



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF WOODSFIELD
MONROE COUNTY
DECEMBER 31, 2020

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances – (Regulatory Cash Basis) All Governmental Fund Types	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances – (Regulatory Cash Basis) All Proprietary Fund Types	6
Combined Statement of Additions, Deductions, and Changes in Fund Balances – (Regulatory Cash Basis) Fiduciary Fund Type	7
Notes to the Basic Financial Statements.....	9
Schedule of Expenditures of Federal Awards	23
Notes to the Schedule of Expenditures of Federal Awards.....	24
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	27
Schedule of Findings.....	29
Prepared by Management:	
Summary Schedule of Prior Audit Findings	36

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Emphasis of Matters

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2021

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**VILLAGE OF WOODSFIELD
MONROE 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	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$139,921	\$11,482	\$0	\$0	\$151,403
Municipal Income Tax	243,006	296,771	26,414	0	566,191
Intergovernmental	36,960	444,242	0	0	481,202
Special Assessments	2,748	25,676	70,024	0	98,448
Charges for Services	179,714	180,682	0	420	360,816
Fines, Licenses and Permits	15,007	1,449	0	0	16,456
Earnings on Investments	3,333	245	0	166	3,744
Miscellaneous	63,757	58,343	6,470	39,235	167,805
<i>Total Cash Receipts</i>	<u>684,446</u>	<u>1,018,890</u>	<u>102,908</u>	<u>39,821</u>	<u>1,846,065</u>
Cash Disbursements					
Current:					
Security of Persons and Property	408,148	65,328	0	0	473,476
Public Health Services	0	61,667	0	0	61,667
Leisure Time Activities	0	78,498	0	0	78,498
Community Environment	0	2,666	0	0	2,666
Transportation	0	277,926	0	0	277,926
General Government	280,641	48,901	0	0	329,542
Capital Outlay	1,732	114,175	51,350	0	167,257
Debt Service:					
Principal Retirement	72,995	154,593	0	0	227,588
Interest and Fiscal Charges	2,919	8,945	0	0	11,864
<i>Total Cash Disbursements</i>	<u>766,435</u>	<u>812,699</u>	<u>51,350</u>	<u>0</u>	<u>1,630,484</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>(81,989)</u>	<u>206,191</u>	<u>51,558</u>	<u>39,821</u>	<u>215,581</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	113,131	3,800	0	0	116,931
Loss on Sale of Assets	0	0	0	(20,896)	(20,896)
Transfers In	150,689	5,000	0	0	155,689
Transfers Out	(5,000)	(140,189)	0	0	(145,189)
Advances In	20,000	27,000	0	0	47,000
Advances Out	(27,000)	(20,000)	0	0	(47,000)
Other Financing Sources	140	12,775	0	0	12,915
Other Financing Uses	(945)	(2,588)	0	0	(3,533)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>251,015</u>	<u>(114,202)</u>	<u>0</u>	<u>(20,896)</u>	<u>115,917</u>
<i>Net Change in Fund Cash Balances</i>	169,026	91,989	51,558	18,925	331,498
<i>Fund Cash Balances, January 1</i>	<u>327,568</u>	<u>571,646</u>	<u>29,515</u>	<u>1,438,325</u>	<u>2,367,054</u>
<i>Fund Cash Balances, December 31</i>	<u>\$496,594</u>	<u>\$663,635</u>	<u>\$81,073</u>	<u>\$1,457,250</u>	<u>\$2,698,552</u>

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Proprietary Fund Type
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$3,801,775
Fines, Licenses, and Permits	315
<i>Total Operating Cash Receipts</i>	<u>3,802,090</u>
Operating Cash Disbursements	
Personal Services	741,427
Employee Fringe Benefits	387,618
Contractual Services	2,192,325
Supplies and Materials	234,225
Other	6,090
<i>Total Operating Cash Disbursements</i>	<u>3,561,685</u>
<i>Operating Income</i>	<u>240,405</u>
Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	11,581
Intergovernmental	1,791,543
Special Assessments	14,918
Earnings on Investments	24
Sale of Bonds	1,878,747
Sale of Notes	650,000
Loans Issued	95,088
Other Debt Proceeds	15,300
Miscellaneous Receipts	65,227
Capital Outlay	(3,639,852)
Principal Retirement	(835,817)
Interest and Other Fiscal Charges	(26,198)
Other Financing Sources	413
Other Financing Uses	(7,910)
Transfers In	51,960
Transfers Out	(62,460)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>2,564</u>
<i>Net Change in Fund Cash Balances</i>	242,969
<i>Fund Cash Balances, January 1</i>	<u>1,893,179</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,136,148</u></u>

