

OHIO AUDITOR OF STATE  
**KEITH FABER**



**Village of Wellsville**  
Columbiana County

**Fiscal Emergency Termination**

**Local Government Services**



Village of Wellsville, Columbiana County

Fiscal Emergency Termination

Table of Contents

Certification .....3

Report on the Termination of the Village of Wellsville  
Financial Planning and Supervision Commission .....5

Section 1 - Financial Accounting and Reporting System .....6

Section 2 - Correction of Fiscal Emergency Conditions and Current Existence  
of Fiscal Emergency Conditions..... 12

Section 3 - Financial Plan Objectives .....17

Section 4 - Financial Forecast .....17

Disclaimer..... 17

Appendix A  
Village of Wellsville Financial Forecast  
For the Years Ending December 31, 2020 through December 31, 2024

This page intentionally left blank

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## CERTIFICATION

Pursuant to a request sent to the Auditor of State by the Financial Planning and Supervision Commission of the Village of Wellsville, the Auditor of State performed an analysis of the Village of Wellsville to determine whether the Commission and its functions under Chapter 118 of the Ohio Revised Code should be terminated. Based on the analysis, the Auditor of State certifies, as required by Section 118.27 of the Revised Code, that the Village of Wellsville no longer meets the fiscal emergency conditions set forth in Section 118.03 of the Revised Code, that the objectives of the financial recovery plan are being met, that an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code has been implemented, and that Management has prepared a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State and an opinion has been rendered by the Auditor of State that the financial forecast is considered to be nonadverse. Therefore, the existence of the Financial Planning and Supervision Commission of the Village of Wellsville and its role in the operation of the Village of Wellsville is terminated as of November 18, 2020.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted to Nancy Murray, Mayor of the Village of Wellsville; Randy Allmon, Council President; Mike DeWine, Governor; Kimberly Murnieks, Director of the Office of Budget and Management; Robert Sprague, Treasurer of State; and Nancy Milliken, Columbiana County Auditor.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

November 18, 2020

This page intentionally left blank

Village of Wellsville, Columbiana County  
Report on the Termination of the Village of Wellsville  
Financial Planning and Supervision Commission

---

**Report on the Termination of the Wellsville Financial Planning and Supervision Commission**

At the request of the Financial Planning and Supervision Commission (the Commission) of the Village of Wellsville, Columbiana County, Ohio, as provided by Section 118.27(B) of the Ohio Revised Code, the Auditor of State has performed an analysis in order to determine whether the Commission and its functions under Chapter 118 of the Revised Code should be terminated.

Guidelines for performing such an analysis are set forth in Section 118.27(A) of the Revised Code, which states that:

“A Financial Planning and Supervision Commission with respect to a municipality...and its functions under this chapter shall continue in existence until such time as a determination is made pursuant to division (B) of this section that the municipality has done all of the following: (1) planned, and is in the process of good faith implementation of, an effective financial accounting and reporting system in accordance with Section 118.10 of the Revised Code, and it is reasonably expected that such implementation will be completed within two years; (2) corrected and eliminated or has planned and is in the process of good faith implementation of correcting and eliminating all the fiscal emergency conditions determined pursuant to Section 118.04 of the Revised Code, and no new fiscal emergency conditions have occurred; (3) met the objectives of the financial plan described in Section 118.06 of the Revised Code; and (4) the municipal corporation...prepares a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State...”.

Results of our work under Section 118.27(A) of the Revised Code are as follows:

Pages six through twelve of the report indicate that the Village has effectively implemented corrections to its financial accounting and reporting system in accordance with Section 118.10(A) of the Revised Code.

All fiscal emergency conditions have been corrected and eliminated and no new fiscal emergency conditions exist under Section 118.04 of the Revised Code. This analysis can be found beginning on page twelve.

We have reviewed the objectives of the financial plan and determined that the Village has met the objectives in accordance with Section 118.06 of the Revised Code. Specific conclusions can be found on page seventeen.

We examined and issued a non-adverse report on the five-year forecast prepared by the Village. The forecast and our report can be found in Appendix A.

Based on this analysis, the Auditor of State’s Office has determined that the Financial Planning and Supervision Commission and its functions may be terminated.

It is understood that this report’s determination is for the use of the Financial Planning and Supervision Commission of the Village of Wellsville, the Auditor of State of Ohio, the Governor of Ohio, the Mayor of the Village of Wellsville, and others as designated by the Auditor of State and is not to be used for any other purpose. Our procedures and findings follow.

Village of Wellsville, Columbiana County  
Report on the Termination of the Village of Wellsville  
Financial Planning and Supervision Commission

---

**Section 1 - Financial Accounting and Reporting System**

When a Village is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the Village's financial accounting and reporting system. The Auditor of State, in accordance with Section 118.10(A) of the Revised Code assessed the methods, accuracy, and legality of the accounts, records, files, and reports of the Village of Wellsville (the Village) and issued a Report on Accounting Methods, dated December 12, 2017. The report identified areas where the Village's financial accounting and reporting system were not in compliance with Section 117.43 of the Revised Code and the requirements of the Auditor of State.

The criteria for termination of the Commission include a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation, and is expected to be completed within two years. This determination is based on management providing a summary of the actions taken to address the issues identified in the Report on Accounting Methods. We confirmed whether the actions taken by management were sufficient to correct these issues identified in the Report on Accounting Methods. A summary of each area of noncompliance identified in the Report on Accounting Methods and the status of each corrective action is presented below:

**Budgetary System**

**Auditor of State Comment from Report on Accounting Methods**

Pursuant to Section 5705.10, Revised Code, money paid into any fund of the Village shall be used only for the purposes for which such fund is established. During 2015 and 2016, the Village had deficit cash balances in various funds. These funds included general, street construction maintenance and repair, state highway, cemetery, police salary levy, fire and police operating levy funds. The Village should not use money from one fund to pay the obligations of another fund.

**Implemented**

The Village has positive cash in all funds. The Village is not using money from one fund to pay obligations of another fund.

**Auditor of State Comment from Report on Accounting Methods**

Village Council adopts appropriations as needed, but amended certificates of estimated resources are requested periodically. Pursuant to Section 5705.39, Revised Code, appropriations should be limited to the estimated resources reflected on the amended certificate at the time of adoption. Prior to appropriating the additional or new resources, the Fiscal Officer should request an amended certificate from the County Budget Commission based on reasonable estimates and/or actual receipts.

**Implemented**

The Village is now requesting amended certificates of estimated resources as new revenue sources become known. The Village is also ensuring that the appropriations are limited to the estimated resources.



