



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF WOODSFIELD
MONROE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For The Year Ended December 31, 2019	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2019	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19
Summary Schedule of Prior Audit Findings (Prepared by Management).....	23

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Village of Woodsfield
Monroe County
221 South Main Street
Woodsfield, Ohio 43793

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 Woodsfield, Monroe County, Ohio (the Village), as of and for the year ended December 31, 2019.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support 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 § 117.38 and Ohio Administrative Code § 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 determinable, 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 § 117.38 and Ohio Administrative Code § 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, 2019, and the respective changes in financial position or cash flows thereof for the year 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 Woodsfield, Monroe County, as of December 31, 2019, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.



Keith Faber
Auditor of State
Columbus, Ohio

September 22, 2020

**VILLAGE OF WOODSFIELD
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$144,384	\$11,373	\$0	\$0	\$155,757
Municipal Income Tax	227,100	273,097	17,494	0	517,691
Intergovernmental	35,787	154,834	0	0	190,621
Special Assessments	674	7,486	0	0	8,160
Charges for Services	189,090	182,334	0	435	371,859
Fines, Licenses and Permits	24,199	1,455	0	0	25,654
Earnings on Investments	1,985	236	0	248,552	250,773
Miscellaneous	254,126	182,086	8,658	0	444,870
<i>Total Cash Receipts</i>	<u>877,345</u>	<u>812,901</u>	<u>26,152</u>	<u>248,987</u>	<u>1,965,385</u>
Cash Disbursements					
Current:					
Security of Persons and Property	412,519	45,791	0	0	458,310
Public Health Services	0	93,147	0	0	93,147
Leisure Time Activities	0	67,341	0	0	67,341
Community Environment	0	4,829	0	0	4,829
Basic Utility Services	0	0	0	0	0
Transportation	0	295,826	0	0	295,826
General Government	213,701	29,481	0	0	243,182
Capital Outlay	0	38,739	18,826	0	57,565
Debt Service:					
Principal Retirement	4,879	51,109	29,299	0	85,287
Interest and Fiscal Charges	2,896	12,610	0	0	15,506
<i>Total Cash Disbursements</i>	<u>633,995</u>	<u>638,873</u>	<u>48,125</u>	<u>0</u>	<u>1,320,993</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>243,350</u>	<u>174,028</u>	<u>(21,973)</u>	<u>248,987</u>	<u>644,392</u>
Other Financing Receipts (Disbursements)					
Loans Issues	0	26,000	0	0	26,000
Transfers In	0	958	0	0	958
Transfers Out	(4,236)	0	0	0	(4,236)
Advances In	0	20,000	0	0	20,000
Advances Out	(20,000)	0	0	0	(20,000)
Other Financing Sources	1,000	1,748	0	0	2,748
Other Financing Uses	(4,708)	0	0	0	(4,708)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(27,944)</u>	<u>48,706</u>	<u>0</u>	<u>0</u>	<u>20,762</u>
<i>Net Change in Fund Cash Balances</i>	215,406	222,734	(21,973)	248,987	665,154
<i>Fund Cash Balances, January 1</i>	<u>112,162</u>	<u>348,912</u>	<u>51,488</u>	<u>1,189,338</u>	<u>1,701,900</u>
Fund Cash Balances, December 31					
Nonspendable	0	0	0	1,379,808	1,379,808
Restricted	0	410,063	0	58,517	468,580
Committed	0	161,583	29,515	0	191,098
Assigned	187,339	0	0	0	187,339
Unassigned	140,229	0	0	0	140,229
<i>Fund Cash Balances, December 31</i>	<u>\$327,568</u>	<u>\$571,646</u>	<u>\$29,515</u>	<u>\$1,438,325</u>	<u>\$2,367,054</u>