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

COMBINED STATEMENT OF ADDITIONS, DEDUCTIONS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Fiduciary Fund Type</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>\$16,946</u>
<i>Total Additions</i>	<u>16,946</u>
Deductions	
Distributions to Other Governments	<u>(16,946)</u>
<i>Total Deductions</i>	<u>(16,946)</u>
<i>Net Change in Fund Balances</i>	0
<i>Fund Cash Balances, January 1</i>	<u>0</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$0</u></u>

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

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Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Woodsfield (the Village), Monroe County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, electric, park operations, cemetery services and police services to over 2,400 residents. The Village contracts with Woodsfield Volunteer Fire Department to receive fire protection services. The Village appropriates General Fund money to partially support the Woodsfield Volunteer Fire Department, providing administration of its levy funds and grant awards.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in the Public Entities Pool of Ohio (PEP), a public entity risk pool. To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures. Notes 7 and 15 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

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

Street Paving Project The fund receives a special assessment fee charged to all utility customers as part of Ordinance 1272-2019 that went into effect on January 1 2020 for street improvement projects only.

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

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

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

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

Long Term Control Plan-Storm Sewer Separation Fund The fund accounts for loan and grant proceeds from the United States Department of Agriculture (USDA) restricted to the long term control plant.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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

Basis of Accounting

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

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 (D) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 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 certificates of deposit, mortgage-backed securities and common stock at cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

Committed Council can *commit* amounts via formal action (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*. 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 13.

Note 3 – Budgetary Activity

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$600,000	\$948,406	\$348,406
Special Revenue	900,535	1,040,465	139,930
Capital Projects	76,500	102,908	26,408
Permanent	450	39,821	39,371
Enterprise	8,896,148	8,376,891	(519,257)
Total	\$10,473,633	\$10,508,491	\$34,858

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 – Budgetary Activity (Continued)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$957,339	\$782,412	\$174,927
Special Revenue	1,392,117	957,725	434,392
Capital Projects	97,000	51,350	45,650
Permanent	54,500	20,896	33,604
Enterprise	9,819,236	8,143,122	1,676,114
Total	\$12,320,192	\$9,955,505	\$2,364,687

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. The Village also has segregated accounts which include clearing accounts that are not part of this pool. A summary of the Village’s deposit and investment accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$2,918,525
Certificates of deposit	51,145
Other time deposits (savings and NOW accounts)	1,343
Total deposits	2,971,013
Other Investment types (Electric / Royalties)	557,293
Various securities, including mutual funds and common stock (Brague)	1,306,394
Total investments	1,863,687
Total carrying amount of deposits and investments held in the Pool (ties to FS)	4,834,700
<i>Segregated Accounts - Not held in the Pool:</i>	
Clearing - Utility Account	15,406
Utility Security	89,015
	104,421
Total Deposits and Investments	\$4,939,121

The Village has a utility clearing account that is held outside of the deposit pool where utility collections are held for distribution. The balance in the Village’s utility clearing account represent unremitted utility collections due to the Village enterprise funds. Also, the Village has a utility security deposit account which holds security deposits from renters to cover any unpaid final utility bills of the renters.

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits and Investments (Continued)

Deposits

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

At December 31, 2020, \$913,324 of deposits were not insured or collateralized, contrary to Ohio law.

Investments

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

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

At December 31, 2020, the Village's investment broker held \$836,727 in common stocks as part of the Brague Endowment Fund. This was the fair value of the common stock at December 31, 2020. Common stock is not an eligible investment for the Village under Ohio law.

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1 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.