Village of Wellsville, Columbiana County  
Report on the Termination of the Village of Wellsville  
Financial Planning and Supervision Commission

---

Auditor of State Comment from Report on Accounting Methods

Section 5705.39 of the Revised Code requires that the total appropriations from each fund shall not exceed the total of the estimated resources available for expenditure, as certified by the Budget Commission. The Fiscal Officer should ensure that appropriations do not exceed the total estimated resources in any of the Village's funds.

Implemented

The Fiscal Officer is ensuring that appropriations from each fund do not exceed estimated resources and the Certificate of "Do Not Exceed" is being received from the County Auditor.

Auditor of State Comment from Report on Accounting Methods

Pursuant to Section 5705.41 (B) Revised Code, the Village should not make any expenditures of money unless it has been appropriated. During 2016, the Village had expenditures plus encumbrances that exceeded the Council adopted appropriations in several funds. The Village should only spend and encumber money within the amount of adopted appropriations.

Implemented

The Village does not have expenditures plus encumbrances exceeding the Council adopted appropriations in any fund. The Village is only spending and encumbering money within the amount of adopted appropriations.

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer does not compare appropriations to estimated resources. The Fiscal Officer should document the comparison of appropriations to estimated resources. This comparison should be presented to Council upon request for supplemental appropriations demonstrating the effect of supplemental appropriations and compliance with budgetary requirements, if adopted.

Implemented

The Fiscal Officer is now preparing a comparison of estimated resources to appropriations. This comparison is presented to Council upon request for supplemental appropriations demonstrating the effect of supplemental appropriations and compliance with budgetary requirements.

Auditor of State Comment from Report on Accounting Methods

The legal level of control has been established by Council at the fund and object (personal services and other) level for all funds contrary to Ohio Revised Code Section 5705.38. Appropriation measures must be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, with each, the amount appropriated for personal services.

Implemented

Appropriation ordinances have now been established and passed by Council for each office, department and division for personal services and other as prescribed by Ohio Revised Code Section 5705.38.

Village of Wellsville, Columbiana County  
Report on the Termination of the Village of Wellsville  
Financial Planning and Supervision Commission

---

**Accounting Ledgers**

Auditor of State Comment from Report on Accounting Methods

The Village does not have a written disaster recovery plan for the restoration of operations in the event of a serious incident. A disaster recovery plan should be adopted by Village Council. Included in this plan should be procedures regarding backup tapes, such as keeping them at a location separate from computers and servers.

Implemented

A Disaster Recovery Plan was approved by Council with Resolution Number 19-14 on September 17, 2019. This Plan includes procedures regarding backup tapes, such as keeping them at a location separate from computers and servers.

**Receipt Transactions**

Auditor of State Comment from Report on Accounting Methods

According to Revised Code Section 9.38, all monies received must be remitted to the Fiscal Officer by the next business day after receipt. If the amount is less than \$1,000 and a policy is specifically adopted outlining the procedures, the monies can be held up to a maximum of three business days after the day of receipt. The Village should institute a specific policy outlining how many days cash may be held, up to a maximum of three, and relevant procedures.

Implemented

All monies are remitted to the Fiscal Officer by the next business day after receipt unless as outlined in the receipt policy approved by Council by Resolution Number 19-15 on September 17, 2019.

Auditor of State Comment from Report on Accounting Methods

The Village does not have a policy in place that addresses the safeguard of public monies until they are deposited. According to Revised Code Section 9.38, the Village should have a policy in place that addresses the safeguard of public monies until they are deposited. This policy should provide for effective storage on Village property of these funds.

Implemented

Village Council passed a policy with Resolution Number 19-15 on September 17, 2019 that addresses the safeguard of public monies until they are deposited. This policy also provides for effective storage on Village property of these funds.

**Purchasing Process**

Auditor of State Comment from Report on Accounting Methods

The Village does not use the Auditor of State Findings for Recovery Database when adding new vendors. Section 9.24 of the Revised Code prohibits any State agency or political subdivision from awarding a contract for goods, services, or construction, paid for in whole or in part with State funds, to any person against whom a finding for recovery has been issued by the Auditor of State, if that finding is unresolved.

Village of Wellsville, Columbiana County  
Report on the Termination of the Village of Wellsville  
Financial Planning and Supervision Commission

---

Implemented

The Village now verifies vendors against the State's database of findings for recovery before entering into a contract and saves the documentation on file for future reference.

Auditor of State Comment from Report on Accounting Methods

The Village does not keep minutes of bid openings for contracts. The Village should prepare and keep minutes for all bid openings.

Implemented

The Village now prepares and keeps minutes for all bid openings.

Auditor of State Comment from Report on Accounting Methods

The original purchase order is not sent to the vendor. The purchase order should be mailed or faxed to the vendor.

Implemented

The Village now sends vendors the purchase orders.

Auditor of State Comment from Report on Accounting Methods

The Village has not established, by resolution of Village Council, an amount for blanket purchase orders.

Implemented

Village Council passed a policy with Resolution Number 19-09 on August 6, 2019 establishing a \$10,000 maximum for blanket purchase orders.

**Cash Disbursements**

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer receives only verbal confirmation from department heads that invoices are okay to pay. A policy should be implemented and approved by Village Council requiring signed documentation from department heads for an invoice to be paid.

Implemented

Department heads currently send signed documentation to the Fiscal Officer stating that invoices are approved to be paid. The policy was passed with Resolution Number 19-11 on August 26, 2019.

Auditor of State Comment from Report on Accounting Methods

There is no contingency plan in place for when the Fiscal Officer is unable to perform her job duties. A policy should be implemented and approved by Village Council for how the Village will operate in this situation.

Village of Wellsville, Columbiana County  
Report on the Termination of the Village of Wellsville  
Financial Planning and Supervision Commission

---

Implemented

A contingency plan policy for how the Village will operate when the Fiscal Officer is unable to perform her job duties was passed by Village Council with Resolution Number 19-10 on August 26, 2019.

**Inventory of Capital Assets**

Auditor of State Comment from Report on Accounting Methods

The Village does not have an inventory of capital assets. Without an inventory of capital assets, the Village is unable to determine if there is adequate insurance coverage, whether assets have been lost or stolen, whether idle assets exist that can be sold to generate additional revenue, and whether assets are used in the most efficient manner. The Village should develop an inventory of all capital assets and update it manually.

Implemented

The Village has formally documented by department all capital assets at or exceeding the policy set amount of \$500. All assets identified as capital assets have been tagged and logged and this information is updated as needed.

Auditor of State Comment from Report on Accounting Methods

The Village Council should adopt policies and procedures to account for and track capital assets.

Implemented

A formal policy has been passed by Village Council with Resolution Number 19-16 on September 17, 2019, which addresses accounting for and tracking capital assets.

Auditor of State Comment from Report on Accounting Methods

The Village Council should implement written policies for the use of Village owned property (i.e. vehicles, equipment, cell phones) that address control and accountability and stipulates that the personal use of any Village owned property is prohibited.

