

VILLAGE OF CONVOY
VAN WERT COUNTY, OHIO

Financial Statements
(Audited)

For the Years Ended
December 31, 2019 and 2018

OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council
Village of Convoy
123 S. Main Street
Convoy, Ohio 45832

We have reviewed the *Independent Auditor's Report* of the Village of Convoy, Van Wert County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Convoy is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 13, 2020

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**VILLAGE OF CONVOY
VAN WERT COUNTY, OHIO**

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Independent Auditor's Report

Village of Convoy
Van Wert County
123 S. Main Street
Convoy, Ohio 45832

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Convoy, Van Wert County, Ohio, as of and for the years ended December 31, 2019 and December 31, 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Convoy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village of Convoy's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village of Convoy prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Convoy as of December 31, 2019 and December 31, 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Convoy, Van Wert County as of December 31, 2019 and December 31, 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measure will impact subsequent period of the Village of Convoy. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020, on our consideration of the Village of Convoy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Convoy's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 25, 2020

**VILLAGE OF CONVOY
VAN WERT COUNTY, OHIO**

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Taxes	\$ 59,656	\$ 13,541	\$ -	\$ 73,197
Municipal Income Tax	142,901	-	-	142,901
Intergovernmental	36,408	74,196	219,980	330,584
Charges for Services	-	137,337	-	137,337
Fines, Licenses and Permits	1,670	-	-	1,670
Earnings on Investments	3,352	-	-	3,352
Miscellaneous	9,271	1,558	-	10,829
Total Cash Receipts	253,258	226,632	219,980	699,870
Cash Disbursements:				
Current:				
Security of Persons and Property	49,034	105,508	-	154,542
Public Health Services	5,000	-	-	5,000
Community Environment	2,148	-	-	2,148
Transportation	44,190	43,641	80,000	167,831
General Government	98,724	-	-	98,724
Capital Outlay	-	33,819	139,980	173,799
Debt Service:				
Principal Retirement	15,586	18,611	-	34,197
Total Cash Disbursements	214,682	201,579	219,980	636,241
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>38,576</u>	<u>25,053</u>	<u>-</u>	<u>63,629</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	80,000	-	80,000
Transfers Out	(80,000)	-	-	(80,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(80,000)</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balances	(41,424)	105,053	-	63,629
Fund Cash Balances, January 1, 2019	513,296	220,782	-	734,078
Fund Cash Balances, December 31, 2019				
Restricted	-	325,835	-	325,835
Assigned	205,494	-	-	205,494
Unassigned (Deficit)	266,378	-	-	266,378
Fund Cash Balances, December 31, 2019	\$ 471,872	\$ 325,835	\$ -	\$ 797,707

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF CONVOY
VAN WERT COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 398,238
Total Operating Cash Receipts	398,238
Operating Cash Disbursements:	
Personal Services	116,770
Fringe Benefits	60,341
Contractual Services	48,003
Supplies and Materials	91,916
Other	2,234
Total Operating Cash Disbursements	319,264
Operating Income (Loss)	78,974
Non-Operating Receipts (Disbursements):	
Miscellaneous Receipts	7,050
Capital Outlay	(39,721)
Debt Service:	
Principal Retirement	(10,571)
Total Non-Operating Receipts (Disbursements)	(43,242)
Net Change in Fund Cash Balances	35,732
Fund Cash Balances, January 1, 2019	477,846
Fund Cash Balances, December 31, 2019	\$ 513,578

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Village of Convoy, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 - Reporting Entity

The Village of Convoy (the Village), Van Wert County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and police services with a three member publicly elected Board of Public Affairs. The Convoy Fire & EMS is now supported by the Fire Fund. The Convoy Police Department is supported by the General Fund.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

1. 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.

2. 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 Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing village streets.

State Highway- This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing State Highways in the village.

Permissive Motor Vehicle License Tax - This fund receives permissive vehicle tax money for constructing, maintaining, and repairing village streets.

EMS – This fund receives donations and payments for services for maintaining the services of EMS in the village and surrounding townships.

Fire & EMS - This fund receives money from a Tax Levy for the acquiring of equipment.

Fire - This fund receives money from the Fire Contracts from surrounding townships.