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Interfund Balances

Outstanding advances at December 31, 2020, consisted of \$27,000 advanced to the Park and Recreation Fund to cover expenses until Natureworks Grant was received by Ohio Department of Natural Resources.

Note 7 – Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

	<u>2020</u>
Cash and investments	\$40,318,971
Actuarial liabilities	\$14,111,510

Workers’ Compensation

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8 – Defined Benefit Pension Plans (Continued)

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2020.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 9 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

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

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$308,293	0.00% - 0.02%
Ohio Water Development Authority Loan	664,755	0.00% - 4.50%
General Obligation Notes	177,009	3.75% - 3.95%
Sanitary Sewer Revenue Bonds	1,171,000	1.75%
Water Revenue Bonds	904,000	1.625%
Equipment Acquisition Bonds, Series 2020	15,300	2.375%
Bond Anticipation Note (BAN)	650,000	3.00%
Total	<u>\$3,890,357</u>	

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

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

In addition, the Village has an open loan of \$328,624 with OWDA for their Long-Term Control Plan, of which \$277,972 has been drawn in 2020 and 2019. As the Village is still drawing money on this loan and no amortization schedule has been provided by OWDA, the amount drawn on this loan thus far is not included in the outstanding debt schedule above.

The Village issued general obligation notes to finance a John Deere backhoe, the Oaklawn (BMW) property, and a Ford F-450. The Village's taxing authority collateralized all of the notes listed herein. In the first quarter of 2020, 4 general obligation notes were paid in full, and the Weckbacher property purchase was fully reimbursed through the USDA grant funding.

The Village issued Sanitary Sewer System Revenue Bonds through the United States Department of Agriculture (USDA) in the amount of \$1,171,000 for the long-term control plan – Sewer Separation Project. There was also \$1,007,000 in USDA grant funding issued for this project. The Village issued Water Revenue Bonds through the USDA in the amount of \$904,000 for the Water Improvement Project. There was also \$237,000 in USDA grant funding issued for this project. The Village issued \$15,300 in Equipment Acquisition Bonds through USDA for the purpose of acquiring a skid steer. There was also \$45,700 in USDA grant funding issued for this equipment. Water receipts collateralize these bonds.

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

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Debt (Continued)

Amortization

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

Year Ending December 31:	OPWC	OWDA Loan	General Obligation Bonds	Revenue Bonds	BAN
2021	\$43,468	\$110,656	\$28,286	\$57,749	\$650,000
2022	37,001	73,771	28,286	74,825	0
2023	33,217	73,770	28,286	74,943	0
2024	29,433	73,771	23,052	74,849	0
2025	29,433	73,770	21,673	74,844	0
2026-2030	114,220	207,595	58,710	374,504	0
2031-2035	27,677	116,566	21,527	365,744	0
2036-2040	0	58,283	0	365,807	0
2041-2045	0	0	0	365,789	0
2046-2050	0	0	0	365,747	0
2051-2055	0	0	0	365,756	0
2056-2060	0	0	0	324,137	0
Total	<u>\$314,449</u>	<u>\$788,182</u>	<u>\$209,820</u>	<u>\$2,884,694</u>	<u>\$650,000</u>

Note 11 – Contingent Liabilities

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

Note 12 – 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.

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the unexpendable corpus of the permanent funds. 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	Capital Projects	Permanent	Total
Nonspendable:					
Corpus	\$ -	\$ -	\$ -	\$ 1,358,912	\$ 1,358,912
Outstanding Encumbrances	10,032	2,249	-	-	12,281
<i>Total</i>	<u>\$ 10,032</u>	<u>\$ 2,249</u>	<u>\$ -</u>	<u>\$ 1,358,912</u>	<u>\$ 1,371,193</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – Subsequent Events

On December 7, 2020, Village Council approved a loan agreement through AMP in the amount of \$659,959.53 for the purpose of retiring the AMP Bond Anticipation Note in the amount of \$650,000. The Loan Agreement and Promissory Note which will take effect on January 1, 2021, shall grant to AMP a lien on the revenues of the Village's electric system, and the Village covenants to take all necessary steps to establish such lien.