Implemented

Village Equipment Policy addresses control and accountability and stipulates that all personal use of any Village owned property is prohibited.

**Cash Management and Investing**

Auditor of State Comment from Report on Accounting Methods

The Auditor of State does not have an investment policy for the Village on file; therefore, one has not been signed by the current Fiscal Officer. The investment policy should be updated and submitted to the Auditor of State with the current Fiscal Officer's signature.

Implemented

An investment policy was passed by Village Council on August 26, 2019, signed by the Fiscal Officer and submitted to the Auditor of State through their website.

Village of Wellsville, Columbiana County  
Report on the Termination of the Village of Wellsville  
Financial Planning and Supervision Commission

---

Auditor of State Comment from Report on Accounting Methods

The Village does not post interest to the Street Construction and Maintenance or State Highway special revenue funds as required by Article XII, Section 5a, Ohio Constitution. The Village should allocate interest to the required funds.

Implemented

The Village now allocates interest to the Street Construction and Maintenance and State Highway special revenue funds on a monthly basis.

Auditor of State Comment from Report on Accounting Methods

The Fiscal Officer does not attend annual training provided by the State Treasurer's Office for investments. The Fiscal Officer is exempt from this training if the Village has no investments and the Fiscal Officer files an exemption form. The form has not been filed.

Implemented

Currently, the Village has no investments. Therefore, the Fiscal Officer has not attended any trainings. She filed for and received the exemption on August 19, 2019.

**Financial Reporting**

Auditor of State Comment from Report on Accounting Methods

Village Council has not defined, by ordinance, the type or frequency of financial information they expect to receive. The Fiscal Officer should provide Village Council a monthly statement that reflects the beginning and ending cash balances and the month to date and the year to date receipts and disbursements for each fund. The Fiscal Officer should provide receipts and appropriation reports to Village Council on a monthly basis. These reports should provide a comparison of estimated receipts to actual receipts and the percent collected to date as well as the appropriations and disbursements and the percent spent to date. The reports should demonstrate compliance with the adopted budget.

Implemented

The Village passed a policy with Ordinance Number 19-15 on August 6, 2019 stipulating the following reports be provided to Council on a monthly basis: fund status, appropriation status, revenue status and bank reconciliation. These reports provide beginning and ending cash balances, as well as month and year to date receipts and disbursements for each fund. They also provide a comparison of estimated receipts to actual receipts and the percent collected to date as well as the appropriations and disbursements and the percent spent to date. The reports demonstrate compliance with the adopted budget.

**Audit Report and Management Letters**

The Village Council and Officials receive a compliance letter at the conclusion of each biannual audit. The letter that accompanied the December 31, 2018 and December 31, 2019 audit identified two material weaknesses. The Village Council also received a Management Letter for the December 31, 2018 and December 31, 2019 audit.

Village of Wellsville, Columbiana County  
 Report on the Termination of the Village of Wellsville  
 Financial Planning and Supervision Commission

---

The first material weakness noted in the audit stated the Village should develop internal control, such as proper monitoring and formal procedures, with the Police Department payroll. The second material weakness stated the Village’s accounting system did not match the amounts per the estimated resources certified by the County for 2018.

The management letter stated that the sick leave balance for certain employees need to be calculated, that Council needs to determine if employees whose ordinances do not specify are entitled to personal days, bereavement leave and life insurance and the Village should update the UAN system to calculate the usage/balances for all employees.

The Village has addressed and corrected these issues as part of their work to correct specific comments in the Report on Accounting Methods. These are not issues that would prevent termination of the Financial Planning and Supervision Commission.

**Section 2 - Correction of Fiscal Emergency Conditions and Current Existence of Fiscal Emergency Conditions**

Under Section 118.27(A)(2) of the Ohio Revised Code, the Village shall have corrected or eliminated or have planned and be in the process of good faith implementation of actions to correct and eliminate all of the fiscal emergency conditions that existed when declared in fiscal emergency and no new fiscal emergency conditions have occurred in order to be terminated from fiscal emergency. Our analysis of the six fiscal emergency conditions described in Section 118 of the Revised Code is presented below:

**Condition One - Default on Any Debt Obligation**

Section 118.03(A)(1) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

A summary of the Village’s outstanding debt as of August 31, 2020, is as follows:

Debt Issue	Year of Issuance	Year of Maturity	Interest Rate	Issuance Amount
<b>Business-Type Activities</b>				
OPWC Loans:				
Russell Heights Sewer Improvements	2002	2022	0.00%	\$125,459
Wells Avenue Extended Sewer Improvements	2002	2022	0.00	125,689
Digester Improvements	2011	2041	0.00	151,142
OWDA Loan - WWTP Headworks Improvements	2003	2023	1.00	118,906

We reviewed the outstanding indebtedness as of August 31, 2020. The Village had \$147,106 in outstanding debt at August 31, 2020, and had made all debt payments due as of that date.

**Conclusion:** A fiscal emergency condition does not exist under Section 118.03(A)(1) of the Revised Code. No default on any debt obligation for more than thirty days existed at August 31, 2020.

Village of Wellsville, Columbiana County  
Report on the Termination of the Village of Wellsville  
Financial Planning and Supervision Commission

---

**Condition Two - Payment of All Payroll**

Section 118.03(A)(2) of the Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation in the amounts and at the times required by laws, ordinances, resolutions, or agreements, which failure of payment has continued:

- a. For more than thirty days after such time for payment, or
- b. Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

We reviewed the payroll records of the Village as of August 31, 2020. We reviewed Council minutes, ordinances, resolutions, and had discussions with the Fiscal Officer to determine the employees of the Village, pay rates, frequency of payroll, and whether any extensions for the payment of payroll existed. We reviewed the payroll reports and the payroll bank statement to determine whether Village employees had been paid within the time specified by Sections 118.03(A)(2)(a) and (b) of the Revised Code. We determined that adequate cash was in the bank account and there were sufficient fund balances to cover payroll.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Revised Code as of August 31, 2020. All employees had been paid in amounts and at the times required by ordinance.

**Condition Three - Increase in Minimum Tax Levy**

Section 118.03(A)(3) of the Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Columbiana County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the Village for 2020, which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Columbiana County Budget Commission indicated that the Budget Commission had not taken any action for tax year 2020 to increase the inside millage of the Village.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Revised Code as of August 31, 2020.

Village of Wellsville, Columbiana County  
Report on the Termination of the Village of Wellsville  
Financial Planning and Supervision Commission

---

**Condition Four - Past Due Accounts Payable from the General Fund and all Funds**

Section 118.03(A)(4) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year-end balance in the general fund, exceeded one-sixth of the general fund budget for the year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in the respective special funds lawfully available to pay such accounts, excluded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable.