Village of Convoy, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

3. Capital Project Funds

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

FEMA Capital Project Fund – This fund is used for fire department equipment.

East Tully Street Reconstruction Fund – This fund is used for the redoing of East Tully Street.

4. 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 Enterprise Funds:

Water Fund- This fund is used for the daily operational and maintenance expenses.

Water Capital Improvement Fund – This fund is used to pay current debt services and start to save and plan for needed improvements for the future

Water Repair/Replacement Fund– This fund is used for repair and replacement of equipment and infrastructure.

Water Emergency Reserve Fund- This fund is used to operate the water system for 90 days in case of a true emergencies, not poor planning. Funded by the Water Fund with payments to maintain 90 days of expenses.

Sewer Fund- This fund is used for the daily operational and maintenance expenses.

Sewer Capital Improvement Fund – This fund is used to pay current debt services and start to save and plan for needed improvements for the future.

Sewer Repair/Replacement Fund– This fund is used for repair and replacement of equipment and infrastructure.

Sewer Emergency Reserve Fund- This fund is used to operate the sewer system for 90 days in case of a true emergencies, not poor planning. Funded by the Sewer Fund with payments to maintain 90 days of expenses.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Village of Convoy, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village had no encumbrances at year end.

A summary of 2019 Budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Village of Convoy, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

Note 3 - Budgetary Activity

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$250,213	\$253,260	\$3,047
Special Revenue	332,254	306,631	(\$25,623)
Capital Projects	1,189,980	219,980	(\$970,000)
Enterprise	392,000	405,288	\$13,288
Total	\$2,164,447	\$1,185,159	(\$979,288)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$452,637	\$294,682	\$157,955
Special Revenue	409,654	201,579	208,075
Capital Projects	1,189,980	219,980	970,000
Enterprise	756,100	369,556	386,544
Total	\$2,808,371	\$1,085,797	\$1,722,574

Village of Convoy, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits

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

	<u>2019</u>
Demand deposits	\$713,971
Certificates of deposit	<u>597,314</u>
Total deposits	<u><u>\$1,311,285</u></u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; 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.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 - Risk Management

The Government 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.

Village of Convoy, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2018, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	(11,329,011)
Members’ Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2019</i>	<i>10%</i>	<i>14%</i>

Employees belong to the Ohio Public Employees Retirement System (OPERS). The Ohio Revised Code prescribes these plans’ benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

Social Security

Convoy Fire & EMS Chief and volunteers contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Village of Convoy, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan (CT38K)	\$135,307	0.00%
Ohio Public Works Commission Loan (CM11I)	3,884	0.00%
Ohio Public Works Commission Loan (CM32E)	14,756	0.00%
Ohio Public Works Commission Loan (CT58P)	164,428	0.00%
Ohio Public Works Commission Loan (CM32M)	16,115	0.00%
Ohio Public Works Commission Loan (CM23Q)	164,014	0.00%
State Fire Marshal Loan	17,850	0.00%
Total	<u>\$516,354</u>	

The Ohio Public Works Commission Loan CT38K relates to the Tully Street Reconstruction. The loans will be repaid in semiannual installments of \$7,121 over 20 years beginning in 2009. The loan is backed by the full faith and credit of the Village. The loan is paid out of the General Fund.

The Ohio Public Works Commission Loan CM11I is for repairs to the Village Water Tower. The loan will be repaid in semiannual installments of \$277 over 20 years beginning in 2007. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. The loan is paid out of the Water Repair and Replacement Fund.

The Ohio Public Works Commission Loan CM32E relates to the sludge press project. The loans will be repaid in semiannual installments of \$2,108, over 20 years beginning in 2004. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. The loan is paid out of the Sewer Repair and Replacement Fund.

The Ohio Public Works Commission Loan CT58P relates to the Main Street Reconstruction. The loans will be repaid in semiannual installments of \$3,356 over 30 years beginning in 2015. The loan is backed by the full faith and credit of the Village. The loan is paid out of the Street Construction Maintenance and Repair Fund.

The Ohio Public Works Commission Loan CM32M relates to the Sesame Street/Storm Drainage Project. The loans will be repaid in semiannual installments of \$671 over 20 years beginning in 2012. The loan is backed by the full faith and credit of the Village. The loan is paid out of the General Fund.