Note 15 – AMP Revenue Coverage

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

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 – AMP Revenue Coverage (Continued)

	2020
Total Fund Cash Balance	\$809,451
Total Long-Term Debt	\$650,000
Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$2,278,281
Total Operating Receipts	2,278,281
Operating Expenses	
Personal Services	281,108
Employee Fringe Benefits	139,694
Contractual Services	1,659,344
Supplies and Materials	88,192
Other	6,002
Total Operating Expenses	2,174,340
Operating Income	103,941
Nonoperating Receipts (Disbursements)	
Property and Other Local Taxes	11,581
Special Assessments	9,580
Sale of Notes	650,000
Miscellaneous Receipts	25,783
Principal Retirement	(704,000)
Interest Payments	(15,082)
Other Financing Uses	(6,574)
Total Other Nonoperating Receipts (Disbursements)	(28,712)
Change in Fund Cash Balance	75,229
Beginning Fund Cash Balance	734,222
Ending Fund Cash Balance	<u>\$809,451</u>

Village of Woodsfield, Ohio
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 – AMP Revenue Coverage (Continued)

Condensed Cash Flows Information:	2020
Net Cash Provided (Used) by:	
Operating Activities	\$103,941
Noncapital Financing Activities	
Other Noncapital Financing Activities	40,370
Net Cash Provided (Used) by Noncapital Financing Activities	40,370
Capital and Related Financing Activities	
Proceeds of Capital and Related Debt	650,000
Principal Payments on Capital and Related Debt	(704,000)
Interest Payments on Capital and Related Debt	(15,082)
Net Cash Provided (Used) by Capital and Related Financing Activities	(69,082)
Net Increase	75,229
Beginning Fund Cash Balance	734,222
Ending Fund Cash Balance	<u>\$809,451</u>

Note 16 – 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.

Note 17 – 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.

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**VILLAGE OF WOODSFIELD
MONROE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct from U.S. Department of Agriculture</i>			
Water and Waste Disposal Systems for Rural Communities - Grant	10.760	N/A	\$933,842
Water and Waste Disposal Systems for Rural Communities - Loan	10.760	N/A	<u>2,075,000</u>
Total Water and Waste Disposal Systems for Rural Communities			<u>3,008,842</u>
Community Facilities Loans and Grants - Grant	10.766	N/A	45,700
Community Facilities Loans and Grants - Loan	10.766	N/A	<u>15,300</u>
Community Facilities Loans and Grants Cluster			61,000
Appalachian Area Development	23.002	N/A	<u>312,000</u>
Total U.S. Department of Agriculture			<u>3,381,842</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Development Services Agency/ Office of Community Development</i>			
State Community Development Block Grant (CDBG) Program - Residential Public Infrastructure Program	14.228	C-W-18-2LF-1	<u>500,000</u>
Total U.S. Department of Housing and Urban Development			<u>500,000</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Budget and Management (OBM)</i>			
Coronavirus Relief Fund	21.019	N/A	<u>186,565</u>
Total U.S. Department of Treasury			<u>186,565</u>
U.S. DEPARTMENT OF HOMELAND SECURITY - FEDERAL EMERGENCY MANAGEMENT AGENCY			
<i>Passed Through Ohio Department of Public Safety</i>			
Disaster Grants - Public Assistance	97.036	FEMA-4424-DR-111-86436-00	<u>62,998</u>
Total U.S. Department of Homeland Security			<u>62,998</u>
Total Expenditures of Federal Awards			<u><u>\$4,131,405</u></u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF WOODSFIELD
MONROE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Village of Woodsfield (the Village's) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The federal loan programs listed below are administered directly by the Village, and balances and transactions relating to these programs are included in the Villages basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balances of loans outstanding at December 31, 2020 consist of:

CFDA Number	Program/Cluster Name	Outstanding Balance at December 31, 2020
10.760	Water and Waste Disposal Systems for Rural Communities	\$2,075,000
10.766	Community Facilities Loans and Grants	\$15,300

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020, and related notes of the Village of Woodsfield, Monroe County, Ohio (the Village), and have issued our report thereon dated September 30, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117- 2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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 Findings 2020-005 and 2020-006 described in the accompanying Schedule of Findings to be material weaknesses.