We prepared a schedule of accounts payable (as defined above) as of December 31, 2019, for all funds that were due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2019, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities including any interest and penalties. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2019, excluding non-recurring receipts of all special funds from which such accounts are lawfully payable. No funds of the Village had accounts payable over 30 days past due in excess of available fund balance at December 31, 2019. Upon review of the Village's records, there were no payables that were beyond 30 days past due at December 31, 2019.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio Revised Code as of December 31, 2019. There are no accounts payable in excess of the available fund balance.

**Condition Five - Deficit Fund Balances**

Section 118.03(A)(5) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds at December 31, 2019, by subtracting all accounts payable and encumbrances from the year end cash fund balance of each fund. No further calculations were necessary because there were no deficit fund balances at December 31, 2019.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(5) of the Revised Code, as there were no deficit fund balances at December 31, 2019.



Village of Wellsville, Columbiana County  
 Report on the Termination of the Village of Wellsville  
 Financial Planning and Supervision Commission

---

**Condition Six - Treasury Balances**

Section 118.03(A)(6) of the Revised Code defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation minus outstanding checks and warrants were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Village's reconciled bank balance to its cash summary by fund for all funds as of December 31, 2019, which included subtracting reconciling factors to arrive at the treasury balance. We then determined the aggregate sum of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. No further calculations were necessary because the treasury balance equaled the sum of all fund cash balances.

Treasury Balances		Schedule I
Ohio Revised Code Section 118.03(A)(6)		
As of December 31, 2019		
	Amounts at	
	December 31, 2019	
<b>Bank Cash Balance</b>		
Huntington General Account	\$980,711	
Huntington MMAX Account	35,439	
Huntington MMAX Investments Account	91,982	
Huntington Mayor's Court Account	5,400	
Huntington Cemetery Savings Account	5,065	
CF Bank Account	108,724	
<i>Total Bank Cash</i>	<u>1,227,321</u>	
<i>Adjustments for:</i>		
Outstanding Checks	(31,506)	
Deposits in Transit	2,262	
Other Reconciling Adjustments	646	
<i>Total Adjustments</i>	<u>(28,598)</u>	
<i>Total Treasury Balance</i>	<u>1,198,723</u>	
<b>Less: Positive Cash Fund Balances</b>		
General	237,303	
Street Construction Maintenance and Repair	22,026	
State Highway	7,996	
Cemetery	5,759	
CMHA	16,037	
FEMA	1,099	
JAG Grant	55	
DARE	\$4,112	

(continued)

Village of Wellsville, Columbiana County  
 Report on the Termination of the Village of Wellsville  
 Financial Planning and Supervision Commission

---

Schedule I

Treasury Balances  
 Ohio Revised Code Section 118.03(A)(6)  
 As of December 31, 2019 (continued)

	Amounts at December 31, 2019
Traffic Grant	\$1,056
Clean Ohio Revitalization - Lincoln China	377
Police Income Tax Levy	15,065
Street Income Tax Levy	32,187
Law Enforcement	196
Cemetery Trust	715
Permissive Motor Vehicle License Tax	12,979
Police Pension	12,788
Fire Pension	15,499
Enforcement and Education	1,148
Mayor's Court Computer	10,060
Fire Levy	66,852
Floodwall	12,519
Police Salary Levy	5,399
Fire 2003	19,585
Other Special Revenue - Police Donations	5,793
Police Operating Levy - 2011	5,503
Police Training	5,200
Police Cruiser	4,025
Street Paving	22,143
Cemetery Special Revenue Donation	14,058
Capital Improvements	7,241
Cemetery Endowment	40,105
Sewage Disposal	135,948
Sewage Update	447,244
Unclaimed Monies	8,515
Magistrate Court Fines	2,136
Total Positive Balances	1,198,723
Treasury Deficiency	\$0
One-Sixth Treasury Receipts	441,992
Treasury Receipts in Excess of Treasury Deficit	\$441,992

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(6) of the Revised Code as of December 31, 2019. The treasury balance less the positive fund cash balances as of December 31, 2019, did not exceed one-sixth of the treasury receipts for the year.

Village of Wellsville, Columbiana County  
Report on the Termination of the Village of Wellsville  
Financial Planning and Supervision Commission

---

**Section 3 - Financial Plan Objectives**

We obtained a copy of the financial plan of the Village and determined whether the objectives of the plan have been met. Those objectives identified in the financial plan include the following:

- 1) Eliminate the fiscal emergency conditions which were determined by the Auditor of State, pursuant to Section 118.04 of the Revised Code;
- 2) The Village will conform to statutes with respect to tax budgets and appropriation measures.
- 3) The Village will establish monthly expenditures and encumbrances pursuant to division (B)(2) of Section 118.07 of the Ohio Revised Code.
- 4) The amount and purpose of any issue of debt obligations will not exceed debt limits supported by appropriate certification by the Fiscal Officer and the County Auditor.
- 5) The Village will prepare a financial forecast for a five-year period in accordance with the standards issued by the Auditor of State; and
- 6) The Village will address and implement Auditor of State comments from the Report of Accounting Methods.

All objectives of the financial plan have been met.

**Section 4 - Financial Forecast**

Financial forecasting is an important management tool to assist the Village in making sound financial decisions for avoiding a fiscal crisis in the future. A five-year forecast is required under Section 118.27(A)(3)(d) of the Revised Code. After examining the financial forecast, the Auditor of State rendered a non-adverse report. The financial forecast is contained in Appendix A.

**DISCLAIMER**

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

This page intentionally left blank

**APPENDIX A**

**Village of Wellsville  
Columbiana County**

**Financial Forecast**

**For the Years Ending December 31, 2020 through December 31, 2024**

This page intentionally left blank

Village of Wellsville, Ohio

Table of Contents

Auditor's Report.....	A3
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis For the Years Ended December 31, 2017, Through 2019, Actual; and Ending December 31, 2020, Through 2024, Forecasted	
General Fund .....	A4
Cemetery Fund .....	A8
Summary of Significant Accounting Policies and Forecast Assumptions .....	A10

This page intentionally left blank



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

Village Council  
Village of Wellsville  
1200 Main Street  
Wellsville, Ohio 43968

Based upon the requirement set forth in section 118.27(A)(3)(d) of the Ohio Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the accompanying forecasted statements of revenues, expenditures and changes in fund balance of the various funds of the Village of Wellsville, for the five years ending December 31, 2024. These statements are presented on the budget basis of accounting used by the Village of Wellsville rather than on generally accepted accounting principles. The Village of Wellsville's management is responsible for the forecast. Our responsibility is to determine whether the Village has met the criteria that allows for the fiscal emergency to be terminated.