The Ohio Public Works Commission Loan CM23Q relates to the Water Meter Installation Project. The loans will be repaid in semiannual installments of \$3,233 over 30 years beginning in 2015. The loan is backed by the full faith and credit of the Village. The loan is paid out of the Water Repair and Replacement Fund.

The State Fire Marshal Loan relates to the New Fire Truck Project. The loans will be repaid in quarterly installments of \$2,975. The loan is backed by the full faith and credit of the Village. The loan is paid out of the Fire and EMS Fund.

Village of Convoy, Ohio
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

Year Ending Dec. 31	OPWC Loan CT38K	OPWC Loan CM11I	OPWC Loan CM32E	OPWC Loan CT58P	OPWC Loan CM32M	OPWC Loan CM23Q	State Fire Marshal Loan	Total
2020	14,243	555	4,216	6,711	1,343	6,432	11,900	45,400
2021	14,243	555	4,216	6,711	1,343	6,432	5,950	39,450
2022	14,243	555	4,216	6,711	1,343	6,432	-	33,500
2023	14,243	555	2,108	6,711	1,343	6,432	-	31,392
2024	14,243	555	-	6,711	1,343	6,432	-	29,284
2025-2029	64,093	1,110	-	33,557	6,715	32,160	-	137,634
2030-2034	-	-	-	33,557	2,686	32,160	-	68,402
2035-2039	-	-	-	33,557	-	32,160	-	65,717
2040-2044	-	-	-	30,201	-	32,160	-	62,361
2045-2049	-	-	-	-	-	3,216	-	3,216
Total	135,307	3,884	14,756	164,428	16,115	164,014	17,850	516,354

Note 10 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 11 – Subsequent Events

The United States of America and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Impact on the Village’s future operating costs, receipts, and recovery from emergency funding, either federal or state cannot be estimated.

**VILLAGE OF CONVOY
VAN WERT COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Taxes	\$ 56,021	\$ 15,134	\$ -	\$ 71,155
Municipal Income Tax	145,517	-	-	145,517
Intergovernmental	32,393	55,933	100,000	188,326
Charges for Services	109,404	46,275	-	155,679
Fines, Licenses and Permits	1,340	-	-	1,340
Earnings on Investments	3,216	-	-	3,216
Miscellaneous	8,711	5,030	-	13,741
Total Cash Receipts	356,602	122,372	100,000	578,974
Cash Disbursements:				
Current:				
Security of Persons and Property	124,048	51,502	-	175,550
Public Health Services	4,481	-	-	4,481
Community Environment	2,152	-	-	2,152
Basic utility services	3,380	-	-	3,380
Transportation	68,908	50,449	100,000	219,357
General Government	147,797	-	-	147,797
Capital Outlay	17,290	27,646	-	44,936
Debt Service:				
Principal Retirement	14,943	18,611	-	33,554
Total Cash Disbursements	382,999	148,208	100,000	631,207
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(26,397)</u>	<u>(25,836)</u>	<u>-</u>	<u>(52,233)</u>
Net Change in Fund Cash Balances	(26,397)	(25,836)	-	(52,233)
Fund Cash Balances, January 1, 2018	<u>539,693</u>	<u>246,618</u>	<u>-</u>	<u>786,311</u>
Fund Cash Balances, December 31, 2018				
Restricted	-	220,782	-	220,782
Assigned	202,424	-	-	202,424
Unassigned (Deficit)	310,872	-	-	310,872
Fund Cash Balances, December 31, 2018	\$ 513,296	\$ 220,782	\$ -	\$ 734,078

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF CONVOY
VAN WERT COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS) - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 376,285
Miscellaneous	5,000
Total Operating Cash Receipts	381,285
Operating Cash Disbursements:	
Personal Services	111,524
Fringe Benefits	57,304
Contractual Services	51,074
Supplies and Materials	108,992
Other	2,850
Total Operating Cash Disbursements	331,744
Operating Income (Loss)	49,541
Non-Operating Receipts (Disbursements):	
Miscellaneous Receipts	1,361
Capital Outlay	(53,353)
Debt Service:	
Principal Retirement	(10,571)
Total Non-Operating Receipts (Disbursements)	(62,563)
Net Change in Fund Cash Balances	(13,022)
Fund Cash Balances, January 1, 2018	490,868
Fund Cash Balances, December 31, 2018	\$ 477,846

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Village of Convoy
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Convoy (the Village), Van Wert County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and police services with a three member publicly elected Board of Public Affairs. The Convoy Fire & EMS is now supported by the Fire Fund. The Convoy Police Department is supported by the General Fund.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

1. 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.

