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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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*VILLAGE OF WELLSVILLE*

*COLUMBIANA COUNTY*

*A&A*  
**REGULAR AUDIT**

For the Years Ended

December 31, 2021

6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
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OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Members of Council and the Mayor  
Village of Wellsville  
1200 Main Street  
Wellsville, Ohio 43968

We have reviewed the *Independent Auditor's Report* of the Village of Wellsville, Columbiana County, prepared by Alger & 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 Wellsville is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

June 03, 2022

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VILLAGE OF WELLSVILLE  
COLUMBIANA COUNTY

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***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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## INDEPENDENT AUDITOR'S REPORT

Village of Wellsville  
Columbiana County  
1200 Main Street  
Wellsville, OH 43968

To the Members of Council and the Mayor:

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

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

We have audited the financial statements of the Village of Wellsville, Columbiana County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes to the financial statements.

#### ***Unmodified 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 of the General, Special Revenue, Capital Projects and Custodial Funds, and related notes of the Village as of December 31, 2021, and for the year ended 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.

#### ***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2021, and the related notes of the Village of Wellsville, Columbiana County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021, or the changes in financial position thereof for the year then ended.

***Basis for Opinions***

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

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

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

***Basis for Additional Opinion Qualification***

Charges for Services receipts are reported at \$582,017 for the year ended December 31, 2021, which are 100 percent of the total Enterprise Funds operating receipts for each year. The Village contracted with a service organization to provide sewer billing and collection services. The Village did not provide us with evidence we requested regarding the design and proper operation of the service organization's internal controls or with certain information regarding sewer billings receipts. We were therefore unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Emphasis of Matter***

As discussed in Note 14 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.

***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 Entity'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 March 3, 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.

**Karen S Alger,**  
CPA

Digitally signed by Karen S Alger, CPA  
DN: cn=Karen S Alger, CPA, o=Alger &  
Associates, Inc, ou,  
email=ksalger46@att.net, c=US  
Date: 2022.06.01 09:46:39 -04'00'

**Alger & Associates, Inc.**  
Certified Public Accountants  
North Canton, Ohio  
**March 3, 2022**



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**Village of Wellsville, Ohio**  
*Columbiana 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**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$95,401	\$499,662			\$595,063
Municipal Income Taxes	748,655	318,896			1,067,551
Intergovernmental	80,820	520,132			600,952
Charges for Services	34,515	70,685			105,200
Fines, Licenses and Permits	78,318	5,418			83,736
Earnings on Investments	3,043	86			3,129
Miscellaneous	519,419	34,734			554,153
<b>Total Cash Receipts</b>	<b>1,560,171</b>	<b>1,449,613</b>	-	-	<b>3,009,784</b>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	473,152	611,813			1,084,965
Public Health Services		83,719			83,719
Leisure Time Activities	3,661	40,351			44,012
Community Environment		10,985			10,985
Basic Utility Services		6,087			6,087
Transportation		281,133			281,133
General Government	417,625	53,305			470,930
Capital Outlay	222,132	1,125,418			1,347,550
Debt Service:					
Redemption of Principal		121,045			121,045
Interest and Other Fiscal Charges		16,873			16,873
<b>Total Cash Disbursements</b>	<b>1,116,570</b>	<b>2,350,729</b>	-	-	<b>3,467,299</b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b>443,601</b>	<b>(901,116)</b>	-	-	<b>(457,515)</b>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Assets			\$5,100		5,100
Loan Proceeds		1,052,740			1,052,740
Advance In	20,000				20,000
Advance Out		(20,000)			(20,000)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>20,000</b>	<b>1,032,740</b>	<b>5,100</b>	-	<b>1,057,840</b>
<b>Net Change in Fund Cash Balances</b>	<b>463,601</b>	<b>131,624</b>	<b>5,100</b>		<b>600,325</b>
<b>Fund Cash Balances , January 1</b>					
Restate (see Note 3)	335,135	532,995	365	40,105	908,600
<b>Fund Cash Balances , December 31</b>	<b>\$798,736</b>	<b>\$664,619</b>	<b>\$5,465</b>	<b>\$40,105</b>	<b>\$1,508,925</b>