Based on our examination of the accompanying forecast, there is nothing in the forecast nor has anything come to our attention that indicates the fiscal emergency should not be terminated. However, some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast and the variations may be material.

This report is intended solely for the use of the Village of Wellsville and the Financial Planning and Supervision Commission of Wellsville and should not be used for any other purpose. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 25, 2020

**Village of Wellsville - Columbiana County**  
*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis*  
*For the Years Ended December 31, 2017, Through 2019, Actual*  
*and Ending December 31, 2020, Through 2024, Forecasted*  
**General Fund**

	2017 Actual	2018 Actual	2019 Actual	2020 Forecasted
<b>Revenues</b>				
Property and Other Local Taxes	\$91,000	\$83,000	\$85,000	\$89,000
Municipal Income Taxes	485,000	499,000	532,000	512,000
Cable Franchise Fees	51,000	46,000	46,000	46,000
Intergovernmental	52,000	60,000	69,000	74,000
Interest	2,000	4,000	5,000	4,000
Licenses and Permits	1,000	20,000	87,000	3,000
Fines and Forfeitures	179,000	77,000	26,000	19,000
Charges for Services	47,000	39,000	37,000	37,000
Contributions and Donations	2,000	48,000	17,000	0
Other	26,000	79,000	28,000	14,000
<b>Total Revenues</b>	<b>936,000</b>	<b>955,000</b>	<b>932,000</b>	<b>798,000</b>
<b>Expenditures</b>				
Current:				
General Government				
Council				
Personal Services	19,000	16,000	16,000	17,000
Other	1,000	2,000	0	2,000
<b>Total Council</b>	<b>20,000</b>	<b>18,000</b>	<b>16,000</b>	<b>19,000</b>
Mayor and Administrative Offices				
Personal Services	81,000	75,000	75,000	80,000
Other	9,000	6,000	5,000	5,000
<b>Total Mayor and Administrative Offices</b>	<b>90,000</b>	<b>81,000</b>	<b>80,000</b>	<b>85,000</b>
Clerk - Treasurer				
Personal Services	44,000	50,000	51,000	58,000
Other	40,000	25,000	25,000	26,000
<b>Total Clerk - Treasurer</b>	<b>84,000</b>	<b>75,000</b>	<b>76,000</b>	<b>84,000</b>
Solicitor				
Personal Services	20,000	20,000	20,000	20,000
Administrator				
Personal Services	12,000	6,000	1,000	29,000
Other	1,000	0	0	0
<b>Total Administrator</b>	<b>13,000</b>	<b>6,000</b>	<b>1,000</b>	<b>29,000</b>
Miscellaneous				
Personal Services	1,000	0	0	0
Other	29,000	24,000	27,000	22,000
<b>Total Miscellaneous</b>	<b>30,000</b>	<b>24,000</b>	<b>27,000</b>	<b>22,000</b>
<b>Total General Government</b>	<b>\$257,000</b>	<b>\$224,000</b>	<b>\$220,000</b>	<b>\$259,000</b>

2021 Forecasted	2022 Forecasted	2023 Forecasted	2024 Forecasted
\$89,000	\$89,000	\$91,000	\$91,000
512,000	512,000	512,000	512,000
46,000	46,000	46,000	46,000
62,000	74,000	74,000	74,000
4,000	4,000	4,000	4,000
3,000	3,000	3,000	3,000
19,000	19,000	19,000	19,000
37,000	37,000	37,000	37,000
0	0	0	0
0	0	0	0
<u>772,000</u>	<u>784,000</u>	<u>786,000</u>	<u>786,000</u>
17,000	17,000	17,000	17,000
2,000	2,000	2,000	2,000
<u>19,000</u>	<u>19,000</u>	<u>19,000</u>	<u>19,000</u>
80,000	80,000	80,000	80,000
5,000	5,000	5,000	5,000
<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>
59,000	59,000	59,000	59,000
26,000	26,000	26,000	26,000
<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>
20,000	20,000	20,000	20,000
28,000	28,000	28,000	28,000
0	0	0	0
<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>
0	0	0	0
22,000	22,000	22,000	22,000
<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
<u>\$259,000</u>	<u>\$259,000</u>	<u>\$259,000</u>	<u>\$259,000</u>

(continued)

**Village of Wellsville - Columbiana County**  
*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis*  
*For the Years Ended December 31, 2017, Through 2019, Actual*  
*and Ending December 31, 2020, Through 2024, Forecasted*  
**General Fund (continued)**

	2017 Actual	2018 Actual	2019 Actual	2020 Forecasted
Security of Persons and Property				
Police Enforcement				
Personal Services	\$508,000	\$372,000	\$358,000	\$331,000
Other	53,000	66,000	95,000	63,000
Total Police Enforcement	561,000	438,000	453,000	394,000
Blue Line Solutions Safety Program				
Other	62,000	19,000	0	0
Total Security of Persons and Property	623,000	457,000	453,000	394,000
Community Environment				
Lands and Buildings				
Other	123,000	144,000	143,000	159,000
Zoning				
Personal Services	2,000	2,000	2,000	2,000
Total Community Environment	125,000	146,000	145,000	161,000
Leisure Time Activities				
Parks Department				
Other	4,000	3,000	2,000	3,000
<i>Total Expenditures</i>	1,009,000	830,000	820,000	817,000
<i>Excess of Revenues Over (Under) Expenditures</i>	(73,000)	125,000	112,000	(19,000)
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	8,000	36,000
Advances Out	0	0	(16,000)	0
Transfers In	0	141,000	141,000	0
Transfers Out	0	0	(42,000)	0
<i>Total Other Financing Sources (Uses)</i>	0	141,000	91,000	36,000
<i>Changes in Fund Balance</i>	(73,000)	266,000	203,000	17,000
<i>Fund Balance (Deficit) Beginning of Year</i>	(159,000)	(232,000)	34,000	237,000
<i>Fund Balance (Deficit) End of Year</i>	(232,000)	\$34,000	\$237,000	\$254,000

<u>2021</u> <u>Forecasted</u>	<u>2022</u> <u>Forecasted</u>	<u>2023</u> <u>Forecasted</u>	<u>2024</u> <u>Forecasted</u>
\$303,000	\$314,000	\$326,000	\$341,000
<u>58,000</u>	<u>61,000</u>	<u>61,000</u>	<u>61,000</u>
361,000	375,000	387,000	402,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>361,000</u>	<u>375,000</u>	<u>387,000</u>	<u>402,000</u>
103,000	103,000	103,000	103,000
<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
<u>105,000</u>	<u>105,000</u>	<u>105,000</u>	<u>105,000</u>
<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
<u>728,000</u>	<u>742,000</u>	<u>754,000</u>	<u>769,000</u>
<u>44,000</u>	<u>42,000</u>	<u>32,000</u>	<u>17,000</u>
20,000	20,000	10,000	0
0	0	0	0
0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>20,000</u>	<u>20,000</u>	<u>10,000</u>	<u>0</u>
64,000	62,000	42,000	17,000
<u>254,000</u>	<u>318,000</u>	<u>380,000</u>	<u>422,000</u>
<u>\$318,000</u>	<u>\$380,000</u>	<u>\$422,000</u>	<u>\$439,000</u>

