



**VILLAGE OF WINDHAM
PORTAGE COUNTY
REGULAR AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2021**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417

www.perrycpas.com

OHIO AUDITOR OF STATE
KEITH FABER



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

Village Council
Village of Windham
9083 N. Main St.
Windham, OH 44288

We have reviewed the *Independent Auditor's Report* of the Village of Windham, Portage County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2021 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 Windham 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

November 16, 2022

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VILLAGE OF WINDHAM
PORTAGE COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Windham
Portage County
9083 North Main Street
Windham, Ohio 44288

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

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

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Basis for Opinions

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
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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 a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 October 24, 2022 on our consideration of the Village's internal control over financial reporting and on 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 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 24, 2022

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | General | Special Revenue | Totals (Memorandum Only) |
|---|-------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 62,916 | \$ - | \$ 62,916 |
| Municipal Income Tax | 470,657 | - | 470,657 |
| Intergovernmental | 120,582 | 252,580 | 373,162 |
| Special Assessments | 13,291 | - | 13,291 |
| Charges for Services | 8,000 | 23,403 | 31,403 |
| Fines, Licenses and Permits | 52,576 | 451 | 53,027 |
| Earnings on Investments | 2,625 | 216 | 2,841 |
| Miscellaneous | 47,370 | 2,447 | 49,817 |
| <i>Total Cash Receipts</i> | <u>778,017</u> | <u>279,097</u> | <u>1,057,114</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons & Property | 464,234 | 5,815 | 470,049 |
| Leisure Time Activities | 20,571 | - | 20,571 |
| Community Environment | - | 11,435 | 11,435 |
| Basic Utility Services | 7,467 | - | 7,467 |
| Transportation | 32,931 | 63,921 | 96,852 |
| General Government | 190,656 | 2,100 | 192,756 |
| Capital Outlay | - | 27,577 | 27,577 |
| Debt Service: | | | |
| Principal Retirement | 38,231 | 3,525 | 41,756 |
| Interest and Fiscal Charges | 5,732 | 119 | 5,851 |
| <i>Total Cash Disbursements</i> | <u>759,822</u> | <u>114,492</u> | <u>874,314</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>18,195</u> | <u>164,605</u> | <u>182,800</u> |
| Other Financing Receipts (Disbursements) | | | |
| Sale of Capital Assets | 18,994 | - | 18,994 |
| Other Financing Sources | - | 360 | 360 |
| Other Financing Uses | - | (100) | (100) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>18,994</u> | <u>260</u> | <u>19,254</u> |
| <i>Net Change in Fund Cash Balances</i> | 37,189 | 164,865 | 202,054 |
| <i>Fund Cash Balances, January 1</i> | <u>513,955</u> | <u>209,478</u> | <u>723,433</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 551,144</u> | <u>\$ 374,343</u> | <u>\$ 925,487</u> |

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2021**

| | Enterprise |
|---|--------------|
| Operating Cash Receipts | |
| Charges for Services | \$ 1,008,456 |
| <i>Total Operating Cash Receipts</i> | 1,008,456 |
| Operating Cash Disbursements | |
| Personal Services | 307,429 |
| Fringe Benefits | 77,352 |
| Contractual Services | 213,332 |
| Supplies and Materials | 178,605 |
| Other | 11,175 |
| <i>Total Operating Cash Disbursements</i> | 787,893 |
| <i>Operating Income (Loss)</i> | 220,563 |
| Non-Operating Receipts (Disbursements) | |
| Intergovernmental Receipts | 85,346 |
| Earnings on Investments (proprietary funds only) | 356 |
| Loans Issued | 317,743 |
| Miscellaneous Receipts | 439 |
| Capital Outlay | (343,851) |
| Principal Retirement | (147,744) |
| Interest and Other Fiscal Charges | (51,013) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | (138,724) |
| <i>Income (Loss) before Transfers</i> | 81,839 |
| Transfers In | 102,000 |
| Transfers Out | (102,000) |
| <i>Net Change in Fund Cash Balance</i> | 81,839 |
| <i>Fund Cash Balances, January 1</i> | 982,763 |
| <i>Fund Cash Balances, December 31</i> | \$ 1,064,602 |

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Windham, Portage County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organization and a public entity risk pool. Notes 6 and 11 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

The Village belongs to the Public Entities Pool of Ohio (PEP) an unincorporated, non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (“Member”). Note 6 to the financial statements provide additional information about this entity.

