



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF WEST SALEM  
WAYNE COUNTY  
DECEMBER 31, 2022

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# OHIO AUDITOR OF STATE KEITH FABER



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

## INDEPENDENT AUDITOR'S REPORT

Village of West Salem  
Wayne County  
P.O. Box 256  
West Salem, Ohio 44287-0256

To the Village Council:

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

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of West Salem, Wayne County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2022, and the related notes to the financial statements.

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

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

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

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

#### ***Basis for Opinions***

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

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

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

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

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

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

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2023, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 19, 2023

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**Village of West Salem**

Wayne County

Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2022

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$46,832	\$62,010	\$0	\$0	\$108,842
Municipal Income Tax	302,585	100,864	0	0	403,449
Intergovernmental	50,163	194,242	0	0	244,405
Special Assessments	9,265	0	0	0	9,265
Charges for Services	61,273	18,001	0	0	79,274
Fines, Licenses and Permits	6,823	0	0	0	6,823
Earnings on Investments	9,002	150	874	0	10,026
Miscellaneous	25,340	5,119	0	0	30,459
<i>Total Cash Receipts</i>	<u>511,283</u>	<u>380,386</u>	<u>874</u>	<u>0</u>	<u>892,543</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	78,458	118,475	0	0	196,933
Public Health Services	3,927	37,564	0	0	41,491
Leisure Time Activities	82,169	0	0	0	82,169
Community Environment	7,053	1,480	0	0	8,533
Basic Utility Services	0	0	0	0	0
Transportation	0	78,992	0	0	78,992
General Government	149,291	5,774	0	0	155,065
Intergovernmental	0	0	0	0	0
Capital Outlay	12,000	4,000	0	382,103	398,103
Debt Service:					
Principal Retirement	34,587	0	179,552	0	214,139
Payment of Capital Appreciation Bond Accretion	0	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
Interest and Fiscal Charges	668	0	54,579	15,000	70,247
<i>Total Cash Disbursements</i>	<u>368,153</u>	<u>246,285</u>	<u>234,131</u>	<u>397,103</u>	<u>1,245,672</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>143,130</u>	<u>134,101</u>	<u>(233,257)</u>	<u>(397,103)</u>	<u>(353,129)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Loans Issued	0	0	0	397,103	397,103
Transfers In	0	0	219,912	0	219,912
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>219,912</u>	<u>397,103</u>	<u>617,015</u>
<i>Net Change in Fund Cash Balances</i>	143,130	134,101	(13,345)	0	263,886
<i>Fund Cash Balances, January 1</i>	<u>492,724</u>	<u>493,051</u>	<u>98,066</u>	<u>47,015</u>	<u>1,130,856</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$635,854</u></u>	<u><u>\$627,152</u></u>	<u><u>\$84,721</u></u>	<u><u>\$47,015</u></u>	<u><u>\$1,394,742</u></u>

See accompanying notes to the basic financial statements

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

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$1,004,921</u>
<i>Total Operating Cash Receipts</i>	1,004,921
<b>Operating Cash Disbursements</b>	
Personal Services	256,134
Fringe Benefits	118,041
Contractual Services	211,952
Supplies and Materials	102,386
Other	<u>1,525</u>
<i>Total Operating Cash Disbursements</i>	<u>690,038</u>
<i>Operating Income (Loss)</i>	<u>314,883</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	3,191
Loans Issued	500,000
Miscellaneous Receipts	13,096
Capital Outlay	(510,000)
Principal Retirement	(121,596)
Interest and Other Fiscal Charges	<u>(1,697)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(117,006)</u>
<i>Income (Loss) before Transfers</i>	197,877
Transfers Out	<u>(219,912)</u>
<i>Net Change in Fund Cash Balances</i>	(22,035)
<i>Fund Cash Balances, January 1</i>	<u>939,791</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$917,756</u></u>

*See accompanying notes to the basic financial statements*

**Village of West Salem**

**Wayne County**

*Statement of Additions, Deductions*

*and Changes in Fund Balances (Regulatory Cash Basis)*

*Fiduciary Fund Type*

*For the Year Ended December 31, 2022*

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	<u>Fiduciary Fund Type</u>
	<u>Custodial</u>
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	<u>\$9,334</u>
<i>Total Additions</i>	9,334
<b>Deductions</b>	
Distributions to Other Governments	8,230
Distributions to Other Funds (Primary Gov't)	<u>1,104</u>
<i>Total Deductions</i>	<u>9,334</u>
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>628</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$628</u></u>

*See accompanying notes to the basic financial statements*

**Village of West Salem, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The Village of West Salem, Wayne County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie. The Fiscal Officer and Administrator are appointed. The Village provides police, parks and recreation including a community campus, zoning, street maintenance and repairs, and water and sewer utilities services.

***Public Entity Risk Pools***

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

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***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 with the Village.

***Special Police Fund*** The special police fund accounts for and reports the receipt of income tax revenue restricted for the purpose of providing police services to the residents of the Village.

**Village of West Salem, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

***Policy Levy Fund*** The policy levy fund accounts for and reports the receipt of property tax revenue restricted for the purpose of providing police services to the residents of the Village.