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

**VILLAGE OF WOODSFIELD
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$4,098,246	\$0	\$4,098,246
Fines, Licenses, and Permits	1,005	0	1,005
<i>Total Operating Cash Receipts</i>	<u>4,099,251</u>	<u>0</u>	<u>4,099,251</u>
Operating Cash Disbursements			
Personal Services	657,392	0	657,392
Employee Fringe Benefits	381,932	0	381,932
Contractual Services	1,946,812	0	1,946,812
Supplies and Materials	368,057	0	368,057
Other	5,831	0	5,831
<i>Total Operating Cash Disbursements</i>	<u>3,360,024</u>	<u>0</u>	<u>3,360,024</u>
<i>Operating Income (Loss)</i>	<u>739,227</u>	<u>0</u>	<u>739,227</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	5,716	0	5,716
Intergovernmental	80,000	0	80,000
Sale of Notes	704,000	0	704,000
Miscellaneous Receipts	14,271	0	14,271
Other Non-Operating Cash Receipts	0	32,450	32,450
Capital Outlay	(353,174)	0	(353,174)
Principal Retirement	(1,622,896)	0	(1,622,896)
Interest and Other Fiscal Charges	(48,706)	0	(48,706)
Other Financing Sources	286,768	0	286,768
Other Non-Operating Cash Disbursements	0	(32,450)	(32,450)
Other Financing Uses	(1,903)	0	(1,903)
Special Item	200,001	0	200,001
Transfers In	3,278	0	3,278
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(732,645)</u>	<u>0</u>	<u>(732,645)</u>
<i>Net Change in Fund Cash Balances</i>	6,582	0	6,582
<i>Fund Cash Balances, January 1</i>	<u>1,886,597</u>	<u>0</u>	<u>1,886,597</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,893,179</u>	<u>\$0</u>	<u>\$1,893,179</u>

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

Village of Woodsfield
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Woodsfield (the Village), Monroe County, 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, sewer, electric, park operations, cemetery services and police services to over 2,400 residents. The Village contracts with Woodsfield Volunteer Fire Department to receive fire protection services. The Village appropriates General Fund money to partially support the Woodsfield Volunteer Fire Department, providing administration of its levy funds and grant awards.

Joint Venture and Public Entity Risk Pool

The Village participates in the Public Entities Pool of Ohio, a public entity risk pool. To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures. Notes 6 and 12 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Capital Project Funds 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 funds:

Village of Woodsfield
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Municipal Building Fund The fund is used to pay for maintenance, repair and/ or improvement of the village's municipal building.

Firehouse Building Fund The firehouse building fund received levy monies from Center Township to fulfill a contract with the Village for fire protection services.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Brague Endowment Fund This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Oaklawn Cemetery.

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:

Electric Operating Fund The fund receives revenue from the sale of electricity to municipal electric customers, both commercial and resident, and charges for services to customers.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for the activity of the Mayor's Court. This fund receives fines and forfeitures from police department citations. These monies are divided between the Village, County and the State, as prescribed by law.

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 Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Village of Woodsfield
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations Budgetary expenditures (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. 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.

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.

The Village values certificates of deposit, mortgage-backed securities and common stock at cost.

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.

Village of Woodsfield
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

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 2019 follows:

Fund Type	2019 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General	\$885,000	\$878,345	(\$6,655)
Special Revenue	728,300	841,607	113,307
Capital Projects	32,000	26,152	(5,848)
Enterprise	4,661,132	5,393,285	732,153
Permanent	1,010	248,987	247,977
Total	\$6,307,442	\$7,388,376	\$1,080,934

Village of Woodsfield
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$917,303	\$647,278	\$270,025
Special Revenue	1,035,205	640,832	394,373
Capital Projects	79,799	48,125	31,674
Enterprise	6,091,726	5,394,911	696,815
Permanent	54,500	0	54,500
Total	\$8,178,533	\$6,731,146	\$1,447,387

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:

	2019
Demand deposits	\$2,881,600
Certificates of deposit	50,000
Other time deposits (savings and NOW accounts)	1,343
Total deposits	2,932,943
Repurchase agreement	
Various securities, including mutual funds and common stock	1,327,290
Total investments	1,327,290
Total deposits and investments	\$4,260,233

Deposits

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

At December 31, 2019, \$533,161 of deposits were not insured or collateralized, contrary to Ohio law.

Investments

A financial institution's trust department holds the Village's equity securities in book-entry form in the Village's name.

Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

At December 31, 2019, the Village's investment broker held \$717,731 in common stocks as part of the Brague Endowment Fund. This was the fair value of the common stock at December 31, 2019. Common stock is not an eligible investment for the Village under Ohio law.

Village of Woodsfield
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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% (one percent) on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 – Risk Management

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

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

	<u>2019</u>
Cash and investments	\$ 38,432,610
Actuarial liabilities	\$14,705,917

Village of Woodsfield
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 – Risk Management (Continued)

Workers' Compensation

The Village participates in a group rating plan with the Ohio Municipal League to provide Worker's Compensation Coverage through the State of Ohio Bureau of Worker's Compensation. Monthly installments are made toward an annual premium.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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, 2019.

Ohio Police and Fire Retirement System

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 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, 2019.