2. 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 Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing village streets.

State Highway- This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing State Highways in the village.

Permissive Motor Vehicle License Tax - This fund receives permissive vehicle tax money for constructing, maintaining, and repairing village streets.

EMS – This fund receives donations and payments for services for maintaining the services of EMS in the village and surrounding townships.

Fire & EMS - This fund receives money from a Tax Levy for the acquiring of equipment.

Fire - This fund receives money from the Fire Contracts from surrounding townships.

Village of Convoy
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2018

3. Capital Project Funds

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

Issue II – This fund is used for the Multi-Village Paving Project.

4. 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 Enterprise Funds:

Water Fund- This fund is used for the daily operational and maintenance expenses.

Water Capital Improvement Fund – This fund is used to pay current debt services and start to save and plan for needed improvements for the future

Water Repair/Replacement Fund– This fund is used for repair and replacement of equipment and infrastructure.

Water Emergency Reserve Fund- This fund is used to operate the water system for 90 days in case of a true emergencies, not poor planning. Funded by the Water Fund with payments to maintain 90 days of expenses.

Sewer Fund- This fund is used for the daily operational and maintenance expenses.

Sewer Capital Improvement Fund – This fund is used to pay current debt services and start to save and plan for needed improvements for the future.

Sewer Repair/Replacement Fund– This fund is used for repair and replacement of equipment and infrastructure.

Sewer Emergency Reserve Fund- This fund is used to operate the sewer system for 90 days in case of a true emergencies, not poor planning. Funded by the Sewer Fund with payments to maintain 90 days of expenses.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Village of Convoy
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village had no encumbrances at year end.

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

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

Village of Convoy
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$209,353	\$356,602	\$147,249
Special Revenue	241,757	122,372	(\$119,385)
Capital Projects	439,960	100,000	(\$339,960)
Enterprise	352,750	382,645	\$29,895
Total	\$1,243,820	\$961,619	(\$282,201)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$593,980	\$382,999	\$210,981
Special Revenue	219,800	148,208	71,592
Capital Projects	439,960	100,000	339,960
Enterprise	631,000	395,668	235,332
Total	\$1,884,740	\$1,026,875	\$857,865

Village of Convoy
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits

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

	<u>2018</u>
Demand deposits	\$617,832
Certificates of deposit	594,092
Total deposits	<u><u>\$1,211,924</u></u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; 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.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6 - Risk Management

The Government 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.

Village of Convoy
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2018

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members’ Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Employees belong to the Ohio Public Employees Retirement System (OPERS). The Ohio Revised Code prescribes these plans’ benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, 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, 2018.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2018</i>	<i>10%</i>	<i>14%</i>

Social Security

Convoy Fire & EMS Chief and volunteers contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 8 – Postemployment Benefits

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

Village of Convoy
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan (CT38K)	\$149,550	0.00%
Ohio Public Works Commission Loan (CM11I)	4,438	0.00%
Ohio Public Works Commission Loan (CM32E)	18,972	0.00%
Ohio Public Works Commission Loan (CT58P)	171,140	0.00%
Ohio Public Works Commission Loan (CM32M)	17,458	0.00%
Ohio Public Works Commission Loan (CM23Q)	170,446	0.00%
State Fire Marshal Loan	29,750	0.00%
Total	\$561,754	

The Ohio Public Works Commission Loan CT38K relates to the Tully Street Reconstruction. The loans will be repaid in semiannual installments of \$7,121 over 20 years beginning in 2009. The loan is backed by the full faith and credit of the Village. The loan is paid out of the General Fund.

The Ohio Public Works Commission Loan CM11I is for repairs to the Village Water Tower. The loan will be repaid in semiannual installments of \$277 over 20 years beginning in 2007. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. The loan is paid out of the Water Repair and Replacement Fund.

