

***VILLAGE OF GARRETTSVILLE***

***PORTAGE COUNTY***

Preparation Report

For the Year Ended December 31, 2019



***Village of Garrettsville***  
***Portage County***  
***For the Year Ended December 31, 2019***

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**INDEPENDENT ACCOUNTANT'S REPORT**

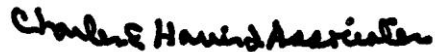
Village of Garrettsville  
Portage County  
8213 High Street  
Garrettsville, Ohio 44231

To the Village Council:

We have prepared the accompanying Financial Statements and Notes to the Financial Statements of the Village of Garrettsville, Portage County, for the year ended December 31, 2019 in accordance with Statements and Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A preparation is limited to presenting in the form of financial statements and notes, information that is the representation of management. We have not audited or reviewed the accompanying financial statements or notes and, accordingly, do not express an opinion or any other form of assurance on them.

Sincerely,



***Charles E. Harris & Associates, Inc.***  
February 20, 2020

**Village of Garretttsville**  
**Portage County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*  
*(Unaudited)*

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 127,114	\$ -	\$ -	\$ -	\$ 127,114
Municipal Income Tax	1,056,629	267,501	-	13,375	1,337,505
Intergovernmental	89,259	138,759	-	-	228,018
Charges for Services	52,183	10,050	-	-	62,233
Fines, Licenses and Permits	15,392	3,184	-	-	18,576
Earnings on Investments	10,607	-	-	-	10,607
Miscellaneous	78,570	13,143	-	-	91,713
<i>Total Cash Receipts</i>	1,429,754	432,637	-	13,375	1,875,766
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	601,231	8,647	-	-	609,878
Public Health Services	-	4,061	-	-	4,061
Leisure Time Activities	6,489	-	-	-	6,489
Community Environment	13,200	-	-	-	13,200
Transportation	-	342,405	-	-	342,405
General Government	714,900	-	-	-	714,900
Capital Outlay	101,280	159,440	-	20,000	280,720
<i>Total Cash Disbursements</i>	1,437,100	514,553	-	20,000	1,971,653
<i>Excess of Receipts Over (Under) Disbursements</i>	(7,346)	(81,916)	-	(6,625)	(95,887)
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Bonds	-	-	-	-	-
Premium and Accrued Interest on Debt	-	-	-	-	-
Sale of Capital Assets	3,010	-	-	-	3,010
Transfers In	28,323	-	-	-	28,323
Transfers Out	-	-	(28,323)	-	(28,323)
<i>Total Other Financing Receipts (Disbursements)</i>	31,333	-	(28,323)	-	3,010
<i>Net Change in Fund Cash Balances</i>	23,987	(81,916)	(28,323)	(6,625)	(92,877)
<i>Fund Cash Balances, January 1</i>	440,599	385,823	28,323	17,060	871,805
<b>Fund Cash Balances, December 31</b>					
Restricted	-	303,907	-	10,435	314,342
Unassigned	464,586	-	-	-	464,586
<i>Fund Cash Balances, December 31</i>	<u>\$ 464,586</u>	<u>\$ 303,907</u>	<u>\$ -</u>	<u>\$ 10,435</u>	<u>\$ 778,928</u>

*The notes to the financial statements are an integral part of this statement.*

**Village of Garrettsville**  
**Portage County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2019*  
*(Unaudited)*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 1,404,000
Miscellaneous	59,366
	1,463,366
<i>Total Operating Cash Receipts</i>	<i>1,463,366</i>
<b>Operating Cash Disbursements</b>	
Personal Services	235,102
Employee Fringe Benefits	103,886
Contractual Services	293,101
Supplies and Materials	173,092
	805,181
<i>Total Operating Cash Disbursements</i>	<i>805,181</i>
<i>Operating Income (Loss)</i>	<i>658,185</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Earnings on Investments	24,064
Other Debt Proceeds	14,072
Capital Outlay	(162,375)
Principal Retirement	(271,528)
Interest and Other Fiscal Charges	(5,931)
	(401,698)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(401,698)</i>
<i>Income (Loss) before Transfers</i>	<i>256,487</i>
Transfers In	12,000
Transfers Out	(12,000)
	256,487
<i>Net Change in Fund Cash Balances</i>	<i>256,487</i>
<i>Fund Cash Balances, January 1</i>	<i>2,661,970</i>
	2,918,457
<i>Fund Cash Balances, December 31</i>	<i>\$ 2,918,457</i>

*The notes to the financial statements are an integral part of this statement.*

**Village of Garrettsville**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 - Reporting Entity**

The Village of Garrettsville, Portage 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 water and sewer utilities, park operations, and police services.