**Village of Wellsville - Columbiana County**  
*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis*  
*For the Years Ended December 31, 2017, Through 2019, Actual*  
*and Ending December 31, 2020, Through 2024, Forecasted*  
**Cemetery Fund**

	2017 Actual	2018 Actual	2019 Actual	2020 Forecasted
<b>Revenues</b>				
Property Taxes	\$25,000	\$23,000	\$24,000	\$23,000
Intergovernmental	2,000	4,000	4,000	4,000
Charges for Services	46,000	50,000	40,000	38,000
Interest	0	1,000	1,000	0
Other	0	0	1,000	1,000
<b>Total Revenues</b>	<u>73,000</u>	<u>78,000</u>	<u>70,000</u>	<u>66,000</u>
<b>Expenditures</b>				
Current:				
Public Health and Welfare				
Cemetery				
Personal Services	41,000	44,000	45,000	56,000
Other	20,000	15,000	23,000	13,000
<b>Total Expenditures</b>	<u>61,000</u>	<u>59,000</u>	<u>68,000</u>	<u>69,000</u>
<b>Changes in Fund Balance</b>	12,000	19,000	2,000	(3,000)
<b>Fund Balance (Deficit) Beginning of Year</b>	<u>(26,000)</u>	<u>(14,000)</u>	<u>5,000</u>	<u>7,000</u>
<b>Fund Balance (Deficit) End of Year</b>	<u><u>(\$14,000)</u></u>	<u><u>\$5,000</u></u>	<u><u>\$7,000</u></u>	<u><u>\$4,000</u></u>

<u>2021</u> <u>Forecasted</u>	<u>2022</u> <u>Forecasted</u>	<u>2023</u> <u>Forecasted</u>	<u>2024</u> <u>Forecasted</u>
\$23,000	\$23,000	\$24,000	\$24,000
4,000	4,000	4,000	4,000
40,000	40,000	40,000	40,000
0	0	0	0
0	0	0	0
<u>67,000</u>	<u>67,000</u>	<u>68,000</u>	<u>68,000</u>
45,000	45,000	45,000	45,000
13,000	13,000	13,000	13,000
<u>58,000</u>	<u>58,000</u>	<u>58,000</u>	<u>58,000</u>
9,000	9,000	10,000	10,000
4,000	13,000	22,000	32,000
<u>\$13,000</u>	<u>\$22,000</u>	<u>\$32,000</u>	<u>\$42,000</u>

**Village of Wellsville, Columbiana County**  
*Summary of Significant Accounting Policies and Forecast Assumptions*  
*For the Years Ending December 31, 2020, through 2024*

---

**Note 1 – The Village**

The Village of Wellsville (the “Village”) is located in Northeast Ohio in Columbiana County. The Village is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Operating as a statutory village, Wellsville must comply with all State laws regulating Village government. The decision making process is directed by an elected Village Council (Council) and Mayor. Legislative authority is vested in a six-member Council. All members of council are elected at-large for four year terms. A council president, who presides at all meetings of the legislative authority, but has no vote except in case of a tie, is elected at large for a two year term. The Mayor is the chief executive and administrative officer who is elected for a four-year term.

On November 15, 2016, the Auditor of State’s office declared the Village of Wellsville to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a Financial Planning and Supervision Commission. The Commission is composed of the Mayor of the Village, Council President, three individuals whose residency or principal place of business is within the Village, and a designee from both the State Treasurer’s office and the Office of Budget and Management. The Village had 120 days after the first meeting of the Commission to approve a financial recovery plan. Once the plan was adopted, the Village’s discretion was limited in that all financial activity of the Village must be in accordance with the plan.

The Village of Wellsville provides general governmental services including police and fire protection, street maintenance and repairs, park operations and sewer utilities. The operation of each of these activities is directly controlled by the Village Council through the budgetary process. The administration includes the Mayor, Fiscal Officer, Village Administrator, Solicitor, Police Chief and Fire Chief.

**Note 2 – Nature of Presentation**

This financial forecast presents, to the best of the Village’s knowledge and belief, the expected revenues, expenditures, and changes in fund balances for the forecast period. Accordingly, the forecast reflects the Village’s judgment, as of September 25, 2020, the date of the forecast, the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast presents the funds that are significant to the operations of the Village. These funds include the general fund and the cemetery fund.

**Note 3 – Summary of Significant Accounting Policies**

**A. Basis of Accounting**

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the budget basis of accounting (non-GAAP) used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.



**Village of Wellsville, Columbiana County**  
*Summary of Significant Accounting Policies and Forecast Assumptions*  
*For the Years Ending December 31, 2020, through 2024*

---

**B. Fund Accounting**

The Village maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

**General Fund** – The General Fund is the operating fund of the Village and is used to account for and report all financial resources, except those required to be accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is disbursed or transferred in accordance with Ohio law.

**Special Revenue Funds** – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to disbursement for specified purposes, other than for debt service or capital projects.

**Debt Service Funds** – Debt service funds are used to account for and report resources that are restricted, committed, or assigned to disbursement for principal, interest, and related costs.

**Capital Projects Funds** – Capital projects funds are used to account for and report resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by the enterprise funds).

**Permanent Funds** – Permanent funds account for and report financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the Village or its residents.

**Proprietary Funds**

**Enterprise Funds** – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

**Internal Service Funds** – Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the Village on a cost-reimbursement basis.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the Village’s own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of

**Village of Wellsville, Columbiana County**  
*Summary of Significant Accounting Policies and Forecast Assumptions*  
*For the Years Ending December 31, 2020, through 2024*

---

accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated.

Estimated Resources – On or about September 1, the County Budget Commission issues an official certificate of estimated resources to the Village, which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that total contemplated expenditures from any funds during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations – A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year if the annual appropriation for the full year is not ready for approval by Village Council. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation ordinance must be legally enacted by the Village Council. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances – The Village uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.

**Note 4 – General Revenue Assumptions – All Funds**

A. Property Taxes

Property tax revenues consist of real property, public utility real and personal property. The Village may request advances from the Columbiana County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the Village are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenues.

State law allows for certain reductions in the form of credits and deductions for residential real estate taxes. The State reimburses the Village for all revenue lost due to these exemptions. The amount of the reimbursement is presented in the account “intergovernmental revenue”.

