

VILLAGE OF WEST SALEM

WAYNE COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020





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Village Council
Village of West Salem
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We have reviewed the *Independent Auditor's Report* of the Village of West Salem, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2020 through December 31, 2021. 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 West Salem is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

December 08, 2022

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**VILLAGE OF WEST SALEM
WAYNE COUNTY
For the years ended December 31, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

Village of West Salem
Wayne County
PO Box 256
West Salem, Ohio 44287

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 comprise the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, 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 as of and for the year ended December 31, 2021, 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 of West Salem, Wayne County, as of December 31, 2021, or the changes in financial position or its cash flows 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinions regarding this matter.

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 November 19, 2022, 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.



Charles E. Harris & Associates, Inc.
November 19, 2022

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, 2021

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 46,091	\$ 61,385	-	-	\$ 107,476
Municipal Income Tax	304,249	101,416	-	-	405,665
Intergovernmental	46,422	214,657	-	\$ 237,482	498,561
Charges for Services	72,261	14,782	-	-	87,043
Fines, Licenses and Permits	4,097	-	-	-	4,097
Earnings on Investments	1,028	146	\$ 75	-	1,249
Miscellaneous	14,053	4,478	-	-	18,531
<i>Total Cash Receipts</i>	<u>488,201</u>	<u>396,864</u>	<u>75</u>	<u>237,482</u>	<u>1,122,622</u>
Cash Disbursements					
Current:					
Security of Persons and Property	86,856	104,448	-	-	191,304
Public Health Services	3,680	31,068	-	-	34,748
Leisure Time Activities	132,174	-	-	-	132,174
Community Environment	9,397	-	-	-	9,397
Transportation	-	163,115	-	-	163,115
General Government	127,813	12,220	-	-	140,033
Capital Outlay	45,000	-	-	4,891,637	4,936,637
Debt Service:					
Principal Retirement	11,473	-	175,262	-	186,735
Interest and Fiscal Charges	1,314	-	57,721	5,000	64,035
<i>Total Cash Disbursements</i>	<u>417,707</u>	<u>310,851</u>	<u>232,983</u>	<u>4,896,637</u>	<u>5,858,178</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	70,494	86,013	(232,908)	(4,659,155)	(4,735,556)
Other Financing Receipts (Disbursements)					
Loans Issued	22,500	-	-	4,659,155	4,681,655
Transfers In	-	-	219,912	-	219,912
<i>Total Other Financing Receipts (Disbursements)</i>	<u>22,500</u>	<u>-</u>	<u>219,912</u>	<u>4,659,155</u>	<u>4,901,567</u>
<i>Net Change in Fund Cash Balances</i>	92,994	86,013	(12,996)	-	166,011
<i>Fund Cash Balances, January 1</i>	<u>399,730</u>	<u>407,038</u>	<u>111,062</u>	<u>47,015</u>	<u>964,845</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 492,724</u>	<u>\$ 493,051</u>	<u>\$ 98,066</u>	<u>\$ 47,015</u>	<u>\$ 1,130,856</u>

See accompanying notes to the financial statements

Village of West Salem, Ohio
Wayne County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$908,078
<i>Total Operating Cash Receipts</i>	908,078
Operating Cash Disbursements	
Personal Services	259,837
Employee Fringe Benefits	96,943
Contractual Services	171,218
Supplies and Materials	66,364
Other	8,775
<i>Total Operating Cash Disbursements</i>	603,137
<i>Operating Income (Loss)</i>	304,941
Non-Operating Receipts (Disbursements)	
Special Assessments	4,754
Miscellaneous Receipts	13,757
Principal Retirement	(21,569)
Interest and Other Fiscal Charges	(114)
<i>Total Non-Operating Receipts (Disbursements)</i>	(3,172)
<i>Income (Loss) before Transfers</i>	301,769
Transfers Out	(219,912)
<i>Net Change in Fund Cash Balances</i>	81,857
<i>Fund Cash Balances, January 1</i>	857,934
<i>Fund Cash Balances, December 31</i>	\$939,791

See accompanying notes to the financial statements

Village of West Salem, Ohio
Wayne County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	Fiduciary Fund Type
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 4,995
<i>Total Additions</i>	4,995
Deductions	
Distributions to Other Governments	1,413
Distributions to Other Funds	3,582
<i>Total Deductions</i>	4,995
<i>Net Change in Fund Balance</i>	-
<i>Fund Cash Balances, January 1</i>	628
<i>Fund Cash Balances, December 31</i>	\$628

See accompanying notes to the financial statements

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Public Entity Risk Pool

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 change in fund balance (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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

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

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

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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 Fund:

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.

