



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF WEST LIBERTY
LOGAN COUNTY
DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

Village of West Liberty
Logan County
P.O. Box 187
West Liberty, Ohio 43357

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified, Qualified, and Adverse Opinions

We have audited the financial statements of the Village of West Liberty, Logan County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 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 the General fund and proprietary fund type as of and for the years ended December 31, 2022 and 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.

Additional Opinion Qualification on Regulatory Basis of Accounting

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 the Special Revenue and Permanent Funds as of and for the years ended December 31, 2022 and 2021, and the related notes of the Village of West Liberty, Logan 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, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years 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 Additional Opinion Qualification

The Village reported the Cemetery Endowment Funds activity and fund cash balance of \$29,482 and \$29,717 at December 31, 2022 and 2021, respectively, in the Permanent Fund, which represents 100 percent of the activity and fund cash balance of the Permanent Fund, without maintaining the trust agreements to support this fund classification. We were unable to obtain sufficient appropriate audit evidence to support the reporting of the activity and fund cash balance as Permanent Fund Cemetery Endowment Funds. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. These amounts also represent 6 percent and 7 percent of the Special Revenue Fund cash balance for 2022 and 2021, respectively.

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

As described in Note 1 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2023, 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.



Keith Faber
Auditor of State
Columbus, Ohio

September 20, 2023

Village of West Liberty, Ohio*Logan County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2022*

	General	Special Revenue	Permanent	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$261,607	\$9,024		\$270,631
Municipal Income Tax	499,825			499,825
Intergovernmental	108,244	240,820		349,064
Charges for Services	111,653	48,193		159,846
Fines, Licenses and Permits	9,429			9,429
Earnings on Investments	5,062	313		5,375
Miscellaneous	43,274	85,556		128,830
<i>Total Cash Receipts</i>	<u>1,039,094</u>	<u>383,906</u>	<u>\$0</u>	<u>1,423,000</u>
Cash Disbursements				
Current:				
Security of Persons and Property	451,340	95,001		546,341
Public Health Services		105,635	359	105,994
Leisure Time Activities	80,028			80,028
Community Environment	29,761			29,761
Transportation	46,676	114,269		160,945
General Government	233,709			233,709
Capital Outlay		32,467		32,467
Debt Service:				
Principal Retirement	19,820			19,820
Interest and Fiscal Charges	7,586			7,586
<i>Total Cash Disbursements</i>	<u>868,920</u>	<u>347,372</u>	<u>359</u>	<u>1,216,651</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>170,174</u>	<u>36,534</u>	<u>(359)</u>	<u>206,349</u>
Other Financing Receipts (Disbursements)				
Transfers In		156	124	280
Transfers Out	(1,507)			(1,507)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,507)</u>	<u>156</u>	<u>124</u>	<u>(1,227)</u>
<i>Net Change in Fund Cash Balances</i>	168,667	36,690	(235)	205,122
<i>Fund Cash Balances, January 1</i>	<u>1,037,547</u>	<u>428,161</u>	<u>29,717</u>	<u>1,495,425</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,206,214</u>	<u>\$464,851</u>	<u>\$29,482</u>	<u>\$1,700,547</u>

See accompanying notes to the basic financial statements

Village of West Liberty, Ohio
Logan County
Combined Statement of Receipts, Disbursements
and Change in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$1,052,804
Miscellaneous	21,622
<i>Total Operating Cash Receipts</i>	<u>1,074,426</u>
Operating Cash Disbursements	
Personal Services	218,990
Employee Fringe Benefits	149,346
Contractual Services	242,448
Supplies and Materials	81,931
Other	2,979
<i>Total Operating Cash Disbursements</i>	<u>695,694</u>
<i>Operating Income (Loss)</i>	<u>378,732</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(53,797)
Principal Retirement	(66,531)
Interest and Other Fiscal Charges	(41,173)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(161,501)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	217,231
Transfers In	1,227
<i>Net Change in Fund Cash Balances</i>	218,458
<i>Fund Cash Balances, January 1</i>	<u>1,460,529</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,678,987</u>

See accompanying notes to the basic financial statements

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of West Liberty (the Village), Logan 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, garbage rubbish pick-up, park operations, fire and police services, and cemetery operations. The Village appropriates General fund money to support a volunteer fire department and receipts the money received from the department contracts with other governmental entities into the General fund as well.

The Village participates in the following jointly governed organization. Note 10 to the financial statements provides additional information for this entity.

Jointly Governed Organization:
Macochee Joint Ambulance District

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 change in fund balance (regulatory cash basis) for proprietary fund type 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.

Brown Expendable Fund This trust fund receives money from rent of land given to the Village. Revenue generated is used to maintain specified lot in Fairview Cemetery and for the maintenance of this cemetery.

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

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 This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of tombstones of the deceased.

The Village has Cemetery Endowment Funds; however, trust agreements were not available to support the permanent fund classification.

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

Water Fund This fund receives charges for services from residents to cover water service costs.

Sewer Fund This fund receives charges for services from residents to cover sewer service costs.

Garbage/Rubbish Collection Fund This fund receives charges for the provisions of garbage and recycling 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. Appropriations lapse at year end.

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

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (Continued)

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2022 budgetary activity appears in Note 3.

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 West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (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 11.

