$ 964

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



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

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**Note 11 – Jointly Governed Organizations**

***Stark Council of Governments***

The Village participates in Stark Council of Governments (the Council), which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County, municipalities and Villages with twenty-four participants providing twenty seven representatives. The Village appoints a representative and has a membership share based on the percentage of contractual financial contributions to the total funding. Each participant is entitled to vote its percentage share. The board exercises total authority over the operation of the Council including budgeting, appropriating, contracting, and designating management. Continued existence of the Council is not dependent on the Village's continued participation. The Council does not provide specific financial benefits or impose specific financial burdens in the Village. The Village did not make any contributions during the fiscal year and does not have an equity interest in the Council. Financial statements of the Council can be obtained from Stark Council of Governments, Canton, Ohio.

***Stark County Regional Planning Commission***

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***Carroll County Regional Planning Commission***

The Village participates in the Carroll County Regional Planning Commission (the Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Carroll County and other cities, villages and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short term, dealing with the economic and physical environment of Carroll County. The Board exercises total authority for the day-to-day operations of the Commission. This includes budgeting, appropriating, contracting and designating management. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Carroll County Regional Planning Commission, Carroll County, Carrollton, Ohio 44615.

**Note 12 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
Municipal Bond	\$ 19,424	3.87%

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

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**Note 12 – Debt (Continued)**

***Amortization***

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

Year ending December 31:	Municipal Bond
2023	\$ 6,804
2024	6,804
2025	6,804
Total	<u>\$ 20,412</u>

**Municipal Bond** – During December of 2021, the Village obtained a Municipal Bond to purchase a Police Cruiser in the amount of \$25,000. The Bond will be repaid in monthly payments of \$567. Maturity date of this bond is December 31, 2025.

**Note 13 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended April 2023. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Village of Magnolia  
Stark County  
PO Box 297  
328 North Main Street  
Magnolia, Ohio 44643

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental, proprietary and fiduciary fund type of the Village of Magnolia, Stark County, (the Village) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, and have issued our report thereon dated February 10, 2025, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 to 2023-003 that we consider to be material weaknesses.

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

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2023-003 to 2023-006.

We also noted certain other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated February 10, 2025.

### ***Village's Responses to Findings***

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

### ***Purpose of this Report***

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



***Charles E. Harris & Associates, Inc.***  
February 10, 2025

**VILLAGE OF MAGNOLIA  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING 2023-001 - Material Weakness**

**Financial Reporting - Posting Receipts and Disbursements**

The Village should have procedures and controls in place to prevent and detect errors in financial reporting. During 2023 and 2022, receipts and disbursements were not always posted or classified correctly. The following posting errors were noted:

**For 2023**

- An adjustment from the State Highway Fund to Street Construction Repair and Maintenance Fund for \$860 to properly record the allocation of Gasoline Tax.
- There was \$49,318 of electronic expenditures not recorded in the accounting system. This resulted in fund balance adjustments in the General Fund for \$26,468, Street Construction Repair and Maintenance Fund for \$4,529, State Highway Fund for \$6, Cemetery Fund \$1,011, Police Fund, \$2,415, and Water Fund \$14,888.
- General Fund Principal and Interest payments on debt in the amount of \$19,424 and \$861, respectively, was recorded as Security of Persons and Property.
- In the General Fund, Sale of Capital Assets of \$10,282 was recorded as Miscellaneous Revenues.

**For 2022**

- The beginning fund balances in the General, Street Construction, Repair, and Maintenance, Debt Service, Capital Projects, and Water System Revenue Funds didn't match the ending audited fund balances.
- An operating transfer in the amount of \$1,578 was posted to the capital projects fund in stead of the debt service fund in error.
- General fund homestead and rollback revenues in amount of \$9,009 were posted to the property tax revenue line in error.
- General Fund Principal and Interest payments on debt in the amount of \$5,751 and \$1,053, respectively, was recorded as Security of Persons and Property.

Not posting receipts and disbursements correctly resulted in the financial statements requiring reclassification and adjusting entries. The financial statements reflect all adjustments and reclassifications. The Village has made the adjustments to their accounting system.