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 2020-004 described in the accompanying Schedule of Findings to be a significant deficiency.

Efficient • Effective • Transparent

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2020-001 through 2020-004.

Village's Response to Findings

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2021

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Village Council:

Report on Compliance for the Major Federal Program

We have audited the Village of Woodsfield's, Monroe County, Ohio (the Village), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Village's major federal program.

Management's Responsibility

The Village's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on the Major Federal Program

In our opinion, the Village of Woodsfield complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 30, 2021

**VILLAGE OF WOODSFIELD
MONROE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, unmodified under the regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Program: <ul style="list-style-type: none"> • CFDA #10.760 Water And Waste Disposal Systems for Rural Communities 	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

Finding Number 2020-001

Noncompliance

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

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

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

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

Officials' Response: The Village of Woodsfield is working on these findings with a new fiscal officer and a visiting clerk in order to understand and correct.

Finding Number 2020-002

Noncompliance

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

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

**Finding Number 2020-002
(Continued)**

Noncompliance (Continued)

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

The Village's investment broker, who handles the investment of the monies held in the Village's Brague Endowment Fund (a permanent trust fund), invested part of these monies in various common stocks during 2020. The fair market value of the Village's investments in common stocks at December 31, 2020 was \$836,727, or 64%, of the Village's investment account for the Brague endowment.

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

Officials' Response: The Village of Woodsfield is working on these findings with a new fiscal officer and a visiting clerk in order to understand and correct.

Finding Number 2020-003

Noncompliance

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

As of December 31, 2020, the Village's bank accounts had a total demand deposit balance of \$3,785,267 less Federal Deposit Insurance (FDIC) coverage of \$671,943 totaling \$3,113,324. Collateral in the amount of \$2,200,000 was pledged by one of the Village's financial institutions on behalf of the Village leaving \$913,324 of the Village's bank balances uninsured and uncollateralized. Without proper collateral, the Village is at risk of losing funds.

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

Officials' Response: We did not receive a response from Officials to this finding.

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

Finding Number 2020-004

Noncompliance and Significant Deficiency

Woodsfield, Ordinance 947-98 (10/5/98) requires, in part, that the monies or assets received from the bequest shall be preserved intact, without withdrawal or diminution, to earn interest for the operation and maintenance of Oaklawn Cemetery. Only the investment income or interest shall be used from this fund. In addition, the Last Will and Testament of the donor requires that income only be used for the care and maintenance of Oaklawn Cemetery.

The Village maintains an investment account for the Brague Endowment Fund. During 2020, the Village's Brague Investments decreased due to coronavirus. This resulted in investments being overstated by \$20,896 in the Brague Endowment Fund.

This adjustment, to which management agrees, is reflected in the accompanying financial statements and has been posted to the Village's accounting records.

The Village should maintain an accurate fund balance on their books of the Brague investments to reflect the statement balance reported by the investment company.

Officials' Response: The Village of Woodsfield is working on these findings with a new fiscal officer and a visiting clerk in order to understand and correct.

Finding Number 2020-005

Material Weakness

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

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

**Finding Number 2020-005
(Continued)**

Material Weakness (Continued)

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations and amendments thereof approved by Council were not properly posted to the accounting system. The following discrepancies were noted between what was approved versus posted to the Village's accounting system.

- Appropriations for the Capital Projects Fund - Street Maintenance Capital Outlay Fund (Fund 4907) was approved for \$18,000; however, the accounting system had \$0 for final appropriations.
- Appropriations for the Capital Projects Fund - Storm Sewer Capital Outlay Fund (Fund 4908) was approved for \$12,000; however, the accounting system had \$0 for final appropriations.

Additionally, the final Certificate of Estimated Resources did not reflect estimated revenue for the Enterprise Funds - Water Bond Repayment Fund (Fund 5722) and the Water Debt Reserve (Fund 5742); however, the accounting system reflected estimated revenue in the amounts of \$25,000 and \$2,634, respectively, for these funds.

Failure to accurately post the estimated resources and appropriations to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the notes to the financial statements.

