

***VILLAGE OF WASHINGTONVILLE***

***COLUMBIANA COUNTY***

Audit Report

For the Years Ended December 31, 2017 and 2016







# Dave Yost • Auditor of State

Village Council  
Village of Washingtonville  
415 South County Road  
Washingtonville, Ohio 44490

We have reviewed the *Independent Auditor's Report* of the Village of Washingtonville, Columbiana County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. 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 Washingtonville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 17, 2018

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***Village of Washingtonville***  
***Columbiana County***  
For the Years Ended December 31, 2017 and 2016

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**INDEPENDENT AUDITOR'S REPORT**

Village of Washingtonville  
Columbiana County  
415 South County Road  
Washingtonville, Ohio 44490

To the Village Council:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Washingtonville, Columbiana County, (the Village) as of and for the years ended December 31, 2017 and 2016.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe 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 Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, or changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Washingtonville, Columbiana County, as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2018, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Village'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 Township's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
June 15, 2018



**Village of Washingtonville**  
**Columbiana County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2017*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 17,003	\$ 74,060	\$ -	\$ 91,063
Intergovernmental	30,584	53,427	-	84,011
Fines, Licenses and Permits	63,904	-	-	63,904
Miscellaneous	2,394	2,691	-	5,085
<i>Total Cash Receipts</i>	113,885	130,178	-	244,063
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	36,453	83,936	-	120,389
Public Health Services	1	-	-	1
Leisure Time Activities	-	705	-	705
Transportation	-	48,974	-	48,974
General Government	61,682	-	-	61,682
Capital Outlay	3,166	15,155	-	18,321
Debt Service:				
Principal Retirement	-	8,377	-	8,377
Interest and Fiscal Charges	-	255	-	255
<i>Total Cash Disbursements</i>	101,302	157,402	-	258,704
<i>Net Change in Fund Cash Balances</i>	12,583	(27,224)	-	(14,641)
<i>Fund Cash Balances, January 1</i>	22,904	248,316	2,136	273,356
<b>Fund Cash Balances, December 31</b>				
Restricted	-	221,092	2,136	223,228
Unassigned	35,487	-	-	35,487
<i>Fund Cash Balances, December 31</i>	\$ 35,487	\$ 221,092	\$ 2,136	\$ 258,715

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

**Village of Washingtonville**  
**Columbiana County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2017*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 349,527	\$ -	\$ 349,527
Fines, Licenses and Permits	-	86,244	86,244
<i>Total Operating Cash Receipts</i>	349,527	86,244	435,771
<b>Operating Cash Disbursements</b>			
Personal Services	93,797	-	93,797
Employee Fringe Benefits	48,110	-	48,110
Contractual Services	119,518	662	120,180
Supplies and Materials	19,854	1,998	21,852
Other	-	82,036	82,036
<i>Total Operating Cash Disbursements</i>	281,279	84,696	365,975
<i>Operating Income (Loss)</i>	68,248	1,548	69,796
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	1,510	309	1,819
Capital Outlay	(8,166)	-	(8,166)
Principal Retirement	(23,980)	-	(23,980)
Interest and Other Fiscal Charges	(26,310)	-	(26,310)
<i>Total Non-Operating Receipts (Disbursements)</i>	(56,946)	309	(56,637)
<i>Net Change in Fund Cash Balances</i>	11,302	1,857	13,159
<i>Fund Cash Balances, January 1</i>	328,115	17,346	345,461
<i>Fund Cash Balances, December 31</i>	<u>\$ 339,417</u>	<u>\$ 19,203</u>	<u>\$ 358,620</u>

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

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Washingtonville, Columbiana 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 government services, street maintenance services, park operations (leisure time activities), and police protection. The Village contracts with the Leetonia Volunteer Fire Department to provide fire protection. The Green Township Volunteer Fire Department also provides fire protection for the Village.

***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 all proprietary and fiduciary fund types 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 to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

***Police Fund*** The police fund accounts for and reports that amount of property tax money that has been restricted for the purpose of providing security of persons and property.

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

***Fire Fund*** The fire fund accounts for and reports that amount of property tax money that has been restricted for the purpose of providing fire protection for the Village.

***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:

***Capital Improvement Fund – Building Fund*** The capital improvement fund – building fund accounts for and reports the monies set aside for the purpose of repairing the Village Hall.

***Enterprise Funds*** These funds account for and report 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 Operating Fund*** The water operating fund accounts for and reports the purchase of water from the City of Salem and the distribution of water to the residents and commercial users located within the Village, as well as users located outside of the Village.

***Sewer Operating Fund*** The sewer operating fund accounts for and reports the providing of sanitary sewer services to the residents and commercial users within the Village, as well as users located outside of the Village.

***Sewer Capital Fund*** The sewer capital fund accounts for and reports the fees that are paid by consumers for the retirement of long-term debt that the Village has for the improvement of the Village's sewer system.