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

**Village of Wellsville, Ohio**  
*Columbiana County*  
*Combined Statement of Receipts, Disbursements and*  
*Changes in Fund Balance (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2021*

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$582,017
<i>Total Operating Cash Receipts</i>	<i>582,017</i>
<b>Operating Cash Disbursements</b>	
Personal Services	33,735
Employee Fringe Benefits	5,454
Contractual Services	383,540
Supplies and Materials	4,860
Other	1,678
<i>Total Operating Cash Disbursements</i>	<i>429,267</i>
<i>Operating Income (Loss)</i>	<i>152,750</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	15,015
Principal Retirement	(32,822)
Interest and Other Fiscal Charges	(146)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	<i>(17,953)</i>
<i>Net Change in Fund Cash Balances</i>	<i>134,797</i>
<i>Fund Cash Balances, January 1</i>	<i>595,395</i>
<i>Fund Cash Balances, December 31</i>	<i>\$730,192</i>

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

**Village of Wellsville, Ohio**  
**Columbiana County**  
*Combined 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
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$34,033
<i>Total Additions</i>	<i>34,033</i>
<b>Deductions</b>	
Distributions to Other Governments	20,995
Distributions to Other Funds (Primary Gov't)	12,469
<i>Total Deductions</i>	<i>33,464</i>
<i>Net Change in Fund Balances</i>	569
<i>Fund Cash Balances, January 1</i>	<i>17,595</i>
<i>Fund Cash Balances, December 31</i>	<i>\$18,164</i>

*See accompanying notes to the basic financial statements*

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**Village of Wellsville, Ohio**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The Village of Wellsville (the Village), Columbiana County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire, and police services. The Village has a property tax levy to support a volunteer fire department.

***Public Entity Risk Pools***

The Village participates in Public Entities Pool of Ohio (PEP), a risk-sharing pool. Note 8 to the financial statements provide additional information for the risk sharing pool. 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.

***Fire Levy Fund*** The fire levy fund accounts for and reports property taxes restricted for fire protection.

***Police Income Tax Levy Fund*** This income tax levy fund accounts for and reports income tax restricted for police protection.

**Village of Wellsville, Ohio**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

**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:

**Capital Improvement Fund** The capital improvement fund accounts for and reports income taxes for various capital improvement projects throughout the Village.

**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:

**Cemetery Endowment Fund** The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's 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:

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

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment 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 unclaimed monies and magistrate court activities.

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

***Basis of Accounting***

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

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.

**Village of Wellsville, Ohio**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund function 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 2021 budgetary activity appears in Note 5.

***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 had no investments during the year or at yearend.

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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



**Village of Wellsville, Ohio**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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

**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 – Prior Period Adjustment**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Permanenet</u>	<u>Total</u>
Fund Cash Balance					
December 31, 2020	\$333,935	\$532,495	\$365	\$40,105	\$906,900
Voided Prior Year Warrants	-	500	-	-	\$500
Prior Year Reimbursement	<u>1,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$1,200</u>
Adjusted Fund Cash Balance					
December 31, 2020	<u>\$335,135</u>	<u>\$532,995</u>	<u>\$365</u>	<u>\$40,105</u>	<u>\$908,600</u>

**Note 4 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Truck Levy Fund by \$1,052,740 for the year ended December 31, 2021. Also contrary to Ohio law, the Village did not obtain an amended official certificate of estimated resources to the Fire Truck Levy Fund for the same amount.