Jointly Governed Organization:

The Village participates in one jointly governed organization. Note 11 to the financial statements provide additional information about this entity. The Village is a member of the WVFD Joint Fire District, which provides for fire protection and EMS services to Village residents.

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 which are organized on a fund type basis.

Fund Accounting

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

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

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

Street Construction, Maintenance and Repair Fund – 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 WINDHAM
PORTAGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Permissive Motor Vehicle License Tax – This fund receives motor vehicle license tax money for constructing, maintaining and repairing Village streets.

Coronavirus Relief – This fund receives CARES Act monies for expenses related to the COVID-19 pandemic and the continuing emergency measures.

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

Water Operating Fund – This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund – This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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.

Budgetary Process

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

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

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

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

A summary of 2021 budgetary activity appears in Note 3.

VILLAGE OF WINDHAM
PORTAGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)

Note 2 – Summary of Significant Accounting Policies (Continued)

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 invests all available funds in checking and savings accounts. The Village values savings accounts at cost.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 – Budgetary Activity

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

| 2021 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 695,938 | \$ 797,011 | \$ 101,073 |
| Special Revenue | 250,626 | 279,457 | 28,831 |
| Enterprise | 1,447,007 | 1,514,340 | 67,333 |
| Total | \$ 2,393,571 | \$ 2,590,808 | \$ 197,237 |

| 2021 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 878,158 | \$ 771,622 | \$ 106,536 |
| Special Revenue | 131,069 | 116,998 | 14,071 |
| Enterprise | 1,539,952 | 1,449,903 | 90,049 |
| Total | \$ 2,549,179 | \$ 2,338,523 | \$ 210,656 |

Note 4 – Deposits

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

| | |
|--|--------------|
| Demand deposits | \$ 821,517 |
| Other time deposits (savings and NOW accounts) | 1,168,572 |
| Total deposits | \$ 1,990,089 |

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 \$7,433 in unremitted employee payroll withholdings.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

Note 4 – Deposits (Continued)

Deposits

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

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

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

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

Note 6 – Risk Management

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

Note 6 – Risk Management (Continued)

Risk Pool Membership (Continued)

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

| | <u>2021</u> |
|-----------------------|--------------|
| Cash and investments | \$41,996,850 |
| Actuarial liabilities | \$14,974,099 |

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.5% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

Some of the Village's 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 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 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.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

Note 9 – Debt

Debt outstanding at December 31, 2021 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|-------------------------------|---------------------|----------------------|
| USDA Mortgage Revenue Bonds | \$ 882,200 | 4.25 - 5.75% |
| OPWC CG32P | 15,000 | 0.00% |
| OPWC CG24S | 5,687 | 0.00% |
| OPWC CG40R | 120,000 | 0.00% |
| OPWC CG42V | 115,560 | 0.00% |
| OPWC CG37W | 70,303 | 0.00% |
| Cortland Bank - Building | 186,137 | 2.75% |
| OWDA #7606 | 427,508 | 0.98% |
| OWDA #8160 | 1,870 | 0.00% |
| OWDA #9312 | 270,627 | 0.50% |
| OWDA #9442 | 46,516 | 0.50% |
| Kansas State Bank - Excavator | 3,615 | 3.82% |
| Total | <u>\$ 2,145,023</u> | |

In 1987, \$965,000 of Mortgage Revenue Bonds were issued by the United States Department of Agriculture (USDA) for waterworks system improvements. Property and revenue of the utility facilities have been pledged to pay these bonds. The Village has agreed to set utility rates sufficient to cover these USDA Mortgage Revenue service requirements. This debt is paid out of the Water Debt Service Fund.

In 2005, the Village began the East Center Street Sewer Expansion Project in which they have borrowed a total amount of \$705,000 from the Ohio Water Development Authority (OWDA). As of December 31, 2006, the Village had received the \$705,000. In 2007, the United States Department of Agriculture (USDA) issued bonds for the Village in the amount of \$705,000 to pay the OWDA loan in full during 2007. The Village has agreed to set utility rates sufficient to cover these USDA bond service requirements. This debt is paid out of the Sewer Debt Service Fund.