Adjustments to the budgetary amounts in Note 3, as agreed to by Village management, are reflected in the budgetary activity footnote.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response: The Village of Woodsfield is working on these findings with a new fiscal officer and a visiting clerk in order to understand and correct.

Finding Number 2020-006

Material Weakness

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

**Finding Number 2020-006
(Continued)**

Material Weakness (Continued)

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

Per Auditor of State Bulletin 1998-013, the Auditor of State prefers local governments utilize a Reduction of an Expenditure or Reduction of Prior Year Expenditure line-item to move the eligible expenditure out of the fund that originally paid for it and into a new federal fund. However, some accounting systems do not include these options. Therefore, alternatively, entities may use the transfer line-items to reimburse eligible expenditures made in state and local funds with an allowable federal fund.

We noted the following:

- CARES reimbursement from the CARES fund to the General Fund was recorded as Public Health Services expenditure and intergovernmental revenue instead of Transfers-In and Out in the amount of \$129,441.
- A prior year advance from the Street Construction and Maintenance Fund back to the General Fund was recorded as a transfer instead of an advance in the amount of \$20,000.
- The Fiscal Officer did not record bond anticipation note proceeds and principal payments of \$650,000 within the Electric Operating, Enterprise Fund for the issuance of bond anticipation notes (BAN) through AMP Ohio to their accounting records.
- The Wechbacher property was posted to the Long-Term Storm Sewer Separation Project Fund (Fund 5203) as Capital Outlay in the amount of \$67,306; however, should have been posted to Principal and Interest in the amounts of \$67,007 and \$299, respectively.
- The payoff payment for the Woodsfield Cable Television Bond in the amount of \$72,995 was posted as Other-Debt Service (Interest) and should be posted to principal in the General Fund.
- Mayor's court fines and fees receipts and distribution were not fully posted to the accounting records in the Custodial fund. Amount unposted was \$14,080.
- USDA bonds received in the amount of \$712,756 were posted as Intergovernmental Revenue instead of Sale of Bonds in the Fairground Road Water Improvement Project Fund (Fund 5104).
- USDA bonds received in the amount of \$682,589 were posted as Intergovernmental Revenue instead of Sale of Bonds in the Long-Term Storm Sewer Separation Project Fund (Fund 5203).

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020
(Continued)

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

Finding Number 2020-006 (Continued)

Material Weakness (Continued)

- USDA grants received in the amount of \$261,966 was posted as OWDA Loans Issued instead of Intergovernmental Revenue in the Long-Term Storm Sewer Separation Project Fund (Fund 5203).
- USDA grants received in the amount of \$210,083 was posted as Other Debt Proceeds instead of Intergovernmental Revenue in the Long-Term Storm Sewer Separation Project Fund (Fund 5203).
- USDA bonds received in the amount of \$408,411 were posted as Other Debt Proceeds instead of Sale of Bonds in the Long-Term Storm Sewer Separation Project Fund (Fund 5203).

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

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

- The Village classified homestead and rollback in the amount of \$3,744 as Property Taxes and should have been posted to Intergovernmental Revenue in the General Fund.
- USDA bonds received in the amount of \$15,300 were posted as Other Debt Proceeds instead of Sale of Bonds in the Sewer Short-Lived Fund (Fund 5202).

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

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

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

Officials' Response: The Village of Woodsfield is working on these findings with a new fiscal officer and a visiting clerk in order to understand and correct.

3. FINDINGS FOR FEDERAL AWARDS

None.



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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material Weakness – for not recording receipts, disbursements, and fund balance into accurate classifications.	Not Corrected.	Village currently working on these findings to correct.
2019-002	Noncompliance – Article VIII, §§ 4 and 6 of the Ohio Constitution for having investments in common stock.	Not Corrected.	Village currently working on these findings to correct.
2019-003	Noncompliance - Ohio Rev. Code § 135.18(A) for uninsured and uncollateralized collateral.	Not Corrected.	Village currently working on these findings to correct.
2019-004	Noncompliance – Ohio Rev. Code § 133 for unallowable debt.	Not Corrected.	Village currently working on these findings to correct.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WOODSFIELD

MONROE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 10/14/2021

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