Also, during 2023 and 2022 aspects of the notes to the financial statements were corrected from the Hinkle filing to agree to the financial statements in the audit report and to include all necessary note disclosures. We made corrections to the following note disclosures:

- Budgetary Activity
- Deposits and Investments
- Risk Management
- Postemployment Benefits
- Debt
- Public Entity Risk Pool
- Fund Balances
- Subscription Based IT Arrangements

**VILLAGE OF MAGNOLIA  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING 2023-001 - Material Weakness (Continued)**

**Financial Reporting - Posting Receipts and Disbursements (Continued)**

We recommend the Fiscal Officer refer to the Village Officers' Handbook, Uniform Accounting Network (UAN) Manual and Auditor of State guidance to determine the proper establishment of receipt and disbursement accounts and proper posting. Also, to help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements and notes to the financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the Village use the most current available templates for financial statements and notes to the financial statements on the Auditor of State's website <http://www.ohioauditor.gov/references/shells/regulatory.html> to prepare an accurate annual financial report.

**Management's Response** – See Corrective Action Plan.

**Finding Number 2023-002 – Material Weakness**

**Timely and Accurate Preparation of Bank Reconciliations**

Cash is the asset most susceptible to theft and misappropriation. Monthly reconciliations between the bank and the accounting system provide reasonable assurance that all receipts and disbursements have been correctly and timely posted in the Village's accounting system and agreed to its bank accounts. Additionally, monthly reconciliations provide an accurate accounting of the Village's financial position at month-end, which is a useful tool for the Council to utilize in managing the monetary affairs of the Village.

During 2023 and 2022, the monthly bank reconciliations were not completed for more than 30 days after the applicable month-end for 100% of the bank reconciliations. Also, the 2023 and 2022 monthly bank reconciliations contained "Other Adjusting Factors" throughout the entire audit period which were carried forward instead of being investigated and corrected.

The lack of proper reconciliations resulted in numerous errors which remained undetected and/or uncorrected until the audit. There were \$49,318 in electronic payments not recorded in the accounting system at December 31, 2023 resulting in the accounting system's cash balance being overstated.

The "Other Adjusting Factors" at December 31, 2023 was \$1,346 and December 31, 2022 was \$6,754. These differences have now been investigated and reconciled by a third party hired to help with the reconciliations and they have been posted to the Village records and financial statements.

The Village should establish and implement procedures to verify that the monthly bank reconciliations are promptly performed within 30 days of month-end and that the financial transactions reflected on the bank statements are properly posted to the accounting system. We also recommend the Village review, identify and adjust any "Other Adjusting Factors" to each monthly bank reconciliation, if they occur. This will keep the monthly bank reconciliations correctly prepared on a timely basis and avoid carrying forward "Other Adjusting Factors". Failure to do so could lead to the Village spending money that it does not have, not detecting bank errors timely, and basing future decisions on an incorrect cash balances.

**Management's Response** – See Corrective Action Plan.

**VILLAGE OF MAGNOLIA  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**Finding Number 2023-003 – Material Weakness/Noncompliance**

**Appropriations and Estimated Resources Matching Accounting System**

Ohio Admin. Code § 117-2-02-(C) (1) requires all local public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system in order to effectively maintain the accounting and budgetary records. This means designing an accounting system to provide ongoing and timely information of appropriations.

The Village did not have a control procedure in place to ensure that appropriations, as authorized by the County Auditor, were reconciled to the appropriations posted to the accounting system for both 2023 and 2022. This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. The budgetary footnote reflects all adjustments.

Fund	2023		
	Posted in the Accounting System	Approved by Resolution	Variance
General	\$ 509,511	\$ 350,330	\$ 159,181
Street Construction Maintenance	98,901	85,525	13,376
State Highway Improvement	20,856	16,000	4,856
Cemetery	31,901	12,832	19,069
Beauty	5,000	4,896	104
Continuing Police Training	1,500	1,875	(375)
Selective Traffic Enforcement	10,500	11,547	(1,047)
Law Enforcement Trust	547	1,721	(1,174)
Drug Law Enforcement	3,100	3,144	(44)
Permissive Tax - Stark County	3,900	3,000	900
Permissive Tax - Carroll County	3,484	3,668	(184)
Motor Vehicle License Tax	13,413	16,258	(2,845)
Enforcement and Education	490	462	28
Policy Levy	48,295	47,588	707
Fire Levy	36,989	30,554	6,435
Water System Revenue	239,972	213,411	26,561
Water Operation and Maintenance	158,708	127,958	30,750
Water Improvement Project	256,000	187,748	68,252