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

***OWDA Debt Service Fund*** The OWDA debt service fund accounts for and reports the receipt of resources restricted for the retirement of debt issued to finance public utilities improvements and transfers from the public utility funds.

***Capital Project Funds*** These funds account for and report financial resources that are restricted 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:

***Waste Water Treatment Fund*** The waste water treatment fund accounts for and reports the receipt of loans restricted for the waste water treatment project.

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

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

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

***Fiduciary Funds*** Fiduciary funds include custodial funds. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Mayor's Court activities.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

***Basis of Accounting***

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

**Village of West Salem, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

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

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial 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 2022 budgetary activity appears in Note 3.

***Deposits and Investments***

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

The Village values U.S. Treasury Notes and common stock at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

***Accumulated Leave***

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

**Village of West Salem, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. Unclaimed monies are classified as nonspendable in the general fund. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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

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

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

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Village of West Salem, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 3 – Budgetary Activity**

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

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$388,572	\$511,332	\$122,760
Special Revenue	330,419	380,386	49,967
Debt Service	230,449	220,786	(9,663)
Capital Projects	382,103	397,103	15,000
Enterprise	1,765,438	1,521,208	(244,230)
<b>Total</b>	<b>\$3,096,981</b>	<b>\$3,030,815</b>	<b>(\$66,166)</b>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$415,706	\$374,521	\$41,185
Special Revenue	305,778	254,741	51,037
Debt Service	271,631	234,131	37,500
Capital Projects	397,103	397,103	0
Enterprise	1,723,864	1,598,038	125,826
<b>Total</b>	<b>\$3,114,082</b>	<b>\$2,858,534</b>	<b>\$255,548</b>

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Demand deposits	2022 \$1,623,442
Certificates of deposit	58,520
Other time deposits (savings and NOW accounts)	89,887
Total deposits	1,771,849
STAR Ohio	541,277
Total investments	541,277
Total Deposits and Investments	\$2,313,126

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the Village did not have any unremitted employee payroll withholdings.



**Village of West Salem, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

***Deposits***

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

***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

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

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 one percent income tax. Three quarters percent of the proceeds are placed into the General Fund. One fourth of the proceeds are credited to the Special Police Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village does not allow a credit. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly, and file a final return annually. The Village uses Regional Income Tax Authority (RITA) for the collection of income taxes.

**Note 6 – Risk Management**

***Workers' Compensation***

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

**Village of West Salem, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

***Risk Pool Membership***

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

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

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 773 members as of December 31, 2022.

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

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

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

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

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

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

**Village of West Salem, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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

***Ohio Police and Fire Pension Fund (continued)***

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers' wages. The Village has paid all contributions required through December 31, 2022.

***Social Security***

The Village's council members and cemetery employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2022. OP&F contributes 0.5% to fund these benefits.

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

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

**Village of West Salem, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 9 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan #5074	\$1,113,362	1.50%
OWDA Loan #6208	274,527	1.50%
OWDA Loan #6708	1,928,180	1.50%
OWDA Loan #3936	26,765	3.85%
OWDA Loan #7140	82,714	0.92%
OWDA Loan #8608	129,493	0.50%
OWDA Loan #8493	4,068	0.00%
OWDA Loan #8974	1,311,026	0.00%
OPWC Loan #CP39P	\$143,834	0.00%
OPWC Loan #CP44T	\$86,561	0.00%
OPWC Loan #CP42V	\$491,667	0.00%
Farmer's State Bank Loan	\$4,864	3.25%
Water Tower Lease	14,277	3.00%
Total	<u>\$5,611,338</u>	

The Ohio Water Development Authority (OWDA) Loan #5074 was issued for New Water Treatment Plant in 2011, payable in 30 years. The interest rate 1.5% and the final payment will be made in 2040. Payments will be made from user charges.

The OWDA Loan #6208 was issued for a Well Field Purchase in 2013, payable in 30 years. The interest rate 1.5% and the final payment will be made in 2042. Payments will be made from user charges.

The OWDA Loan #6708 was issued for the Well Field, Transmission Line and WTP Modifications in 2015, payable in 30 years. The interest rate 1.5% and the final payment will be made in 2045. Payments will be made from user charges.

The OWDA Loan #3936 was issued for Phase III of the Sewer Repair and Replacement project in 2004, payable in 20 years. The interest rate 3.85% and the final payment will be made in 2024. Payments will be made from user charges.

The OWDA Loan #7140 was issued for the Main Street Waterline Replacement project in 2016, payable in 20 years. The interest rate is 0.92% and the final payment will be made in 2036. Payments will be made from user charges.

The OWDA Loan #8608 was issued for the water meter replacement project in 2021, payable in 20 years. The interest rate is 0.05% and the final payment will be made in 2040.

The OWDA Loan #8493 was issued for asset management. The OWDA loan holds no interest at this time. The final payment is scheduled to occur in 2025.

**Village of West Salem, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 9 – Debt (continued)**

The OWDA Loan #8974 was issued for the waste water treatment plant. The holds no interest at this time. The final payment is scheduled to occur in 2042. No amortization table has been produced by OWDA at this time. Payments will be made from user charges.