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

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 disbursements (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 re-appropriated.

A summary of 2021 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
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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

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

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
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 352,291	\$ 510,701	\$ 158,410
Special Revenue	329,024	396,864	67,840
Debt Service	230,749	219,987	(10,762)
Capital Projects	4,896,784	4,896,637	(147)
Enterprise	848,992	926,589	77,597

2021 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 446,731	\$ 422,197	\$ 24,534
Special Revenue	340,208	311,345	28,863
Debt Service	236,881	232,983	3,898
Capital Projects	4,943,653	4,896,637	47,016
Enterprise	903,189	847,602	55,587

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:

	2021
Demand deposits	\$ 1,390,487
Certificates of deposit	58,520
Other time deposits (savings and NOW accounts)	90,096
Total deposits	1,539,103
STAR Ohio	532,172
Total investments	532,172
Total deposits and investments	\$ 2,071,275

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, 2021, the Village did not have any unremitted employee payroll withholdings.

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Deposits and Investments (continued)

Deposits

Deposits are insured by the Federal Depository 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 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 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
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

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, 2019, 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. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020 (latest information available).

	<u>2020</u>
Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</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

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

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Defined Benefit Pension Plans (continued)

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

The Village's council members 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, 2021.

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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2021. OP&F contributed 0.5% to fund these benefits.

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
OWDA Loan #5074	\$ 1,168,612	1.50%
OWDA Loan #6208	286,563	1.50%
OWDA Loan #6708	2,001,654	1.50%
OWDA Loan #3936	52,530	3.85%
OWDA Loan #7140	88,678	0.92%
OWDA Loan #8608	136,556	0.50%
OWDA Loan #8493	(3,933)	0.00%
OWDA Loan #8974	1,037,025	0.00%
OPWC Loan #CP39P	146,961	0.00%
OPWC Loan #CP44T	88,258	0.00%
Farmer's State Bank Loan	9,576	3.25%
Police Vehicle	7,325	6.00%
Water Tower Loan	24,197	3.00%
Congress Twp. Fire House	22,500	5.00%
	\$ 5,066,502	

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 0.5% and the final payment will be made in 2040. There was a principal adjustment of \$106.

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (continued)

The OWDA Loan #8493 was issued for asset management. The OWDA loan holds no interest at this time. In 2021, they did not drawdown on the loan but paid a payment. There is a credit of \$3,933 as their balance at year end. There is no amortization schedule at this time.

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.

In November 2019, the Village financed the purchase of an administrative vehicle in the amount of \$18,900 with a 3.25% interest rate maturing in April 2023. The Village intends to repay this loan from the General Fund. Payments are due annually.

In April 2018, the Village financed the purchase of a police 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 has a note 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.

The Village purchased a Township Firehouse on April 15, 2021 for the price of \$45,000. Half the amount was due in cash on day of close while final \$22,500 was agreed to be paid over time with the interest rate of 5% per year after April 22, 2022. The Village plans to pay the Firehouse off in 2022.

The Village also had loan forgiveness of \$3,622,130 for the waste water treatment plant.

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (continued)

Amortization

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

Year ending December	OWDA Loans	OPWC Loans	FSB Loan	Police Vehicle	Water Tower	Congress Twp. Fire House
2022	\$ 234,131	\$ 9,648	\$ 5,022	\$ 7,764	\$ 10,000	\$ 22,500
2023	234,132	9,648	5,022	-	10,000	-
2024	206,590	9,648	-	-	4,339	-
2025	206,590	9,648	-	-	-	-
2026	206,591	9,649	-	-	-	-
2027-2031	1,032,951	48,241	-	-	-	-
2032-2036	1,026,186	48,241	-	-	-	-
2037-2041	878,660	48,241	-	-	-	-
2042-2046	317,820	38,860	-	-	-	-
2047	-	3,395	-	-	-	-
	<u>\$ 4,343,651</u>	<u>\$ 235,219</u>	<u>\$ 10,044</u>	<u>\$ 7,764</u>	<u>\$ 24,339</u>	<u>\$ 22,500</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.

Note 11- Transfers

In 2021, the Village transferred \$219,912 from the enterprise fund to the debt service fund to pay debt for an ongoing project. This transfer was made in accordance with the Ohio Revised Code.

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Fund Balances

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:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Outstanding Encumbrances	\$ 4,490	\$494	\$4,984

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 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 2021, 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 emergency funding, either federal or state, cannot be estimated.