The Ohio Public Works Commission Loan CM32E relates to the sludge press project. The loans will be repaid in semiannual installments of \$2,108, over 20 years beginning in 2004. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. The loan is paid out of the Sewer Repair and Replacement Fund.

The Ohio Public Works Commission Loan CT58P relates to the Main Street Reconstruction. The loans will be repaid in semiannual installments of \$3,356 over 30 years beginning in 2015. The loan is backed by the full faith and credit of the Village. The loan is paid out of the Street Construction Maintenance and Repair Fund.

The Ohio Public Works Commission Loan CM32M relates to the Sesame Street/Storm Drainage Project. The loans will be repaid in semiannual installments of \$671 over 20 years beginning in 2012. The loan is backed by the full faith and credit of the Village. The loan is paid out of the General Fund.

The Ohio Public Works Commission Loan CM23Q relates to the Water Meter Installation Project. The loans will be repaid in semiannual installments of \$3,233 over 30 years beginning in 2015. The loan is backed by the full faith and credit of the Village. The loan is paid out of the Water Repair and Replacement Fund.

The State Fire Marshal Loan relates to the New Fire Truck Project. The loans will be repaid in quarterly installments of \$2,975. The loan is backed by the full faith and credit of the Village. The loan is paid out of the Fire and EMS Fund.

Village of Convoy
Van Wert County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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

Year Ending Dec. 31	OPWC Loan CT38K	OPWC Loan CM11I	OPWC Loan CM32E	OPWC Loan CT58P	OPWC Loan CM32M	OPWC Loan CM23Q	State Fire Marshal Loan	Total
2019	14,243	555	4,216	6,711	1,343	6,432	11,900	45,400
2020	14,243	555	4,216	6,711	1,343	6,432	11,900	45,400
2021	14,243	555	4,216	6,711	1,343	6,432	5,950	39,450
2022	14,243	555	4,216	6,711	1,343	6,432	-	33,500
2023	14,243	555	2,108	6,711	1,343	6,432	-	31,392
2024-2028	71,214	1,664	-	33,557	6,715	32,160	-	145,310
2029-2033	7,121	-	-	33,557	4,029	32,160	-	76,867
2034-2038	-	-	-	33,557	-	32,160	-	65,717
2039-2043	-	-	-	33,557	-	32,160	-	65,717
2044-2045	-	-	-	3,356	-	9,648	-	13,004
Total	149,550	4,438	18,972	171,140	17,458	170,446	29,750	561,754

Note 10 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards***

Village of Convoy
Van Wert County
123 S. Main Street
Convoy, Ohio 45832

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Convoy, Van Wert County, Ohio, as of and for the years ended December 31, 2019 and December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2020 wherein we noted the Village of Convoy followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 11 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Convoy’s financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency. We consider finding 2019-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village of Convoy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village of Convoy's Response to Finding

The Village of Convoy's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not subject the Village of Convoy's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Julian & Grube, Inc.
June 25, 2020

**VILLAGE OF CONVOY
VAN WERT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2019 AND 2018**

FINDINGS RELATED TO THE FINANCIAL STATEMENT REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2019-001

Significant Deficiency - Financial Statement Presentation:

The Village had receipts that were posted incorrectly according to the Village Officer Handbook and the Ohio Revised Code. Adjustments were made to the financial statements and notes to the financial statements, for the years ended December 31, 2019 and December 31, 2018, to properly state receipts.

The following adjustments were made to properly state the financial statements and notes:

Year ended December 31, 2018:

- \$202,424 was reclassified from Unassigned Fund Balance to Assigned Fund Balance in the General Fund to properly present subsequent year appropriations in excess of estimated receipts.

Year ended December 31, 2019:

- \$205,494 was reclassified from Unassigned Fund Balance to Assigned Fund Balance in the General Fund to properly present subsequent year appropriations in excess of estimated receipts.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village's activity.

We recommend the Village consult with their auditors, an accounting/consulting firm, the Village Officers Handbook, to help ensure accurate financial reporting. The Village may want to consider additional financial statement reviews prior to submission of their annual reports on the Hinkle System.

Client Response: The Fiscal Officer continues to work to provide a sound fiscal environment for the Village and has implemented policies and procedures to help with financial statement presentation.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CONVOY

VAN WERT 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 8/25/2020

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