**Village of Wellsville, Ohio**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 5 – Budgetary Activity**

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,465,872	\$1,560,171	\$94,299
Special Revenue	1,409,516	2,502,353	1,092,837
Capital Projects	5,100	5,100	0
Enterprise	583,524	597,032	13,508
<b>Total</b>	<b>\$3,464,012</b>	<b>\$4,664,656</b>	<b>\$1,200,644</b>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,159,130	\$1,126,786	\$32,344
Special Revenue	1,368,602	2,364,613	(996,011)
Enterprise	498,194	462,749	35,445
<b>Total</b>	<b>\$3,025,925</b>	<b>\$3,954,148</b>	<b>(\$928,222)</b>

**Note 6 – Deposits and Investments**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. A summary of the Village’s deposit and investment accounts are as follows:

	2021
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$2,010,694
Certificates of deposit	114,248
Other time deposits (savings and NOW accounts)	132,338
<b>Total deposits</b>	<b>\$2,257,281</b>

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 is holding \$19,644 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; [or] 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.

**Village of Wellsville, Ohio**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 7 – 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 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 8 – Risk Management**

***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: (2019 latest information)

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

**Village of Wellsville, Ohio**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 9 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Ohio Police and Fire Retirement System***

Village's certified Fire Fighters and 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% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2021.

***Social Security***

Some of the Village employees 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, 2021.

**Note 10 – 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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. 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 Wellsville, Ohio**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

**Note 11– Debt**

Debt outstanding at December 31, 2021, was as follows:

	Beginning Balance	Issued	Payments	Ending Balance
KS State Fire Truck	\$0	\$1,052,740	(\$121,045)	\$931,695
Ohio Public Works	130,914		(26,393)	\$104,521
Ohio Water Development Authority Loan	16,192		(6,429)	9,763
Totals	\$147,106	\$1,052,740	(\$153,867)	\$1,045,979

The Ohio Public Works Commission (OPWC) Loan #CT44E is for the Russell Heights Sewer Improvements project. The loan was approved in the amount of \$125,459 and the Village will repay the loan in semiannual installments of \$3,136 over a period of twenty years.

The Ohio Public Works Commission (OPWC) Loan #CT49E is for the Wells Avenue Extended Sewer improvement project. The loan was approved in the amount of \$125,689 and the Village will repay the loan in semiannual installments of \$3,142 over a period of twenty years.

The Ohio Public Works Commission (OPWC) Loan #CT69M is for the Digester Improvements project. The loan was approved in the amount of \$151,142 and the Village will repay the loan in semiannual installments of \$2,519 over a period of thirty years.

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The final loan payment of the initial 20-year OWDA loans of \$1,411,000 for this project will be paid by December, 2023. The Village will repay the loan in accordance with the below amortization. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village obtain a loan through Kansas State Bank in the amount of \$1,052,740 to finance the purchase of a new fire truck to provide fire services at an interest rate of 3.17%. The loan will be repaid by December, 2036.

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**Village of Wellsville, Ohio**  
*Columbiana 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 31:	OPWC Loans	OWDA Loans		Fire Truck Loans	
	Principal	Prinicipal	Interest	Prinicipal	Interest
2022	\$11,316	\$6,492	\$81	\$58,217	\$29,701
2023	5,038	3,271	17	60,073	27,845
2024	5,038			61,988	25,930
2025	5,038			63,964	23,954
2026	5,038			66,003	21,915
2027-2031	25,191			362,948	76,640
2032-2036	25,191			258,503	17,021
2037-2041	22,671				
Total	<u>\$104,521</u>	<u>\$9,763</u>	<u>\$98</u>	<u>\$931,694</u>	<u>\$223,005</u>

**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.

**Note 13 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and 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	Enterprise	Capital Projects	Permanent	Total
Nonspendable:						
Unclaimed Monies	\$8,515					8,515
Corpus					40,105	40,105
Outstanding Encumbrances	10,216	13,884	514			24,614
Total	<u>\$18,731</u>	<u>\$13,884</u>	<u>\$514</u>	<u>\$0</u>	<u>\$40,105</u>	<u>\$73,234</u>

**Village of Wellsville, Ohio**  
*Columbiana County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 13 – Fund Balances** *(continued)*

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 – 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.