As required by the mortgage revenue bond covenants, the Village has established and funded two debt service reserve funds, included within the enterprise fund as the water debt service reserve fund and sewer debt service reserve. The balance in these funds at December 31, 2021 was \$64,268 and \$37,833 respectively.

OPWC Loan CG32P was issued in 2014 for \$50,000 for the resurfacing of Village roads. This loan will be repaid in semi-annual installments of \$2,500 at 0% interest, over 10 years. OPWC Loan CG24S was issued in 2017 for \$9,478 for the resurfacing of Village roads. This loan will be repaid in semiannual installments of \$474 at 0% interest, over 10 years. OPWC Loan CG37W was issued in 2020 for \$78,114 for road resurfacing. This loan will be repaid in semi-annual installments of \$3,905.70 at 0% interest, over 10 years. This debt is paid out of the General Fund.

OPWC Loan CG40R was issued in 2019 for \$150,000 for water treatment plant improvements. This loan will be repaid in semi-annual installments of \$7,500 at 0% interest, over 10 years. OPWC Loan CG42V was issued in 2019 for \$128,400 for water tower improvements. This loan will be repaid in semi-annual installments of \$6,420 at 0% interest, over 10 years. This debt is paid out of the Water Fund.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

Note 9 – Debt (Continued)

The Cortland Bank loan relates to the new administration building. The loan was for \$300,850 and was issued in 2013. The loan is currently being repaid in monthly installments of \$1,792. This loan is a twenty-year loan. This debt is paid out of the General, Water Operating, and Sewer Operating Funds.

The OWDA loan #7474 was for additional engineering for the Water Plant Improvements – Phase 1. This loan was issued in 2017 for \$50,800. This loan was repaid in semi-annual installments of \$1,270 for 5 years, with the last payment being a balloon payment of \$46,114 at 2.51% interest. This loan was paid off in 2021.

The OWDA loan #7606 is for the Waste Water Treatment Plant Improvements. The original loan is for \$552,395. During 2018, \$368,541 was disbursed for the Waste Water Treatment Plant Improvements. This loan will begin being repaid in July 2019 for 20 years at .98% interest. This debt is paid out of the Sewer Operating Fund.

The OWDA loan #8160 is for waste water system improvements. During 2019, \$12,407 was disbursed for the waste water system improvements. This loan is being repaid in semi-annual installments of \$1,524. There is no amortization schedule available for this loan as of the date of this report. This debt is paid out of the Sewer Operating Fund.

The OWDA loan #9312 is for water system improvements with an interest rate of 0.50%. Disbursements are not complete. There is no amortization schedule available for this loan as of the date of this report.

The OWDA loan #9442 is for water treatment plant improvements with an interest rate of 0.50%. Disbursements are not complete. There is no amortization schedule available for this loan as of the date of this report.

In April 2017, the Village entered into a capital lease agreement for a Kubota Excavator at a total cost of \$49,689 paid in five years with monthly payments of \$911, beginning in May 2017, at the interest rate of 3.82%. At the completion of the lease, on June 2022 the Village has the option to purchase the Kubota Excavator at the price of \$0. This debt is paid out of the Water Operating, Sewer Operating, and Street Construction, Maintenance, and Repair Funds.

In October 2020, the Village entered into a capital lease agreement for a 2020 Ford Interceptor at a total cost of \$45,043 to be paid in two annual payments of \$23,307.40 beginning in October 2020, at the interest rate of 7.25%. At the completion of the lease, in October 2021, the Village had the option to purchase the 2020 Ford Interceptor at the price of \$0. This debt was paid off in 2021.