**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
PO Box 256
West Salem, Ohio 44287

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2021, 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 November 19, 2022, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

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 purposes 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2021-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2021-002 to be a significant deficiency.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2021-003.


We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 19, 2022.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying corrective action plan. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinions on the responses.

Purpose of This Report

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



Charles E. Harris & Associates, Inc.
November 19, 2022

INDEPENDENT AUDITOR'S REPORT

Village of West Salem
Wayne County
PO Box 256
West Salem, Ohio 44287-0256

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020, and related notes of the Village of West Salem, Wayne County (the Village).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2020, and the changes in financial position or its cash flows for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020, and the related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Emphasis of Matters

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. As discussed in Note 13 to the financial statements, the Village made changes to its cash basis reporting model. We did not modify our opinions regarding these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2022, 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.



Charles E. Harris & Associates, Inc.
November 19, 2022

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, 2020

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$40,508	\$60,231	-	-	\$100,739
Municipal Income Tax	226,122	75,373	-	-	301,495
Intergovernmental	40,787	216,507	-	\$230,690	487,984
Charges for Services	62,120	11,646	-	-	73,766
Fines, Licenses and Permits	12,330	-	-	-	12,330
Earnings on Investments	3,910	303	\$ 573	-	4,786
Miscellaneous	18,809	9,177	-	-	27,986
<i>Total Cash Receipts</i>	<u>404,586</u>	<u>373,237</u>	<u>573</u>	<u>230,690</u>	<u>1,009,086</u>
Cash Disbursements					
Current:					
Security of Persons and Property	96,160	77,143	-	-	173,303
Public Health Services	4,052	33,169	-	-	37,221
Leisure Time Activities	67,161	-	-	-	67,161
Community Environment	6,744	625	-	-	7,369
Transportation	-	131,325	-	-	131,325
General Government	117,025	2,759	-	-	119,784
Capital Outlay	8,360	102,959	-	1,160,914	1,272,233
Debt Service:					
Principal Retirement	11,277	1,912	176,126	-	189,315
Interest and Fiscal Charges	1,509	88	60,529	-	62,126
<i>Total Cash Disbursements</i>	<u>312,288</u>	<u>349,980</u>	<u>236,655</u>	<u>1,160,914</u>	<u>2,059,837</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	92,298	23,257	(236,082)	(930,224)	(1,050,751)
Other Financing Receipts (Disbursements)					
Sale of Notes	-	-	-	38,720	38,720
Loans Issued	-	-	-	882,869	882,869
Transfers In	-	-	230,399	-	230,399
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>-</u>	<u>230,399</u>	<u>921,589</u>	<u>1,151,988</u>
<i>Net Change in Fund Cash Balances</i>	92,298	23,257	(5,683)	(8,635)	101,237
<i>Fund Cash Balances, January 1</i>	<u>307,432</u>	<u>383,781</u>	<u>116,745</u>	<u>55,650</u>	<u>863,608</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 399,730</u>	<u>\$ 407,038</u>	<u>\$ 111,062</u>	<u>\$ 47,015</u>	<u>\$ 964,845</u>

See accompanying notes to the financial statements

Village of West Salem, Ohio
Wayne County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$866,544
<i>Total Operating Cash Receipts</i>	866,544
Operating Cash Disbursements	
Personal Services	261,144
Employee Fringe Benefits	80,445
Contractual Services	198,796
Supplies and Materials	71,814
Other	2,500
<i>Total Operating Cash Disbursements</i>	614,699
<i>Operating Income (Loss)</i>	251,845
Non-Operating Receipts (Disbursements)	
Special Assessments	410
Miscellaneous Receipts	21,448
Capital Outlay	(7,201)
Principal Retirement	(27,167)
Interest and Other Fiscal Charges	(403)
<i>Total Non-Operating Receipts (Disbursements)</i>	(12,913)
<i>Income (Loss) before Transfers</i>	238,932
Transfers Out	(230,399)
<i>Net Change in Fund Cash Balances</i>	8,533
<i>Fund Cash Balances, January 1</i>	849,401
<i>Fund Cash Balances, December 31</i>	\$857,934

See accompanying notes to the financial statements

Village of West Salem, Ohio
Wayne County
Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$ 16,375
<i>Total Additions</i>	16,375
Deductions	
Distributions to Other Governments	5,051
Distributions to Other Funds	11,324
<i>Total Deductions</i>	16,375
<i>Net Change in Fund Balance</i>	-
<i>Fund Cash Balances, January 1</i>	628
<i>Fund Cash Balances, December 31</i>	\$628

See accompanying notes to the financial statements

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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. A publicly-elected six-member Council directs the Village. 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 Pool

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 change in fund balance (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

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

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

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

Coronavirus Relief Fund The coronavirus relief fund accounts for and reports receipts of CARES Act money for the purpose of providing public health services to the citizens of the Village.