During 2021, the Village received \$173,153 as an on-behalf of grant from another government. These amounts are recorded in the applicable Special Revenue Fund.



***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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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 Wellsville  
Columbiana County  
1200 Main Street  
Wellsville, OH 43968

To the Members of Council and the Mayor:

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 combined total as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Village of Wellsville, Columbiana County, Ohio, (the Village) and have issued our report thereon dated March 3, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts in the Enterprise Funds. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village. Additionally, as described in Note 12 to the financial statements, the Village made changes to its reporting model.

***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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-002 that we consider to be material weaknesses.



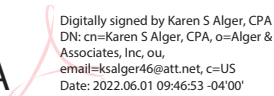
**Report on Compliance and Other Matters**

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 matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-001.

**Purpose of this Report**

This 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.

Karen S  
Alger, CPA



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**Alger & Associates, Inc.**  
Certified Public Accountants  
North Canton, Ohio

March 3, 2022

Village of Wellsville  
Columbiana County

Schedule of Findings  
December 31, 2021

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

**FINDING NUMBER 2021-001**

**Material Noncompliance/Material Weakness - Financial Reporting**

**Ohio Revised Code §5705.36(A)(3)** Upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the excess.

**Ohio Revised Code Section 5705.41(B)** prohibits a subdivision or taxing unit from making expenditures unless they have been properly appropriated; therefore, appropriations should be recorded in accordance with the terms and conditions of the loan. **Ohio Revised Code Section 5705.40** requires the legislative authority to pass a resolution amending its appropriation measure prior to recording the appropriations.

The Village obtain a general obligation loan on December 7, 2020 (*received January, 2021*) through Kansas State Bank in the amount of \$1,052,740 to finance the purchase of a new fire truck to provide fire services at an interest rate of 3.17%. The Village did not record the receipts and expenditure transactions relating to loan, resulting in an understatement of loans proceeds receipts and the capital outlay expenditures in the Fire Truck Levy Fund.

There are also several budgetary compliance requirements associated with the recording of such program receipts and disbursements.

An audit adjustment and related notes for the loan, was necessary to the 2021 financial statements to reflect the loan proceeds and related expenditures.

These adjustments were made to the Village's financial statements and related notes for the year ending December 31, 2021.

In addition, the Village did not amend their estimated resources and appropriations to properly budget for the loan receipts and expenditures. Ohio Revised Code Section 5705.41(B) budgetary violation for expenditures exceeding appropriations were noted for the capital outlay expenditure in 2021 in the Fire Truck Levy Fund.

The presentation of materially correct financial statements is the responsibility of management. Properly presented financial statements demonstrate the Village's financial accountability to the public and to the Village Council. The Village should implement internal control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements.

**Village of Wellsville  
Columbiana County**

*Schedule of Findings  
December 31, 2021*

**FINDING NUMBER 2021-002**

**Material Weakness – Water and Sewer Billings and Collections**

U.S. Attestation Standards (clarified) Section 320 (AT-C 320) codifies standards for reporting on an Examination of Controls at service organizations. An unmodified Type Two Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Controls in accordance with AT-C 320 should help provide the Village with reasonable assurance that sewer billings and collections conform to the contract.

The Village has outsourced the processing of sewer billings and collections, which is a significant accounting function, to a third-party administrator, Suez Services. The following internal control weaknesses were noted with regard to the processing of sewer billings and collections:

- The Village has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that sewer billings and collections have been completely and accurately processed in accordance with the contract between the Village and Suez Services. The Village did not request a Type Two SOC 1 report or Agreed Upon Procedures report in its contract with Suez Services.

These conditions may not assure the completeness and accuracy of sewer billings and collections processed by the third-party administrator.