Social Security

Village Council members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. 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 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Village of Woodsfield
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Postemployment Benefits (Continued)

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.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$328,951	0.00% - 0.02%
Ohio Water Development Authority Loans	693,664	0.00% - 4.50%
General Obligation Notes	413,851	3.50% - 3.89%
General Obligation Bonds	72,995	4.00%
Bond Anticipation Note (BAN)	704,000	3.00%
Total	<u>\$2,213,461</u>	

The Ohio Public Works Commission (OPWC) loans relate to the water line, sewer line, and water and sewer plan improvement projects the Ohio Environmental Protection Agency mandated. The Village repays OPWC loans in semiannual installments. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Water Development Authority (OWDA) loans related to various waterline extension projects and the purchase of a lake. The Village repays the loans in semiannual installments. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In addition, the Village has an open loan of \$328,624 with OWDA for their Long-Term Control Plan, of which \$180,765 was drawn in 2019. As the Village is still drawing money on this loan and no amortization schedule has been provided by OWDA, the amount drawn on this loan in 2019 is not included in the outstanding debt schedule above.

The Village issued general obligation notes to finance the purchase of a garage, the purchase of new equipment and trucks for the street and utility departments, a pumper fire truck, and the purchase of the Weckenbacher property, which was part of the EPA mandated Long-Term Control Plan (LTCP) for a Sewer Separation project. The Village’s taxing authority collateralized the notes.

The Village issued general obligation bonds to finance the purchase of a television cable system. The Village has since sold the cable system. This bond will be paid off in 2020.

The Village issued a bond anticipation note (BAN) to pay off debt owed for construction of the electric system substation and major repairs from a transformer fire in 2016. The note was reissued in 2019 and the principal due reduced by \$54,000, paid from electric utility receipts. The balance of this debt was \$650,000 when the BAN is renewed in 2020.

Village of Woodsfield
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

Amortization

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

Year Ending December 31:	OPWC Loan	OWDA Loan	General Obligation Notes	General Obligation Bonds	BAN
2020	\$43,468	\$73,771	\$95,917	\$75,914	\$725,120
2021	40,234	73,771	84,780	0	0
2022	37,001	73,771	84,780	0	0
2023	29,433	73,771	35,268	0	0
2024	29,433	73,771	30,033	0	0
2025-2029	119,711	274,452	103,549	0	0
2030-2034	36,902	125,395	47,232	0	0
2035-2038	0	93,253	0	0	0
Total	<u>\$336,182</u>	<u>\$861,955</u>	<u>\$481,559</u>	<u>\$75,914</u>	<u>\$725,120</u>

Note 10 – Contingent Liabilities

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

Note 11 – Subsequent Events

1. During 2020, the Village received \$45,159 in FEMA funding and a Natureworks Grant in the amount of \$43,963.
2. During December 2019, the Village approved a Loan Resolution Authorizing the issuance of Sanitary Sewer System Revenue Bonds through the United States Department of Agriculture (USDA) in the amount of \$1,171,000 for the long-term control plan – Sewer Separation Project. There was also \$1,007,000 in USDA grant funding issued for this project. However, the Village did not receive these funds until 2020.
3. On February 3, 2020, the Village approved a Loan Resolution Authorizing the issuance of Water Revenue Bonds through the USDA in the amount of \$904,000 for the Water Improvement Project. There was also \$237,000 in USDA grant funding issued for this project.
4. The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s financial future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Village of Woodsfield
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 – AMP Revenue Coverage

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village’s Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

	2019
Total Fund Cash Balance	\$734,222
Total Long-Term Debt	\$704,000
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$2,459,769
Total Operating Receipts	2,459,769
Operating Expenses	
Personal Services	250,089
Employee Fringe Benefits	152,802
Contractual Services	1,708,610
Supplies and Materials	86,166
Other	5,831
Total Operating Expenses	2,203,498
Operating Income	256,271
Nonoperating Receipts (Disbursements)	
Property and Other Local Taxes	5,716
Sale of Notes	704,000
Miscellaneous Receipts	7,175
Principal Payments	(721,016)
Interest Payments	(7,816)
Other Financing Uses	(1,748)
Other Nonoperating Receipts (Disbursements)	(13,689)
Change in Fund Cash Balance	242,582
Beginning Fund Cash Balance	491,640
Ending Fund Cash Balance	\$734,222

Village of Woodsfield
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 – AMP Revenue Coverage (Continued)

Condensed Cash Flows Information:	<u>2019</u>
Net Cash Provided (Used) by:	
Operating Activities	\$256,271
Noncapital Financing Activities	
Other Noncapital Financing Activities	<u>11,143</u>
Net Cash Provided by Noncapital Financing Activities	11,143
Capital and Related Financing Activities	
Proceeds of Capital and Related Debt	704,000
Principal Payments on Capital and Related Debt	(721,016)
Interest Payments on Capital and Related Debt	<u>(7,816)</u>
Net Cash (Used) by Capital and Related Financing Activities	(24,832)
Net Increase	242,582
Beginning Fund Cash Balance	<u>491,640</u>
Ending Fund Cash Balance	<u><u>\$734,222</u></u>

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



PO Box 828
Athens, Ohio 45701
(740) 594-3300 or (800) 441-1389
SoutheastRegion@ohioauditor.gov

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

Village of Woodsfield
Monroe County
221 South Main Street
Woodsfield, Ohio 43793

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Woodsfield, Monroe County, Ohio (the Village), as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated September 22, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2019-002 through 2019-004.