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

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 Fund:

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.

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

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

Budgetary Process

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

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

Appropriations Budgetary disbursements (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 re-appropriated.

A summary of 2020 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.

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:

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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

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

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ended December 31, 2020 follows:

Fund Type	2020 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 345,986	\$ 404,586	\$ 58,600
Special Revenue	322,339	373,237	50,898
Debt Service	231,399	230,972	(427)
Capital Projects	1,170,887	1,152,279	(18,608)
Enterprise	830,726	888,402	57,676

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity (continued)

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 384,511	\$ 329,039	\$ 55,472
Special Revenue	375,830	355,620	20,210
Debt Service	236,881	236,655	226
Capital Projects	1,160,915	1,160,914	1
Enterprise	938,957	888,758	50,199

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:

	2020
Demand deposits	\$ 1,233,133
Certificates of deposit	58,520
STAR Plus	500,333
Total deposits	1,791,986
STAR Ohio	31,421
Total investments	31,421
Total deposits and investments	\$ 1,823,407

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, 2020, the Village did not have any unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository 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.

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which 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.

Note 6 – Risk Management

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.

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.

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

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management (continued)

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, 2019, 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 (latest information available).

	<u>2019</u>
Assets	\$ 15,920,504
Liabilities	(11,329,011)
Members’ Equity	\$ 4,591,493

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

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

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, 2020.

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 healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.50% of full-time police officers’ wages. The Village has paid all contributions required through December 31, 2020.

Social Security

The Village’s council members 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, 2020.

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4% during calendar year 2020. OP&F contributed 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA 5074 Loan	\$ 1,223,042	1.50%
OWDA 6208 Loan	298,421	1.50%
OWDA 6708 Loan	2,074,039	1.50%
OWDA 3936 Loan	77,330	3.85%
OWDA 7140 Loan	94,586	0.92%
OWDA 8608 Loan	142,545	0.50%
OWDA 8493 Loan	(1,899)	0.00%
OPWC Loan #CP39P	153,215	0.00%
OPWC Loan #CP44T	91,653	0.00%
Farmer's State Bank Loan	14,138	3.25%
Police Vehicle	14,234	6.00%
Water Tower Loan	34,083	3.00%
Total	<u>\$ 4,215,387</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.

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (continued)

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, payable in 20 years. The interest rate is 0.5% and the final payment will be made in 2040. There was capitalized interest of \$333.

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 2045. 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.

In November 2019, the Village financed the purchase of an administrative vehicle in the amount of \$18,900 with a 3.25% interest rate maturing in April 2023. The Village intends to repay this loan from the General Fund. Payments are due annually.

In April 2018, the Village financed the purchase of a police 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 has a loan 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.

In 2019, the Village entered into a loan for asset management. The OWDA Asset Management Plan 8493 loan holds no interest. In 2020 they did not drawdown on the loan but paid a payment. There is a credit of \$1,899 as their balance at year end.

OWDA Loan 7482 from 2019 had capitalized interest of \$2,235 and loan forgiveness of \$1,076,024 during the year.

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt (continued)

Amortization

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

Year ending December 31:	OWDA Loans	OPWC Loans	FSB Loan	Police Vehicle	Water Tower Lease
2021	\$ 232,983	\$ 9,648	\$ 5,022	\$ 7,764	\$ 10,000
2022	234,131	9,648	5,022	7,764	10,000
2023	234,131	9,648	5,022	-	10,000
2024	206,590	9,648	-	-	4,339
2025	206,590	9,648	-	-	-
2026-2030	1,032,951	48,241	-	-	-
2031-2035	1,032,951	48,241	-	-	-
2036-2040	958,970	48,241	-	-	-
2041-2045	437,335	45,115	-	-	-
2046-2050	-	6,790	-	-	-
Total	<u>\$4,576,632</u>	<u>\$244,868</u>	<u>\$15,066</u>	<u>\$15,528</u>	<u>\$ 34,339</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.

Note 11- Transfers

In 2020, the Village transferred money from the enterprise fund to the debt service fund to pay debt for an ongoing project. All transfers were in accordance with the Ohio Revised Code.