**VILLAGE OF MAGNOLIA  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**Finding Number 2023-003 – Material Weakness/Noncompliance (Continued)**

**Approved Appropriations and Estimated Resources Matching Accounting System (Continued)**

2022			
Fund	Posted in the Accounting System	Approved by Resolution	Variance
General	\$ 596,304	\$ 306,581	\$ 289,723
Street Construction Maintenance	113,146	77,148	35,998
State Highway Improvement	26,014	23,095	2,919
Cemetery	27,748	12,113	15,635
Selective Traffic Enforcement	11,292	11,245	47
Law Enforcement Trust	1,721	547	1,174
Permissive Tax - Stark County	7,745	6,023	1,722
Permissive Tax - Carroll County	5,212	3,877	1,335
Motor Vehicle License Tax	20,599	19,066	1,533
Enforcement and Education	638	563	75
Policy Levy	57,090	30,038	27,052
Fire Levy	36,108	30,456	5,652
Mary Ann Beck	63,375	44,107	19,268
Water System Revenue	312,935	203,822	109,113
Water Operation and Maintenance	263,500	150,000	113,500
Water Improvement Project	150,215	258,748	(108,533)

Variances between approved estimated receipt amounts and amounts recorded in the UAN system at December 31, 2023 and 2022 were as follows:



**VILLAGE OF MAGNOLIA  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**Finding Number 2023-003 – Material Weakness/Noncompliance (Continued)**

**Approved Appropriations and Estimated Matching Accounting System (Continued)**

2023			
Fund	Posted in the Accounting System	Approved by County Auditor	Variance
General	\$ 351,011	\$ 287,000	\$ 64,011
Steel Construction Maintenance	63,401	50,000	13,401
State Highway Improvement	9,856	4,000	5,856
Cemetery	42,531	13,500	29,031
Beauty	1,000	-	1,000
Continuing Police Training	1,000	-	1,000
Selective Traffic Enforcement	3,000	500	2,500
Law Enforcement Trust	500	-	500
Permissive Tax - Stark County	2,900	2,000	900
Permissive Tax - Carroll County	2,484	1,000	1,484
Motor Vehicle License Tax	8,413	6,000	2,413
Permissive Sales Tax	390	100	290
Policy Levy	33,696	28,000	5,696
Fire Levy	31,975	30,600	1,375
Mary Ann Beck	9,925	-	9,925
Local Fiscal Recovery	700	-	700
Water System Revenue	241,512	190,000	51,512
Water Operation and Maintenance	156,000	125,000	31,000
Water Improvement Project	114,000	72,000	42,000

**VILLAGE OF MAGNOLIA  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**Finding Number 2023-003 – Material Weakness/Noncompliance (Continued)**

**Approved Appropriations and Estimated Matching Accounting System (Continued)**

2022			
Fund	Posted in the Accounting System	Approved by County Auditor	Variance
General	\$ 466,335	\$ 176,612	\$ 289,723
Steel Construction Maintenance	80,998	45,000	35,998
State Highway Improvement	6,419	3,500	2,919
Cemetery	21,000	5,365	15,635
Selective Traffic Enforcement	46	-	46
Law Enforcement Trust	1,174	-	1,174
Permissive Tax - Stark County	3,222	1,500	1,722
Permissive Tax - Carroll County	2,335	1,000	1,335
Motor Vehicle License Tax	14,253	7,500	6,753
Enforcement and Education	75	-	75
Policy Levy	55,729	28,676	27,053
Fire Levy	37,122	30,456	6,666
Mary Ann Beck	19,268	-	19,268
Water System Revenue	312,562	150,000	162,562
Water Operation and Maintenance	263,500	150,000	113,500
Water Improvement Project	150,215	72,000	78,215

Village officials should be monitoring the budgetary activity in order to make informed decisions regarding Village finances. The proper recording of budgetary activity in the UAN system provides safeguards as the system is designed to let the fiscal officer know if budgetary violations will occur. Adjustments were made to the budgetary activity reported in notes to the financial statements in order to accurately present estimated receipts as certified by the County Budget Commission and appropriations approved by Council.