***Fiduciary Funds*** Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for various deposits to be remitted once projects are completed and Mayor's court activities.

***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 to be budgeted annually.

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

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

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

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

A summary of 2017 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.

***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. The Village's unclaimed monies are classified as nonspendable.

***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.

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

**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. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues 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.

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 ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 116,650	\$ 113,885	\$ (2,765)
Special Revenue	126,711	130,178	3,467
Capital Projects	-	-	-
Enterprise	367,000	351,037	(15,963)

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 137,205	\$ 101,302	\$ 35,903
Special Revenue	364,568	157,402	207,166
Capital Projects	2,136	-	2,136
Enterprise	633,797	339,735	294,062

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 4 – Deposits and Investments**

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

	<u>2017</u>
Demand deposits	\$ 617,335

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the Ohio Pooled Collateral System (OPCS).

**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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20. 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**

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	<u>(13,004,011)</u>
Net Position	<u>\$31,448,315</u>

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool’s membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village’s share of these unpaid claims collectible in future years is approximately \$8,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>2017 Contributions to PEP</u></b> <b>\$13,490</b>
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**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.



**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 - Defined Benefit Pension Plans (continued)**

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, 2017.

***Social Security***

Some of the Village's elected officials contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017.

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Sewer Construction Lona	\$ 563,000	4.50%
Farmers National Bank Truck Note	10,444	2.44%
Total	<u>\$ 573,444</u>	

The USDA Sewer Construction Loan was for the updating of the Village's sanitary sewer system, and is being repaid by a sewer surcharge that is charged monthly to users of the Village's sanitary sewer system.

The Farmers National Bank Truck Note was issued for the purchase of a dump truck and snow plow for the street department and a utility truck for the water/sewer department. This loan is being repaid from the Street Maintenance and Construction Fund, Water Operating Fund and Sewer Operating Fund.

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 – Debt (continued)**

***Amortization***

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

Year ending December 31:	<u>USDA Loan</u>	<u>Farmers Bank Truck Note</u>
2018	\$ 43,335	\$ 10,548
2019	43,525	-
2020	43,670	-
2021	43,770	-
2022	42,825	-
2023-2027	216,005	-
2028-2032	215,855	-
2033-2037	216,370	-
Total	<u>\$ 865,355</u>	<u>\$ 10,548</u>

**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.

**Village of Washingtonville**  
**Columbiana County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2016*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 16,403	\$ 71,090	\$ -	\$ 87,493
Intergovernmental	30,442	56,761	-	87,203
Fines, Licenses and Permits	55,329	-	-	55,329
Miscellaneous	2,717	940	-	3,657
<i>Total Cash Receipts</i>	104,891	128,791	-	233,682
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	55,281	71,073	-	126,354
Public Health Services	50	-	-	50
Leisure Time Activities	-	4,950	-	4,950
Transportation	-	23,456	-	23,456
General Government	66,602	-	-	66,602
Capital Outlay	3,184	4,696	1,126	9,006
Debt Service:				
Principal Retirement	-	8,173	-	8,173
Interest and Fiscal Charges	-	459	-	459
<i>Total Cash Disbursements</i>	125,117	112,807	1,126	239,050
<i>Excess of Receipts Over (Under) Disbursements</i>	(20,226)	15,984	(1,126)	(5,368)
<b>Other Financing Receipts (Disbursements)</b>				
Advances In	3,400	3,400	-	6,800
Advances Out	(3,400)	(3,400)	-	(6,800)
<i>Total Other Financing Receipts (Disbursements)</i>	-	-	-	-
<i>Net Change in Fund Cash Balances</i>	(20,226)	15,984	(1,126)	(5,368)
<i>Fund Cash Balances, January 1</i>	43,130	232,332	3,262	278,724
<b>Fund Cash Balances, December 31</b>				
Restricted	-	248,316	2,136	250,452
Unassigned	22,904	-	-	22,904
<i>Fund Cash Balances, December 31</i>	\$ 22,904	\$ 248,316	\$ 2,136	\$ 273,356

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

**Village of Washingtonville**  
**Columbiana County**  
*Combined Statement of Receipts, Disbursements and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2016*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 345,320	\$ -	\$ 345,320
Fines, Licenses and Permits	-	65,525	65,525
<i>Total Operating Cash Receipts</i>	345,320	65,525	410,845
<b>Operating Cash Disbursements</b>			
Personal Services	93,662	-	93,662
Employee Fringe Benefits	45,119	-	45,119
Contractual Services	128,615	662	129,277
Supplies and Materials	19,041	4,098	23,139
Other	-	62,555	62,555
<i>Total Operating Cash Disbursements</i>	286,437	67,315	353,752
<i>Operating Income (Loss)</i>	58,883	(1,790)	57,093
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	837	-	837
Capital Outlay	(10,445)	-	(10,445)
Principal Retirement	(22,808)	-	(22,808)
Interest and Other Fiscal Charges	(27,202)	-	(27,202)
<i>Total Non-Operating Receipts (Disbursements)</i>	(59,618)	-	(59,618)
<i>Net Change in Fund Cash Balances</i>	(735)	(1,790)	(2,525)
<i>Fund Cash Balances, January 1</i>	328,850	19,136	347,986
<i>Fund Cash Balances, December 31</i>	\$ 328,115	\$ 17,346	\$ 345,461

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

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 - Reporting Entity**

The Village of Washingtonville, Columbiana 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 government services, street maintenance services, park operations (leisure time activities), and police protection. The Village contracts with the Hanover Township Volunteer Fire Department to provide fire protection.