The Village did not provide us with evidence regarding the design and proper operation of the service organization's internal controls or with certain information regarding sewer billings and collection receipts. Suez Services processed \$223,223 in 2021 in utility receipts for the Village. We were therefore unable to satisfy ourselves as to the proper processing of sewer bills and collections.

Additionally, the Village should request a Type Two SOC 1 report or Agreed Upon Procedures report in its contract with Suez Services. The report should follow American Institute of Certified Public Accountants standards and be performed by a firm registered and considered in good standing with the Accountancy Board of the respective state. In addition, if agreed upon procedures are to be done, the Auditor of State's office should be consulted prior to entering into a contract for these services.

**Village of Wellsville**  
**Columbiana County**

***Schedule of Prior Audit Findings***  
***DECEMBER 31, 2021***

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2020-001	<b>Material Weakness</b> - Water and Sewage and Billing Collections, a SOC 1 report is not completed for Suez Services	No	Not Corrected, Repeated as 2021-002

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*ALGER & ASSOCIATES, Inc.*



*PROFESSIONAL FINANCIAL AND COMPLIANCE AUDIT SERVICES*

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*VILLAGE OF WELLSVILLE*

*COLUMBIANA COUNTY*

*A&A*  
**REGULAR AUDIT**

For the Years Ended

December 31, 2020

6927 Burgundy Ave NW  
North Canton, OH 44720  
Phone (330) 353-5851  
Fax (330) 768-7574



VILLAGE OF WELLSVILLE  
COLUMBIANA COUNTY

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***ALGER & ASSOCIATES, Inc.***  
***Certified Public Accountants***

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**INDEPENDENT AUDITOR'S REPORT**

Village of Wellsville  
Columbiana County  
1200 Main Street  
Wellsville, OH 43968

To the Members of Council and the Mayor:

***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 the related notes of the Village of Wellsville, Columbiana 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(C) 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 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 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 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 respective changes in financial position or cash flows thereof for the year then ended.

***Basis for Additional Opinion Qualification***

Charges for Services receipts are reported at \$605,931 for the year ended December 31, 2020, which are 100 percent of the total Enterprise Funds operating receipts for each year. The Village contracted with a service organization to provide sewer billing and collection services. The Village did not provide us with evidence we requested regarding the design and proper operation of the service organization's internal controls or with certain information regarding sewer billings receipts. We were therefore unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances of the Enterprise Funds of the Village of Wellsville, Columbiana County, as of December 31, 2020, and its receipts and disbursements for the year then ended 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.

***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 of the General, Special Revenue, Capital Projects and Custodial Funds, and related notes of the Village as of December 31, 2020, and for the year ended 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 Matter***

As discussed in Note 12 to the financial statements, the Village made changes to its reporting model. We did not modify our opinion regarding this matter.

As discussed in Note 13 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 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. 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.

Karen S  
Alger, CPA

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**Alger & Associates, Inc.**  
Certified Public Accountants  
North Canton, Ohio

March 3, 2022

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**Village of Wellsville, Ohio**  
*Columbiana 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**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$89,448	\$469,602			\$559,050
Municipal Income Taxes	526,470	185,710			712,180
Intergovernmental	76,139	499,862			576,001
Charges for Services	37,255	50,847			88,102
Fines, Licenses and Permits	75,363	4,005			79,368
Earnings on Investments	3,181	198			3,379
Miscellaneous	93,034	73,266			166,300
<i>Total Cash Receipts</i>	<u>900,890</u>	<u>1,283,490</u>	<u>-</u>	<u>-</u>	<u>2,184,380</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	418,245	587,971			1,006,216
Public Health Services	-	94,433			94,433
Leisure Time Activities	2,700	0			2,700
Community Environment	-	11,539			11,539
Basic Utility Services	-	6,684			6,684
Transportation	-	210,020			210,020
General Government	419,313	30,874			450,187
Capital Outlay	-	93,704	\$6,976		100,680
<i>Total Cash Disbursements</i>	<u>840,258</u>	<u>1,035,225</u>	<u>6,976</u>		<u>1,882,459</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>60,632</u>	<u>248,265</u>	<u>(6,976)</u>	<u>-</u>	<u>301,921</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Assets			100		100
Advance In	36,000				36,000
Advance Out		(36,000)			(36,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>36,000</u>	<u>(36,000)</u>	<u>100</u>	<u>-</u>	<u>100</u>
<i>Net Change in Fund Cash Balances</i>	96,632	212,265	(6,876)		302,021
<i>Fund Cash Balances , January 1</i>	<u>237,303</u>	<u>320,230</u>	<u>7,241</u>	<u>40,105</u>	<u>604,879</u>
<i>Fund Cash Balances , December 31</i>	<u>\$333,935</u>	<u>\$532,495</u>	<u>\$365</u>	<u>\$40,105</u>	<u>\$906,900</u>