The Well Field Project was financed through a no interest Ohio Public Works Commission (OPWC) loan (CP39P) payable in 30 years. The loan matures in 2046. Payments will be made from user charges.

The West Buckeye Storm Sewer Replacement project was financed through a no interest OPWC loan (CP44T) payable in 30 years. The loan matures in 2048. Payments will be made from user charges.

The Waste Water Treatment Improvements project was financed through a no interest OPWC loan (CP42V) payable in 30 years. The loan matures in 2052. Payments will be made from user charges.

In April 2018, the Village financed the purchase of an administrative vehicle in the amount of \$26,900 with a 6.0% interest rate maturing in April 2022. The Village intends to repay this loan from the General Fund. Payments are due annually.

The Village leases land for a water tower that was financed through a promissory note in the amount of \$112,001. The payments on the note are due annually. The note carries an interest rate of 3% and will mature in 2024. The Village intends to repay the note from user charges.

***Amortization***

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

Year Ending December 31:	OWDA Loans	OPWC Loans	FSB Loan	Water Tower Lease
2023	\$301,722	\$34,649	\$5,022	\$10,000
2024	274,177	26,316	-	4,339
2025	272,141	26,316	-	-
2026	272,140	26,316	-	-
2027	272,140	26,316	-	-
2028-2032	1,360,706	131,576	-	-
2033-2037	1,347,175	131,576	-	-
2038-2042	1,118,050	131,576	-	-
2043-2047	206,450	119,060	-	-
2048-2052	-	68,361	-	-
Total	<u>\$5,424,701</u>	<u>\$722,062</u>	<u>\$5,022</u>	<u>\$14,339</u>

**Note 10 – Contingent Liabilities**

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

**Village of West Salem, Ohio**  
*Wayne County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 11 - Transfers**

In 2022, the Village transferred \$219,912 from the enterprise fund to the debt service fund to pay debt for an ongoing project. All transfers were made in accordance with the Ohio Revised Code.

**Note 12 – Fund Balances**

Included in fund balance are amounts the Village cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	6,368	8,456	14,824

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

**Note 13 – COVID-19**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

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

Village of West Salem  
Wayne County  
P.O. Box 256  
West Salem, Ohio 44287-0256

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2022 and the related notes to the financial statements of the Village of West Salem, Wayne County, (the Village) and have issued our report thereon dated December 19, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

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

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

***Village's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of findings. The Village's response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 19, 2023



VILLAGE OF WEST SALEM  
WAYNE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2022

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

FINDING NUMBER 2022-001

**Material Weakness – Financial Reporting**

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.

An accounting and information system should be designed to enable the Village to identify, assemble, analyze, classify, and record its transactions correctly, to document compliance with finance related legal requirements, and provide management with accurate and timely information to assist with well-informed business decisions. The present system lacks fiscal oversight and approvals and fails to meet the above expectations.

The Village failed to record debt proceeds and related expense totaling \$500,000 when the Village issued an Ohio Public Works Commission loan for their wastewater treatment improvement project. Adjustments, to which management has agreed, have been made to the financial statements to show this activity.

The following reclassifications, to which management has agreed, were also made to the Village's financial statements:

- The Village posted \$22,500 of Principal Retirement to Capital Outlay in the General Fund.
- The Village reversed an entry for two park rental deposits that should not have been returned which resulted in an understatement of \$49 for the beginning fund balance for the General Fund. The adjustment was made to the financials to make sure the 2022 beginning fund balance agreed to the prior year fund balance on the 2021 financials.

In addition to these reclassifications noted above, we also identified additional misstatements ranging from \$1,697 to \$10,000 that we have brought to the Village's attention.

Finally, we also noted the footnotes to the financial statements did not properly report the budgetary receipts and appropriations approved by Council, the correct deposits and investments amounts per the Village's December 31, 2022 bank reconciliation, or the correct debt service amortization amounts per the official amortization schedules of the Village's outstanding debt issuances.

Lack or failure of controls in place over financial reporting can result in errors that may go undetected, hindering the Village's ability to identify, assemble, analyze, classify, and record its transactions correctly and decreases the reliability of financial statements prepared at year end.

The Village should exercise due care when posting transactions to help ensure receipts and expenditures are posted to the correct fund and account. Establishing internal controls over financial reporting will help the Village to improve financial reporting accuracy.

**Officials' Response:** We acknowledge the financial statement errors. Being the new Fiscal Officer as of April 2023, I will make sure to review the financial statements.

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# The Village of West Salem

Mayor: Dale Klinect

27 South Main Street  
P.O. Box 256  
West Salem, Ohio 44287-0256

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness – Village had multiple adjustments	Not Corrected	Repeated in Schedule of Findings. See finding 2022-001.
2021-002	Significant Deficiency – Water & Sewer Billing System	Fully Corrected	
2021-003	Noncompliance – Authorization of Transfers	Not Corrected	Repeated in Management Letter



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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF WEST SALEM**

**WAYNE 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 2/6/2024**

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)