All property tax revenues are based on property valuations and levy rates. The County is required to reappraise property every six years and update the valuations every three years between the reappraisals. The last triennial update was completed in 2019 for taxes collected in 2020. The next reappraisal will take place in 2022 for taxes collected in 2023 with the next triennial update scheduled for 2025. The Village’s assessed values upon which property tax receipts were based for the last four years are as follows:

**Village of Wellsville, Columbiana County**  
*Summary of Significant Accounting Policies and Forecast Assumptions*  
For the Years Ending December 31, 2020, through 2024

Class of Property	2016	2017	2018	2019
Real Property:				
Residential and Agriculture	\$18,985,170	\$19,120,410	\$18,960,520	\$18,830,210
Commercial and Industrial	4,812,200	5,472,880	5,285,610	5,255,810
Public Utility:				
Tangible Personal Property	2,067,370	2,087,750	2,370,820	3,199,320
Total Assessed Value	<u>\$25,864,740</u>	<u>\$26,681,040</u>	<u>\$26,616,950</u>	<u>\$27,285,340</u>

The property tax revenues are generated from inside and voted millage receipted into the general fund, police pension fund, fire pension fund, fire levy fund, fire 03 fund, floodwall fund, police salary levy fund, police operating levy – 2011 fund and cemetery fund.

The levies being collected by fund, the year approved, and the full tax rate are as follows:

Fund	Tax Levies	Year Approved/ Renewed	First Calendar Year of Collection	Last Calendar Year of Collection	Full Tax Rate (Per \$1,000 of Assessed Valuation)
General Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	\$2.60
Police Pension Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	0.30
Fire Pension Fund	Inside Ten Mill Limitation (Unvoted)	n/a	n/a	n/a	0.30
Police Salary Levy	Police	2001	2002	n/a	1.50
Fire 03	Fire	2007	2009	2022	1.40
General Fund	Current Expense	2015	2017	2021	1.00
Floodwall	Floodwall	2017	2019	2023	0.50
Cemetery Fund	Cemetery	2013	2015	2024	1.00
Fire Levy	Fire	2010	2012	2020*	7.00
Fire Levy	Fire	2019	2020	n/a	6.00
Police Operating Levy - 2011	Police	2011	2012	n/a	1.50
Total Tax Rate					<u>\$23.10</u>

\* The Village has placed this levy on the November 3, 2020 ballot for renewal.

Public utility real taxes are collected and settled by the County with real estate taxes and are recorded as general property taxes. The Village plans to place any levies up for renewal on the ballot.

**B. Municipal Income Taxes**

Effective January 1, 2018, the Village levied and collected an income tax of 1.5 percent on substantially all income earned within the Village as well as on incomes of residents earned outside the Village, allowing a credit of 50 percent of the tax paid to another municipality, not to exceed the Village's current tax rate. This included an additional half percent that was passed in 2017, of which 75 percent is used to finance the police department and 25 percent is used to finance the street department. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village monthly or quarterly, as required. Corporations and other individual taxpayers are also required to pay their estimated taxes at least quarterly and file a final return annually. Any income tax ordinance must be approved by a majority vote at a Village election prior to the ordinance becoming effective.

**Village of Wellsville, Columbiana County**  
*Summary of Significant Accounting Policies and Forecast Assumptions*  
*For the Years Ending December 31, 2020, through 2024*

---

**C. Intergovernmental Revenues**

For certain qualifying levies, State law grants tax relief in the form of credits and/or deductions. Qualifying real property tax bills are reduced by 10 percent non-business credit, and in addition, a 2.5 percent owner occupancy credit. Tax relief is also granted to owner occupants who meet certain age and disability requirements in the form of an additional homestead exemption. The State reimburses the Village for the loss of real property taxes caused by these credits and/or deductions. These credits and deductions have been forecasted to be consistent with the forecasted property tax revenues.

**Note 5 – Specific Fund Revenue Assumptions**

**A. General Fund**

Property And Other Local Taxes – Real property taxes are forecasted to increase slightly based on the first and second half tax settlements for 2020 and to remain stagnant through 2022. Columbiana County will have a triennial reappraisal in 2022 for collection year 2023 and the Village is forecasting a 3 percent increase in collections. The Village is then holding that collection at a constant amount for the remainder of the forecast.

Municipal Income Taxes – Income taxes have been forecasted based on information provided by the Village Fiscal Officer in conjunction with the Regional Income Tax Agency (RITA). Income tax revenue is anticipated to decrease in 2020 due to one-time collections from prior years made in 2019. The Village is holding collections at the 2020 level for the remainder of the forecast.

Cable Franchise Fees – Cable franchise fees are 3 percent of gross receipts collected by the cable provider. No change is anticipated in these revenues throughout the forecast period.

Intergovernmental Revenue – Intergovernmental revenues include local government monies, property tax allocations for credits and deductions and tangible property tax loss reimbursements, cigarette tax and liquor and beer permit fees. The local government funds are distributed monthly by the State to the County and by the County Auditor to the Village. The Village is forecasting an increase in local government funds based upon actual collections to date. The Village is forecasting a slight decrease in 2021 to reflect the decrease in the State’s revenue due to the coronavirus pandemic and subsequent shut down. Revenues are forecasted to return to 2020 levels in 2022 and for the remainder of the forecast. The property tax allocations for credits and deductions and tangible personal property are received from the State and are based on information provided by the County Auditor. Cigarette tax and liquor and beer permit fees are collected by the State and distributed to the Village. The Village is forecasting a 3 percent increase in property tax allocations for property tax credits and deductions for collection year 2023, in accordance with the corresponding increase in property tax revenues. The Village is then holding that collection at a constant amount for the remainder of the forecast. No other changes are anticipated in these revenues throughout the forecast period.

Interest – The Village has realized a modest increase in interest revenues as the balances available to earn interest have increased. The Village is conservatively forecasting interest revenue of \$4,000 per year for the forecast period.

Licenses and Permits – Licenses and permits receipts represent building permits and inspections, solicitation permits, contractor’s licenses and zoning permits. Amounts collected for the various permits, inspections and fees remain approximately the same annually. The Village is forecasting a decrease in 2020 due to one-time collections made in 2019. No increase is anticipated in these revenues throughout the forecast period.

**Village of Wellsville, Columbiana County**  
*Summary of Significant Accounting Policies and Forecast Assumptions*  
*For the Years Ending December 31, 2020, through 2024*

---

Fines and Forfeitures - Fines and forfeitures represent revenues received from the Mayor's court fines. In prior years, the Village participated in a traffic camera program, which was discontinued midway through 2018. The Village anticipates revenues to decrease in 2020 due to the coronavirus pandemic and subsequent shut down as well as an overall decrease in collections. The Village is conservatively forecasting no increase in this revenue item throughout the remainder of the forecast period.