***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 all proprietary and fiduciary fund types 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 to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

***Police Fund*** The police fund accounts for and reports that amount of property tax money that has been restricted for the purpose of providing security of persons and property.

***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:

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

**Capital Improvement Fund – Building Fund** The capital improvement fund – building fund accounts for and reports the monies set aside for the purpose of repairing the Village Hall.

**Enterprise Funds** These funds account for and report 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 Operating Fund** The water operating fund accounts for and reports the purchase of water from the City of Salem and the distribution of water to the residents and commercial users located within the Village, as well as users located outside of the Village.

**Sewer Operating Fund** The sewer operating fund accounts for and reports the providing of sanitary sewer services to the residents and commercial users within the Village, as well as users located outside of the Village.

**Sewer Capital Fund** The sewer capital fund accounts for and reports the fees that are paid by consumers for the retirement of long-term debt that the Village has for the improvement of the Village's sewer system.

**Fiduciary Funds** Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for various deposits to be remitted once projects are completed and Mayor's court activities.

***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 to be budgeted annually.

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

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

A summary of 2016 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.

***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. The Village's unclaimed monies are classified as nonspendable.

***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.

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

*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. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues 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.

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 ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 108,089	\$ 104,891	\$ (3,198)
Special Revenue	123,860	128,791	4,931
Capital Projects	-	-	-
Enterprise	354,000	346,157	(7,843)

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 146,565	\$ 125,117	\$ 21,448
Special Revenue	353,605	112,807	240,798
Capital Projects	3,262	1,126	2,136
Enterprise	633,697	346,892	286,805



**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 4 – Deposits and Investments**

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

	2016
Demand deposits	<u>\$ 618,817</u>

***Deposits***

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

**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 homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20. 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**

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty and Property Coverage**

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other auditor’s) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u><b>2016</b></u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u><b>\$28,785,581</b></u>

At December 31, 2016 the liabilities above include approximately \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool’s membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village’s share of these unpaid claims collectible in future years is approximately \$8,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u><b>2016 Contributions to PEP</b></u> <b>\$13,408</b>
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**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.

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 7 - Defined Benefit Pension Plans (continued)**

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, 2016.

***Social Security***

Some of the Village's elected officials contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributed 2% of the employer contribution to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
USDA Sewer Construction Lona	\$ 580,000	4.50%
Farmers National Bank Truck Note	25,801	2.44%
Total	\$ 605,801	

The USDA Sewer Construction Loan was for the updating of the Village's sanitary sewer system, and is being repaid by a sewer surcharge that is charged monthly to users of the Village's sanitary sewer system.

The Farmers National Bank Truck Note was issued for the purchase of a dump truck and snow plow for the street department and a utility truck for the water/sewer department. This loan is being repaid from the Street Maintenance and Construction Fund, Water Operating Fund and Sewer Operating Fund.

**Village of Washingtonville**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 9 – Debt (continued)**

***Amortization***

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

Year ending December 31:	<u>USDA Loan</u>	<u>Farmers Bank Truck Note</u>
2018	\$ 43,100	\$ 15,821
2019	43,335	10,548
2020	43,525	-
2021	43,670	-
2022	43,770	-
2023-2027	215,225	-
2028-2032	216,425	-
2033-2037	216,560	-
2038-2042	42,845	-
Total	<u>\$ 908,455</u>	<u>\$ 26,369</u>

**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.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Village of Washingtonville  
Columbiana County  
415 South County Road  
Washingtonville, Ohio 44490

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and 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 by fund type of the Village of Washingtonville, Columbiana County (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 15, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***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) to determine the audit procedures 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

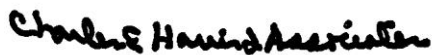
***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free of 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 15, 2018.

***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 and Associates, Inc.***  
June 15, 2018

**Village of Washingtonville**  
*Columbiana County*  
*Schedule of Prior Audit Findings (Prepared by Management)*  
*December 31, 2017 and 2016*

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	Audit Adjustments and Reclassifications	Corrective Action Taken and Finding is Fully Corrected	
2015-002	Mayor's Court Bank Reconciliation	Corrective Action Taken and Finding is Fully Corrected	

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# Dave Yost • Auditor of State

VILLAGE OF WASHINGTONVILLE

COLUMBIANA COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 31, 2018