Village's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 22, 2020

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019

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

FINDING NUMBER 2019-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Village Officer's Handbook (revised August 2020) and the UAN Accounting and General Manual (revised December 2019) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Ohio Village Officer's Handbook also provides five suggested fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

We noted the following:

- The Fiscal Officer did not record bond anticipation note proceeds and principal payments of \$704,000 within the Electric Operating, Enterprise Fund for the issuance of bond anticipation notes (BAN) through AMP Ohio to their accounting records.
- An AMP payment was posted to the Electric Operating Fund - Interest in the amount of \$28,034; however, should have been posted to Principal and Other Contractual Services in the amounts of \$17,016 and \$11,018, respectively.
- Issuance costs for the BAN, Series 2019 was posted to Contractual Services in the amount of \$7,816, and should be posted to Interest in the Electric Operating Fund.
- The payoff payment for the 2016 F-150 in the amount of \$13,198 was posted as Capital Outlay and should be posted to principal and interest in the amounts of \$13,155 and \$43, respectively, in the Water Short-Lived Assets Fund (Fund 5103).
- Mayor's court fines and fees receipts and distribution were not posted to the accounting records as an Agency fund in the amount of \$32,450.
- The Village classified a portion of the fund balance of the General Fund in the amount of \$187,339 as unassigned; however, should have been assigned as appropriate so as to include year-end General Fund balance appropriated in the next fiscal year and also to include encumbrances outstanding as of December 31, 2019.

The adjustments above were agreed to by Village management and are reflected in the accompanying financial statements.

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2019-001 (Continued)

Material Weakness - (Continued)

The below adjustments are not reflected in the accompanying financial statements as they were not significant:

- The Village classified homestead and rollback in the amount of \$3,664 as Property Taxes and should have been posted to Intergovernmental Revenue in the General Fund.
- The Village had an outstanding Ohio Water Development Authority Loan #7475 (OWDA) for a long term control plan in the amount of \$179,239 which was refinanced into another OWDA Loan #8698 in the amount of \$180,765, which includes capitalized interest of \$389 and an OWDA fee of \$1,137. The refinancing was not posted to the accounting records. The loan proceeds and corresponding debt pay-off should have been reflected in the Water Improvement Fund.

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

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

When Village Council issues debt and the financial institution pays the vendor directly, the activity should be posted to the Village's accounting records as a memo receipt and expenditure. The Village Fiscal Officer should also appropriately classify and record all receipt, disbursement, and fund balance transactions based on the source of the receipt, nature of the expenditure, and upon the constraints placed upon the use of the resources.

Officials' Response: The Village Fiscal Officer will attend classes to better understand the correct designation of certain funds that present issues when posting. The Fiscal Officer did inform the Auditor of State office prior to the audit that the AMP BAN was not posted because it was not done at the time of issuance due to a lack of understanding how to post it without showing the village's account as being out of balance. It was then forgotten at year-end.

FINDING NUMBER 2019-002

Noncompliance

Article VIII, §§ 4 and 6 of the Ohio Constitution prohibit a public body from becoming a "stockholder in any joint stock company, corporation or association."

On June 18, 2018, Village Council passed Ordinance 1236-2018 to specify procedures for the maintenance of privately contributed funds and to clarify the parameters of the management and investment of such privately contributed funds regarding the municipal investment and capitalization policy. This ordinance is clarifying the Village's existing investment policy legislated through Ordinance 1097-09 passed on January 20, 2009 in regards to the investment of privately contributed funds, such as the Village's Brague Endowment Fund. Ordinance 1236-2018 specifically includes without limitation the authorization of consideration of investment in common stocks.

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2019-002
(Continued)

Noncompliance - Article VIII, Sections 4 and 6 of the Ohio Constitution (Continued)

While Village Council has taken proactive steps in monitoring the investment activity of the Brague Endowment Fund monies by passing the above noted ordinance, unless the common stock was originally donated to the Village the Ohio Constitution prohibits a public body from becoming a stockholder in a private company.