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

**Village of Wellsville, Ohio**  
*Columbiana County*  
**Combined Statement of Receipts, Disbursements and**  
**Changes in Fund Balance (Regulatory Cash Basis)**  
*Proprietary Fund Type*  
**For the Year Ended December 31, 2020**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$605,931
<i>Total Operating Cash Receipts</i>	605,931
<b>Operating Cash Disbursements</b>	
Personal Services	44,673
Employee Fringe Benefits	6,937
Contractual Services	422,801
Supplies and Materials	288,136
Other	1,154
<i>Total Operating Cash Disbursements</i>	763,701
<i>Operating Income (Loss)</i>	(157,770)
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	211,393
Miscellaneous Receipts	15,453
Capital Outlay	(41,500)
Principal Retirement	(15,163)
Interest and Other Fiscal Charges	(210)
<i>Total Non-Operating Cash Receipts (Disbursements)</i>	169,973
<i>Net Change in Fund Cash Balances</i>	12,203
<i>Fund Cash Balances, January 1</i>	583,192
<i>Fund Cash Balances, December 31</i>	\$595,395

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

**Village of Wellsville, Ohio**  
**Columbiana County**  
*Combined 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
<b>Additions</b>	
Fines, Licenses and Permits for Distribution	\$23,294
Other Amounts Collected for Distribution	9,930
<i>Total Additions</i>	33,224
<b>Deductions</b>	
Distributions to Other Governments	10,432
Distributions to Other Funds (Primary Gov't)	15,848
<i>Total Deductions</i>	26,280
<i>Net Change in Fund Balances</i>	6,944
<i>Fund Cash Balances, January 1</i>	10,651
<i>Fund Cash Balances, December 31</i>	\$17,595

*See accompanying notes to the basic financial statements*

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**Village of Wellsville, Ohio**  
*Columbiana County*  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Note 1 – Reporting Entity**

The Village of Wellsville (the Village), Columbiana County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire, and police services. The Village has a property tax levy to support a volunteer fire department.

On November 18, 2018, the Auditor of State's office release the Village of Wellsville from the fiscal emergency status. In accordance with Section 118.10, Ohio Revised Cod, the Village has implemented an effective financial accounting and reporting system and corrected any deficiencies identified by the Auditor of State in its report of Accounting Methods dated December 12, 2017. The Auditor of State's office declared the Village of Wellsville to be in a state of fiscal emergency in accordance with Section 118.03, Ohio Revised Code on November 15, 2016.

***Public Entity Risk Pools***

The Village participates in Public Entities Pool of Ohio (PP), a risk-sharing pool. Note 6 to the financial statements provide additional information for the risk sharing pool. 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.

**Village of Wellsville, Ohio**  
*Columbiana County*  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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

***Fire Levy Fund*** The fire levy fund accounts for and reports property taxes restricted for fire protection.

***Police Income Tax Levy Fund*** This income tax levy fund accounts for and reports income tax restricted for police protection

***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:

***Capital Improvement Fund*** The capital improvement fund accounts for and reports income taxes for various capital improvement projects throughout the Village.