**Management's Response** – See Corrective Action Plan.

**VILLAGE OF MAGNOLIA  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**Finding Number 2023-004 – Noncompliance**

**Certifying the Availability of Funds**

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without an ordinance or resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by an ordinance or resolution adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 88% and 79% and of the expenditures tested for 2023 and 2022, respectively.

**VILLAGE OF MAGNOLIA  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**Finding Number 2023-004 – Noncompliance (Continued)**

**Certifying the Availability of Funds (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

**Management's Response** – See Corrective Action Plan.

**Finding Number 2023-005 - Noncompliance**

**Appropriations Exceed Estimated Resources**

**Ohio Rev. Code § 5705.39** provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission.

We noted the following appropriations exceeding estimated resources which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information.

2023			
Fund	Total Estimated Resources	Total Appropriations	Variance
Steet Construction Maintenance	\$ 60,000	\$ 85,525	\$ (25,525)
Selective Traffic Enforcement	10,500	11,547	(1,047)
Law Enforcement Trust	547	1,721	(1,174)
Drug Law Enforcement	3,100	3,144	(44)
Permissive Tax - Carroll County	2,000	3,668	(1,668)
Motor Vehicle License Tax	8,000	16,258	(8,258)
Enforcement and Education	300	462	(162)
Policy Levy	31,336	47,588	(16,252)
Mary Ann Beck	8,000	9,925	(1,925)
Water Operation and Maintenance	125,000	127,958	(2,958)

2022			
Fund	Total Estimated Resources	Total Appropriations	Variance
Steet Construction Maintenance	\$ 76,792	\$ 77,148	\$ (356)
Water Improvement Project	217,016	258,748	(41,732)

**VILLAGE OF MAGNOLIA  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**Finding Number 2023-005 – Noncompliance (Continued)**

**Appropriations Exceed Estimated Resources (Continued)**

Management and Village Council should review the requirements of Ohio Revised Code Section 5705.39 to be familiar with this law and to make sure the Village is complying with the applicable section. Also, they should regularly compare all budgetary information to ensure that appropriations do not exceed estimated resources.

**Management's Response** – See Corrective Action Plan.

**Finding Number 2023-06 – Noncompliance**

**Expenditures Exceeding Appropriations**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

We noted the following expenditures exceeding appropriations which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information.

2023			
Fund	Approved Appropriations	Budgetary Expenditures	Variance
Cemetery	\$ 12,832	\$ 23,080	\$ (10,248)
Fire Levy	30,554	31,975	(1,421)
Water Operation and Maintenance	127,958	137,955	(9,997)

2022			
Fund	Approved Appropriations	Budgetary Expenditures	Variance
Cemetery	\$ 12,113	\$ 18,012	\$ (5,899)
Fire Levy	30,456	30,537	(81)
Mary Ann Beck	44,107	53,450	(9,343)
Water System Revenue	203,822	225,000	(21,178)
Water Operation and Maintenance	150,000	150,292	(292)

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

**Management's Response** – See Corrective Action Plan.

**VILLAGE OF MAGNOLIA  
STARK COUNTY**

**SUMMARY SCHEDULE OF PRIOR FINDINGS –  
PREPARED BY MANGEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	Audit adjustments and Reclassification	Not Corrected	N/A
2021-002	Accurate and Timely Bank Reconciliations	Not Corrected	N/A

**VILLAGE OF MAGNOLIA  
STARK COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2023-001	Fiscal Officer will follow the guidance obtained during the current audit and Village Officer's Handbook to post Village accounting activity.	Immediately	Penny Rainsberger – Fiscal Officer
2023-002	Fiscal Officer will perform accurate bank to book reconciliations within 30 days after month end.	Immediately	Penny Rainsberger – Fiscal Officer
2023-003	Fiscal Officer will review appropriation and estimated resource amounts in the accounting system to ensure they match the approved appropriation resolution.	Immediately	Penny Rainsberger – Fiscal Officer
2023-004	The Fiscal Officer will work towards properly encumbering all disbursements before the obligation is made.	Immediately	Penny Rainsberger – Fiscal Officer
2023-005	The Fiscal Officer will not appropriate more than available estimated resources.	Immediately	Penny Rainsberger – Fiscal Officer
2023-006	The Fiscal Officer will not expend more than appropriated.	Immediately	Penny Rainsberger – Fiscal Officer

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF MAGNOLIA**

**STARK COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/8/2025**

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

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