The Village's investment broker, who handles the investment of the monies held in the Village's Brague Endowment Fund (a permanent trust fund), invested part of these monies in various common stocks during 2019. The fair market value of the Village's investments in common stocks at December 31, 2019 was \$717,731, or 54%, of the Village's investment account for the Brague endowment.

Village Council should contact their investment broker and consider liquidating common stock holdings and reinvesting the proceeds in eligible investments in compliance with Article VIII, §§ 4 and 6 of the Ohio Constitution and their investment policy.

Officials' Response: The Fiscal Officer follows the village's policy for managing investments of endowment funds, which allows for funds to remain in the state in which they were received, in this case it allows for common stocks to remain as such.

FINDING NUMBER 2019-003

Noncompliance

Ohio Rev. Code § 135.18(A) states that each institution designated as a public depository and awarded public deposits under §§ 135.01 to 135.21 of the Revised Code, except as provided in § 135.44 or 135.145 of the Revised Code, shall provide security for the repayment of all public deposits by selecting one of the following methods: 1) Securing all uninsured public deposits of each public depositor separately as set forth in divisions (B) to (J) of this section; 2) Securing all uninsured public deposits of every public depositor pursuant to § 135.181 or 135.182 of the Revised Code, as applicable, by establishing and pledging to the treasurer of state a single pool of collateral for the benefit of every public depositor at the public depository.

As of December 31, 2019, the Village's checking account had a total demand deposit balance of \$2,996,588 less Federal Deposit Insurance (FDIC) coverage of \$263,427 totaling \$2,733,161. Collateral in the amount of \$2,200,000 was pledged by the financial institution on behalf of the Village leaving \$533,161 of the Village's bank balance uninsured and uncollateralized. Without proper collateral, the Village is at risk of losing funds.

The Village should ensure proper and adequate collateral is obtained from their financial institution to cover account balances in excess of \$250,000.

Officials' Response: The Fiscal Officer became aware of an excess of funds and alerted the Finance Committee that funds would need to be transferred to another financial institution. At this time, it was decided the Electric Reserve Fund should be invested. Research to determine the highest interest-bearing account-type at the most appropriate FDIC-insured institution, as well as the required legislative action, then took place to resolve the funds exceeding the pledged collateral amount.

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2019-004

Noncompliance

Ohio Rev. Code Chapter 133 authorizes certain methods by which subdivisions may incur debt. **Ohio Rev. Code § 133.22** allows a subdivision to issue anticipatory-securities; **Ohio Rev. Code § 133.10** allows anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision. **Ohio Rev. Code § 133.15** allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct and **Ohio Rev. Code § 133.18** allows the taxing authority of a subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

The Village has issued commercial promissory notes with a local banking institution for various purposes. This type of debt does not meet the criteria for any of the debt allowed in **Ohio Rev. Code Chapter 133**.

This type of debt is not authorized in **Ohio Rev. Code Chapter 133**. The Village had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Village.

The Village should consult with legal counsel before incurring debt to determine if the debt is authorized by statute.

Officials' Response: The village has established capital reserve funds in an attempt to avoid future commercial promissory notes.



The Village of Woodsfield
221 South Main Street
Woodsfield, OH 43793
(740) 472-0418

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Noncompliance – Ohio Rev. Code § 133 for unallowable debt.	Not Corrected.	Village is working on compliance.
2018-002	Noncompliance - Ohio Rev. Code § 135.18(A) for uninsured and uncollateralized collateral.	Not Corrected.	Corrected by investing Electric Reserve Funds at additional financial institution.
2018-003	Noncompliance - Ohio Rev. Code § 5705.39 for appropriations exceeding estimated resources.	Corrected.	
2018-004	Noncompliance - Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	Corrected.	
2018-005	Noncompliance and Significant Deficiency – Woodsfield Village Code § 181.13 – Allocation of Municipal Income Tax	Corrected.	
2018-006	Noncompliance and Material Weakness – Woodsfield, Ordinance 947-98 for investments not being recorded at actual value.	Corrected.	
2018-007	Material Weakness – for not recording receipts, disbursements, and fund balance into accurate classifications or not recording all such transactions.	Not Corrected.	Village is working on compliance. New Fiscal Officer will attend AOS required trainings.
2018-008	Noncompliance – Article VIII, §§ 4 and 6 of the Ohio Constitution for having investments in common stock.	Not Corrected.	This is not in violation with village investment policy and village chooses not to correct.
2018-009	Material Weakness – for not properly updating accounting system approved appropriations.	Partially Corrected.	Village is working on compliance.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WOODSFIELD

MONROE 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 10/6/2020

88 East Broad 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