***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:

***Cemetery Endowment Fund*** The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's 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:

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

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds, investment 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 unclaimed monies and magistrate court activities.

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

**Village of Wellsville, Ohio**  
*Columbiana County*  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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

***Basis of Accounting***

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

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

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund function 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 had no investments during the year or at yearend.

***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 Wellsville, Ohio**  
*Columbiana County*  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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

***Fund Balance***

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

***Nonspendable*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. 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 11.

**Village of Wellsville, Ohio**  
*Columbiana County*  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2020

**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	\$831,592	\$900,890	\$69,298
Special Revenue	1,258,618	1,283,490	24,872
Capital Projects	-	100	100
Enterprise	834,467	832,777	(1,690)
<b>Total</b>	<b>\$2,924,677</b>	<b>\$3,017,257</b>	<b>\$92,580</b>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$872,838	\$853,148	\$19,690
Special Revenue	1,266,884	1,039,404	227,480
Capital Projects	7,000	6,976	24
Enterprise	829,268	820,836	8,432
<b>Total</b>	<b>\$2,975,990</b>	<b>\$2,720,364</b>	<b>\$255,626</b>

**Note 4 – Deposits and Investments**

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

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$1,276,087
Certificates of deposit	111,459
Other time deposits (savings and NOW accounts)	132,344
<b>Total deposits</b>	<b>\$1,519,890</b>

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 is holding \$19,385 in unremitted employee payroll withholdings.

**Village of Wellsville, Ohio**  
*Columbiana County*  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**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; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable 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 1.5 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.

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**Village of Wellsville, Ohio**  
*Columbiana County*  
Notes to the Financial Statements  
For the Year Ended December 31, 2020

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**Note 6 – Risk Management**

***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: (2019 latest information)

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Ohio Police and Fire Retirement System***

Village's certified Fire Fighters and 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% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2020.

**Village of Wellsville, Ohio**  
*Columbiana County*  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2020

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

**Social Security**

Some of the Village employees 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 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 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.

**Note 9– Debt**

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

	Beginning Balance	Payments	Ending Balance
Ohio Public Works	\$139,712	(\$8,798)	\$130,914
Ohio Water Development Authority Loan	22,557	(6,365)	16,192
Totals	\$162,269	(\$15,163)	\$147,106

The Ohio Public Works Commission (OPWC) Loan #CT44E is for the Russell Heights Sewer Improvements project. The loan was approved in the amount of \$125,459 and the Village will repay the loan in semiannual installments of \$3,136 over a period of twenty years.

The Ohio Public Works Commission (OPWC) Loan #CT49E is for the Wells Avenue Extended Sewer improvement project. The loan was approved in the amount of \$125,689 and the Village will repay the loan in semiannual installments of \$3,142 over a period of twenty years.

The Ohio Public Works Commission (OPWC) Loan #CT69M is for the Digester Improvements project. The loan was approved in the amount of \$151,142 and the Village will repay the loan in semiannual installments of \$2,519 over a period of thirty years.



**Village of Wellsville, Ohio**  
*Columbiana County*  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2020

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**Note 9– Debt** *(continued)*

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The final loan payment of the initial 20-year OWDA loans of \$1,411,000 for this project will be paid by December, 2023. The Village will repay the loan in accordance with the below amortization. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

***Amortization***

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

	OPWC Loans	OWDA Loans	
Year ending December 31:	Principal	Principial	Interest
2021	\$26,393	\$6,429	\$145
2022	11,316	6,492	81
2023	5,038	3,271	17
2024	5,038		
2025	5,038		
2026	5,038		
2027-2031	25,191		
2032-2036	25,191		
2037-2041	22,671		
Total	\$130,914	\$16,192	\$243

**Note 10 – Public Entity Risk Pool**

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

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**Village of Wellsville, Ohio**  
*Columbiana County*  
 Notes to the Financial Statements  
 For the Year Ended December 31, 2020

**Note 11 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and 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	Enterprise	Capital Projects	Permanent	Total
Nonspendable:						\$0
Unclaimed Monies	\$8,515					8,515
Corpus					40,105	40,105
Outstanding Encumbrances	12,890	4,179	262			17,331
<i>Total</i>	<u>\$21,405</u>	<u>\$4,179</u>	<u>\$262</u>	<u>\$0</u>	<u>\$40,105</u>	<u>\$65,951</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is 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 12 – 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 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. 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.