Note 12 – Fund Balances

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	\$ 16,751	\$ 5,640	\$ 22,391

Village of West Salem
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Fund Balances (continued)

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 include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 13 – Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. There was no effect on the beginning fund balance.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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
PO Box 256
West Salem, Ohio 44287

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated November 19, 2022, wherein we noted that the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village and changes to its reporting model.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2021-001 described in the accompanying Schedule of Findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2021-002 described in the accompanying Schedule of Findings to be a significant deficiency.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2021-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 19, 2022.

Village's Responses to Findings

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
November 19, 2022

**VILLAGE OF WEST SALEM
WAYNE COUNTY
SCHEDULE OF FINDINGS
December 31, 2021 and 2020**

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

Finding Number 2021-001 - Material Weakness

During 2021 and 2020, the Village erroneously recorded several transactions. The more significant adjustments are as follows:

- Did not record the proceeds or expenditure of one loan taken during 2021 for \$22,500.
- Did not map Capital Outlay expenditures properly on their statements in the Special Revenue-Cares Act Fund, so it was reported as General Government expenditures for \$100,018 in 2020. The amounts were recorded properly, but mapped to the statements incorrectly.
- Incorrectly recorded principal payments for two loans to interest and to capital outlay for both 2020 and 2021.

Adjustments were made in the financial statements and Village records.

The Village Officers' Handbook and the UAN accounting system provide suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned guidance will provide the Village with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

We recommend that the Village refer to the Village Officers' Handbook, UAN Manual, and other Auditor of State guidance to properly classify its transactions. We also recommend the Fiscal Officer review all applicable statements and reports compiled by UAN to ensure their accuracy.

Management Response:

See Corrective Action Plan.

Finding Number 2021-002 – Significant Deficiency

During 2020, the Village transitioned to a new billing system for their water and sewer charges. We noted several issues with the client billing and accounting in 2020 and 2021:

- Did not review the correct rates were entered by the billing company upon set up. This resulted in an approximate underbilling of residents of \$15,000.
- An employee gave discounts to certain residents.
- An employee allowed longer payment grace periods than approved.
- Non-cash adjustments were not approved by management.

We recommend that the Village ensure that they have proper oversight and review of the water and sewer billing rates. We also recommend that there is an approval process established for the approval of non-cash adjustments. Lastly, we recommend that a review is performed by a supervisor to ensure grace periods granted are within the period established by the policy and that discounts are not granted unless allowed by Council.

Management Response:

See Corrective Action Plan.

**VILLAGE OF WEST SALEM
WAYNE COUNTY
SCHEDULE OF FINDINGS (continued)
December 31, 2021 and 2020**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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Finding Number 2021-003 - Noncompliance

Ohio Rev. Code Section 5705.14, 5705.15, and 5705.16 states that no transfer can be made from one fund of a subdivision to any other fund, except money may be transferred from the general fund to any fund of the subdivision by resolution of the taxing authority or from one fund to another as is specifically authorized in Ohio Rev. Code Section 5705.14. The unexpended balance in any specific permanent improvement fund, other than a bond fund, after the payment of all obligations incurred in the acquisition of such improvement, shall be transferred to the sinking fund or bond retirement fund of the Village. However, if such money is not required to meet the obligations payable from such funds, it may be transferred to a special fund for the acquisition of permanent improvements, or, with the approval of the court of common pleas of the county in which the Village is located, to the general fund of the Village.

In 2021, the Village transferred \$46,869 from the Main Street Waterline Project fund to the General Fund. The Village did not obtain approval from the court of common pleas. This transfer was reversed on the accompanying financial statements and the Village's records.

We recommend the Village refer to Ohio Revised Code Section 5705.14 prior to making transfers to ensure transfers are made properly.

Management Response:

See Corrective Action Plan.

**VILLAGE OF WEST SALEM
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS – Prepared by Management
December 31, 2021 and 2020**

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2019-001	Material weakness – Transactions erroneously recorded.	Not Corrected	See Corrective Action Plan

**VILLAGE OF WEST SALEM
WAYNE COUNTY, OHIO
Corrective Action Plan-Prepared by management
For the Years Ended December 31, 2021 and 2020**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	The combining statements will be reviewed prior to year end closing to ensure proper mapping.	Immediately	Jennifer Webb, Fiscal Officer
2021-002	The rates were corrected with the Billing Company, and any further changes will be reviewed by Council.	Immediately	Jennifer Webb, Fiscal Officer
2021-003	The funds were transferred back to the Main Street Waterline Project Fund and Council can go through the proper channels if they choose to move the funds in the future.	Immediately	Jennifer Webb, Fiscal Officer

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 12/20/2022

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