Charges for Services – Charges for services represent an administrative charge of 5.50 percent of the Village's gross sewer charges. This was determined by Council to be a fair allocation of the costs of the Village of providing legislative, legal, general administrative and public safety services to each of the departments. No increase is anticipated in these revenues throughout the forecast period.

Contributions and Donations – Contributions and donations represent amounts of money, property or other items that were given to the Village. The Village does not anticipate to receive any contributions and donations for the forecast period.

Other – Other revenues consist mainly of various refunds and reimbursements which are projected to remain consistent throughout the forecast period. The Village is forecasting a decrease in other revenue for 2020 from a large Bureau of Workers' Compensation refund and an American Electric Power refund that was collected in 2019. The Village received a refund from the Bureau of Workers' Compensation in 2020. This is not forecasted to reoccur in the remainder of the forecast period.

**B. Cemetery Fund**

Property And Other Local Taxes – Real property taxes are forecasted to remain stagnant through 2022. Columbiana County will have a triennial reappraisal in 2022 for collection year 2023 and the Village is forecasting a 3 percent increase in collections. The Village is then holding that collection at a constant amount for the remainder of the forecast.

Intergovernmental Revenue – Intergovernmental revenues include property tax allocations for credits and deductions and tangible property tax loss reimbursements. The property tax allocations for credits and deductions and tangible personal property are received from the State and are based on information provided by the County Auditor. Property tax credit and deduction revenues have been forecasted to remain consistent through 2022. The Village is forecasting a 3 percent increase in collections due to the triennial reappraisal in 2022. The Village is then holding that collection at a constant amount for the remainder of the forecast.

**Note 6 – Expenditure Assumptions – All Funds**

**A. Personal Services**

Personal services include the salaries and fringe benefits paid to the employees and elected officials of the Village. Fringe benefits include employer contributions to the State pension system, workers' compensation, Medicare, vacation, sick leave, personal days and medical, prescription, life, vision and dental health coverage. The Village's employees, Mayor, Village Administrator, Fiscal Officer and Solicitor are paid on a bi-weekly basis. The Village Council and Zoning Administrator are paid monthly. Village Council, by ordinance, sets the salary or hourly rates and other forms of compensation, such as paid leave.

The Village does not have collective bargaining agreements. Village employee salary or hourly rates and other forms of compensation, such as paid leave, are set by Village ordinance.

**Village of Wellsville, Columbiana County**  
*Summary of Significant Accounting Policies and Forecast Assumptions*  
*For the Years Ending December 31, 2020, through 2024*

---

No increases are forecasted for employees, except for a one percent annual increase for the police and street department employees who have been employed by the Village less than ten years. Each one percent increase in salaries for employees would cost the Village approximately \$3,300 in salaries and \$600 in benefits for the general fund.

Staffing is anticipated to remain the same throughout the forecast period. No Village employees are expected to retire within the forecast period.

All employees and/or elected officials, except police and fire, participate in the Ohio Public Employees Retirement System (OPERS). OPERS provides basic retirement, disability and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent (the maximum) of their annual salary and the Village is required to contribute 14 percent (the maximum) of their annual salary.

Police and fire employees participate in the Ohio Police and Fire Retirement System (OP&F). OP&F provides basic retirement, disability, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. Employees are required to contribute 12.25 percent (the maximum) of their annual salary and the Village is required to contribute 19.5 percent for police and 24 percent for fire (the maximum) of their annual salary.

Workers' compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. Also affecting the premium classification are the specific job classifications and the Village's claim experience. The Village does not anticipate any change in workers' compensation during the forecast period.

All employees, except elected officials, are entitled to between one to seven weeks of vacation leave depending on hire date and length of service. Employees earn sick leave at a rate of 4.6 hours for every eighty hours worked.

The Village works with the Jefferson County Justice Center and Jail to utilize prisoners in a work program for cemetery maintenance thereby keeping personal services costs low in the cemetery fund. During 2020, the Village was unable to have the work program due to the coronavirus pandemic and needed to use Village personnel for the maintenance of the cemetery. The Village is anticipating implementing the work program again in 2021 and for the remainder of the forecast period.

The Village provides vision, dental, prescription drug and hospital/medical benefits to its employees through United Healthcare of Ohio, serving as the third party administrator. The Village anticipates the premiums for benefits to increase approximately 20 percent each year. The Village charges premiums for benefits to the same fund and department as the individual's compensation.

**B. Other**

Other expenditures includes contractual services, materials and supplies, capital outlay and miscellaneous expenditures. Contractual services include property and liability insurance, utility charges (telephone, internet, natural gas, and garbage), postage, advertising, legal fees, auditor and treasurer fees, accounting and auditing services and RITA collection fees. RITA collects a 3 percent fee on all gross income taxes collected and distributed. Materials and supplies expenditures include office supplies, operating supplies (chemicals, salt, and gasoline), and repair and maintenance costs. During 2020, the Village purchased radios for the police department, replaced lights on Broadway Park as well as demolished a building. The Village does not anticipate having any other significant capital outlay expenditures during the forecast period. Miscellaneous expenditures

**Village of Wellsville, Columbiana County**  
*Summary of Significant Accounting Policies and Forecast Assumptions*  
*For the Years Ending December 31, 2020, through 2024*

---

for the miscellaneous general department represent various items to include county auditor fees, election fees, bank service charges and State audit fees. The Village has worked to constrain spending in as many areas as possible over the last several years and plans to continue to do so in the future. The Village does not anticipate any change in other expenditures during the forecast period.

**Note 7 – Transfers and Advances – General Fund**

The fire fund has an outstanding advance of \$78,000 from the general fund from the prior years. In 2019, the Village determined a repayment schedule of \$8,000 annually until the advance was repaid. During 2020, the Village revised the repayment schedule to \$20,000 annually for 2020 through 2022 and \$10,000 in 2023.

During 2019, the Village advanced \$16,000 from the general fund to the fire fund for operations until tax dollars were received. The fire fund repaid this advance during 2020. The Village does not expect to transfer or advance any amounts from the general fund during the forecast period.

**Note 8 – Other Funds**

The Village has numerous other funds that account for resources that are restricted for specific purposes. These funds are anticipated to have sufficient resources to meet their obligations during the forecasted period.

**Note 9 – Contingencies**

**A. Litigation**

The Village is party to legal proceedings. The Village management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the Village.

**B. Grants**

The Village received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position during the forecast period.

**Note 10 – COVID 19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The actual impact of COVID-19 on operating costs, revenues (including property taxes, municipal income taxes, and interest), and additional recovery from emergency funding, either federal or state, could be different from the forecasted amounts and those differences could be material.

This page intentionally left blank



# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF WELLSVILLE**

**COLUMBIANA 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 11/18/2020**

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](http://www.ohioauditor.gov)