***Public Entity Risk Pool***

The Village participates in the Public Entities Pool of Ohio (PEP), 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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the proprietary fund type which are organized on a fund type basis.

***Fund Accounting***

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

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

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

***Street Construction, Maintenance and Repair Fund*** The street construction, maintenance and repair fund accounts for and reports motor vehicle license tax, gasoline tax and income tax monies restricted for construction, maintenance, and repair of streets within the Village.

***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:

***Boardwalk Special Assessment Fund*** The boardwalk special assessment fund accounts for and reports receipt of special assessments from certain property owners for the repayment of bonds issued to build a boardwalk.

**Village of Garrettsville**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

**Capital Project Fund** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

**Construction Fund** The capital projects fund accounts for and reports receipt of income tax restricted for capital projects.

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

**Water Fund** The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 (D) permit.

***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 object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

**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 2019 budgetary activity appears in Note 3.

**Village of Garrettsville**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

***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.

***Fund Balance***

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

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

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

***Committed*** Council can commit amounts via formal action (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. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Council or a Village official delegated that authority by resolution, or by State Statute. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

***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.



**Village of Garrettsville**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,246,112	\$ 1,461,087	\$ 214,975
Special Revenue	419,287	432,637	13,350
Debt Service	-	-	-
Capital Projects	12,671	13,375	704
Enterprise	1,389,554	1,513,502	123,948
Total	3,067,624	3,420,601	352,977

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 1,568,953	\$ 1,437,100	\$ 131,853
Special Revenue	614,552	514,553	99,999
Debt Service	-	28,323	(28,323)
Capital Projects	20,000	20,000	-
Enterprise	1,794,293	1,257,015	537,278
Total	3,997,798	3,256,991	740,807

**Note 4 – Deposits**

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

	2019
Demand deposits	\$ 3,697,379

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; 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.

**Village of Garrettsville**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**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.

***Income Taxes***

The Village levies a municipal income tax of 1.75% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 - Risk Management**

***Workers' Compensation***

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

***Risk Pool Membership***

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

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

**Village of Garrettsville**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 6 - Risk Management (continued)**

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

<b>2019</b>	
Cash and investments	\$35,381,789
Actuarial liabilities	12,965,015

**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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Pension Fund***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare 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 19.50% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

**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% during calendar year 2019, and OP&F contributed 0.5% to fund these benefits.

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

**Village of Garrettsville**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
OWDA Loan # 5752	\$ 3,381,424	0.00%
OWDA Loan # 7741	351,729	1.63%
OWDA Loan # 7872	20,775	0.00%
OPWC Loan # CG25L	87,500	0.00%
Total	\$ 3,733,153	

In 2012, the Village obtained an OPWC loan totaling \$350,000 to complete the Sanitary Expansion project. The Village plans to repay the loan from user charges. The loan matures July 1, 2022.

In 2012, the Village obtained financing from Ohio Water Development Authority (OWDA) for the completion of the Waste Water Treatment Plant Expansion Phase I. The total loan is for \$5,635,708. The Village make semi-annual payments to payoff the principal amount of the loan. The loan matures January 1, 2032.

In 2017, the Village obtained financing from Ohio Water Development Authority (OWDA) for the completion of the North Street Water Main Phase II. The total loan is for \$375,883. The Village makes semi-annual payments to payoff the principal as well as the interest at a rate of 1.63%. The loan matures June 1, 2038. During 2019, OWDA posted a principal adjustment, decreasing the principal balance by \$1,479.

In 2018, the Village obtained financing from Ohio Water Development Authority (OWDA) for GIS Mapping & Asset Management Planning. Payments do not start until January 1, 2020 and the last payment will be July 1, 2024. No amortization schedule is currently available for this loan.

***Amortization***

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

Year ending	OWDA Loan #5752	OWDA Loan #7741	OPWC Loan #CG25L
December 31:			
2020	\$ 281,785	\$ 22,100	\$ 17,500
2021	281,785	22,100	35,000
2022	281,785	22,100	35,000
2023	281,785	22,100	-
2024	281,785	22,100	-
2025-2029	1,408,928	110,498	-
2030-2034	704,464	110,498	-
2035-2039	-	88,398	-
Total	\$ 3,522,317	\$ 419,894	\$ 87,500

**Village of Garrettsville**  
*Portage County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 10 – 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 11 – Transfers**

During 2019, a transfer was made from the Water Fund to the Water Improvement Fund to subsidize operations. All transfers were made in accordance with the Ohio Revised Code.