During 2020, the Village received \$213,162.73 as an on-behalf of grant from another government. These amounts are recorded in the applicable Special Revenue Fund.



***ALGER & ASSOCIATES, Inc.***

***Certified Public Accountants***

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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 Wellsville  
Columbiana County  
1200 Main Street  
Wellsville, OH 43968

To the Members of Council and the Mayor:

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 the related notes to the financial statements of the Village of Wellsville, Columbiana County, Ohio, (the Village) and have issued our report thereon dated March 3, 2022, wherein we noted as described in Note 2 to the financial statements, the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts in the Enterprise Funds. In addition, as described in Note 12 to the financial statements, the Village made changes to its reporting model. Furthermore, we noted in Note 13 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***Report on 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 opinion(s) 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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

As part of reasonably assuring whether the Government'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 statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

### ***Village's Response to Findings***

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

### ***Purpose of this Report***

This 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.

**Karen S  
Alger, CPA**

Digitally signed by Karen S  
Alger, CPA  
DN: cn=Karen S Alger, CPA,  
o=Alger & Associates, Inc, ou,  
email=ksalger46@att.net, c=US  
Date: 2022.06.01 09:49:46  
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**Alger & Associates, Inc.**  
Certified Public Accountants  
North Canton, Ohio

March 3, 2022

**Village of Wellsville  
Columbiana County**

*Schedule of Findings  
December 31, 2020*

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

**FINDING NUMBER 2020-001**

**Material Weakness – Water and Sewer Billings and Collections**

U.S. Attestation Standards (clarified) Section 320 (AT-C 320) codifies standards for reporting on an Examination of Controls at service organizations. An unmodified Type Two Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Controls in accordance with AT-C 320 should help provide the Village with reasonable assurance that sewer billings and collections conform to the contract.

The Village has outsourced the processing of sewer billings and collections, which is a significant accounting function, to a third-party administrator, Suez Services. The following internal control weaknesses were noted with regard to the processing of sewer billings and collections:

- The Village has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that sewer billings and collections have been completely and accurately processed in accordance with the contract between the Village and Suez Services. The Village did not request a Type Two SOC 1 report or Agreed Upon Procedures report in its contract with Suez Services.

These conditions may not assure the completeness and accuracy of sewer billings and collections processed by the third-party administrator.

The Village did not provide us with evidence regarding the design and proper operation of the service organization's internal controls or with certain information regarding sewer billings and collection receipts. Suez Services processed \$270,830 in 2020 in utility receipts for the Village. We were therefore unable to satisfy ourselves as to the proper processing of sewer bills and collections.

Additionally, the Village should request a Type Two SOC 1 report or Agreed Upon Procedures report in its contract with Suez Services. The report should follow American Institute of Certified Public Accountants standards and be performed by a firm registered and considered in good standing with the Accountancy Board of the respective state. In addition, if agreed upon procedures are to be done, the Auditor of State's office should be consulted prior to entering into a contract for these services.

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**Village of Wellsville  
Columbiana County**

*Schedule of Prior Audit Findings  
December 31, 2020*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2019-001	<b>Material Weakness</b> Payroll Police Department lack of monitoring controls and formal procedures	Yes	Finding No Longer Valid
2019-002	<b>Material Weakness</b> Budgetary Information – Accounting System	Yes	Finding No Longer Valid

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF WELLSVILLE**

**COLUMBIANA COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/16/2022**

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