Leases

The Village leases vehicles under non-cancelable leases. The Village disbursed \$34,240 to pay lease costs for the year ended December 31, 2021.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

Note 9 – Debt (Continued)

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

| Year ending December 31: | Mortgage USDA Bonds | OPWC Loans | Cortland Bank Loan | OWDA Loan | Kansas State Bank Lease |
|-----------------------------|---------------------------|-------------------|--------------------------|-------------------|-------------------------------|
| 2022 | \$ 98,698 | \$ 41,599 | \$ 21,504 | \$ 27,362 | \$ 3,644 |
| 2023 | 99,133 | 41,599 | 21,504 | 27,362 | - |
| 2024 | 99,374 | 41,599 | 21,504 | 27,362 | - |
| 2025 | 98,521 | 36,599 | 21,504 | 27,362 | - |
| 2026 | 98,427 | 36,599 | 21,504 | 27,362 | - |
| 2027-2031 | 247,287 | 128,555 | 107,520 | 136,809 | - |
| 2032-2036 | 184,960 | - | - | 136,809 | - |
| 2037-2041 | 184,920 | - | - | 68,405 | - |
| 2042-2046 | 184,754 | - | - | - | - |
| 2047-2051 | 36,904 | - | - | - | - |
| Total | <u>\$ 1,332,978</u> | <u>\$ 326,550</u> | <u>\$ 215,040</u> | <u>\$ 478,833</u> | <u>\$ 3,644</u> |

Note 10 – Contingent Liabilities

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

Note 11 – Jointly Governed Organization

WVFD Joint Fire District (the District)

The District provides fire and EMS services to its members. District members include the Village of Windham and Windham Township. The District is governed by a three-member board consisting of one official from each member's elected governing body and one at large member that is appointed by the other two members. The District is solely funded by voter approved tax levies. No funding is received from district members.

Note 12 – Transfers

During 2021, the following transfers were made:

| | Transfers In | Transfers Out |
|-----------------|-------------------|---------------------|
| Water Operating | \$ - | \$ (63,600) |
| Sewer Operating | - | (38,400) |
| Water Debt | 63,600 | - |
| Sewer Debt | 38,400 | - |
| Total | <u>\$ 102,000</u> | <u>\$ (102,000)</u> |

2021 transfers were made from the Water Operating and Sewer Operating Funds to pay debt service payments. These transfers were deemed allowable and in compliance with the Ohio Revised Code.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(CONTINUED)**

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 | Total |
|--------------------------|-----------|--------------------|-----------|
| Nonspendable: | | | |
| Unclaimed Monies | \$ 536 | \$ - | \$ 536 |
| Outstanding Encumbrances | 11,800 | 2,406 | 14,206 |
| <i>Total</i> | \$ 12,336 | \$ 2,406 | \$ 14,742 |

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. 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.



313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market Street, Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

Village of Windham
Portage County
9083 North Main Street
Windham, Ohio 44288

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2021 and the related notes to the financial statements of the Village of Windham, Portage County, (the Village) and have issued our report thereon dated October 24, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the 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.

Tax - Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll – Litigation Support – Financial Investigations
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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Report on Internal Control Over Financial Reporting (Continued)

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

Report on Compliance and Other Matters

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

Village's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of audit 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

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

October 24, 2022

VILLAGE OF WINDHAM
PORTAGE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

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

FINDING NUMBER 2021-001

Material Weakness

Financial Reporting

The Village should have procedures and controls in place to prevent and detect errors in financial reporting.

Receipts and disbursements were not always posted or classified correctly. The following errors were noted:

- A rollback receipt was misclassified as Property and Other Taxes in the General Fund;
- Receipts for the sale of land and scrap were misclassified as Miscellaneous instead of Sale of Capital Assets in the General Fund;
- A capital lease payment for the 2020 Ford Interceptor was misclassified as Security of Persons and Property instead of Principal Retirement and Interest and Fiscal Charges in the General Fund;
- On-behalf grant activity from OPWC was not recorded to the Village's accounting records in the Street and Water Funds;
- On-behalf loan activity from OWDA was not recorded to the Village's accounting records in the Water and Sewer Funds; and
- The Unclaimed Monies Fund was incorrectly classified as a Custodial Fund instead of being included in the General Fund.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Management's Response – Reviewed and will make changes.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021**

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|------------------------------|---------------|------------------------------|
| 2020-001 | Financial Reporting | Not Corrected | Repeated as Finding 2021-001 |
| 2020-002 | Ohio Revised Code 5705.41(B) | Corrected | N/A |

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WINDHAM

PORTAGE 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 11/29/2022

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