Leases

The Village is the lessor/lessee in various leases (as defined by GASB 87) related to land and buildings under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$969,700	\$1,039,094	\$69,394
Special Revenue	355,250	384,062	28,812
Permanent	400	124	(276)
Enterprise	1,009,500	1,075,653	66,153
Total	\$2,334,850	\$2,498,933	\$164,083

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,282,659	\$870,427	\$412,232
Special Revenue	437,967	347,372	90,595
Permanent	1,000	359	641
Enterprise	1,098,750	857,195	241,555
Total	\$2,820,376	\$2,075,353	\$745,023

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 and investments. A summary of the Village's deposit and investment accounts are as follows:

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Deposits (Continued)

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$2,940,282
Certificates of deposit	<u>439,252</u>
Total carrying amount of deposits held in the Pool	<u><u>3,379,534</u></u>

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, 2022, the Village is holding \$17,834 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.

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1 percent with a 0.5 percent credit 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. This income tax started in July 2013.

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

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

Several 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, 2022.

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 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits (Continued)

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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2003 OPWC CM10F	\$ 74,807	0.00%
2008 OPWC CT28L	48,574	1.00%
2011 OPWC CT52N	38,669	0.00%
2017 People's Savings & Loan - Police Station	207,471	3.50%
2016 OWDA Loan 7164	1,269,218	3.15%
2019 OWDA Loan 8850	153,336	0.00%
Total	<u>\$ 1,792,075</u>	

The Ohio Public Works Commission (OPWC) loan CM10F relates to a sanitary sewer rehabilitation project. The loan was issued in 2003 at a 0% interest rate. The OPWC approved a \$598,500 loan to the Village for this project. Semi-annual installments of \$14,962 are required over a twenty year period.

The Ohio Public Works Commission (OPWC) loan CT28L relates to a headworks improvement project for the waste water treatment plant. The \$114,540 loan was approved in 2008 with a 1% interest rate; however, the Village did not draw on the loan until 2009. Semi-annual installments of \$3,167 are required over a twenty year period.

The Ohio Public Works Commission (OPWC) loan CT52N relates to the Columbus Street project, phase I. The Issue II monies loan portion was approved in 2011 in the amount of \$59,492 at 0% interest. Semi-annual installments of \$991 are required over a thirty year period.

The People's Savings and Loan Company loaned the Village \$300,000 for the purchase of property located at 111 Runkle Street for a police department and for renovations. The loan was issued in 2017 at 3.5% interest rate and is paid monthly in the amount of \$2,201 until maturity in 2032.

The Ohio Water Development Authority (OWDA) loaned the village \$1,463,473 for the construction of a Water Treatment Plant. The loan (7164) was issued in 2016 at a 3.15% interest rate for 30 years and will be paid semi-annually in the amount of \$37,883 starting July 2017.

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt (Continued)

The Ohio Water Development Authority (OWDA) loaned the village \$164,267 for the construction of waterline extensions. The loan (8850) was issued in 2020 at a 0% interest rate for 30 years and will be paid semi-annually in the amount of \$3,644 starting December 2021.

Amortization

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

Year Ending December 31:	CM10F	CT28L	CT52N
2023	\$ 29,924	\$ 6,334	\$ 1,982
2024	29,924	6,334	1,982
2025	14,959	6,334	1,982
2026		6,334	1,982
2027		6,334	1,982
2028-2032		19,002	9,910
2033-2037			9,910
2038-2041			8,939
Total	<u>\$ 74,807</u>	<u>\$ 50,672</u>	<u>\$ 38,669</u>

Year Ending December 31:	Police Station	OWDA 7164	OWDA 8850
2023	\$ 26,412	\$ 75,766	\$ 7,288
2024	26,412	75,766	7,288
2025	26,412	75,766	7,288
2026	26,412	75,766	7,288
2027	26,412	75,766	7,288
2028-2032	105,739	378,830	36,440
2033-2037		378,830	36,440
2038-2041		378,830	36,440
2043-2046		303,035	7,576
Total	<u>\$ 237,799</u>	<u>\$ 1,818,355</u>	<u>\$ 153,336</u>

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Jointly Governed Organizations

A four member Board of Trustees governs the Macochee Joint Ambulance District (the District). Each political subdivision within the District appoints one member. Those subdivisions are Village of West Liberty, Monroe Township, Liberty Township, and Union Township. The District provides emergency services within the District and by contract to areas outside the District. Property taxes assessed to Village residents are allocated to the District.

The Village leases property to the District, which serves as the District squad house and headquarters. The District pays \$1 in rent and is obligated for utilities, real estate taxes/assessments, maintenance, improvement, repairs, and insurance.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the unexpendable corpus of the permanent funds. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Permanent</u>
Nonspendable:	
Corpus	\$ 24,252

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 12 – 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 13 - Subsequent Events

The Village was awarded a grant, in the amount of \$249,999, and a loan, in the amount of \$250,000, from the Ohio Public Works Commission for the West Columbus Street Reconstruction Phase II project.

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Village of West Liberty, Ohio

Logan 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	Permanent	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$255,506	\$9,027		\$264,533
Municipal Income Tax	454,297			454,297
Intergovernmental	98,959	316,282		415,241
Charges for Services	104,115	55,354		159,469
Fines, Licenses and Permits	7,572			7,572
Earnings on Investments	4,484	538		5,022
Miscellaneous	17,064	83,738		100,802
<i>Total Cash Receipts</i>	<u>941,997</u>	<u>464,939</u>	<u>\$0</u>	<u>1,406,936</u>
Cash Disbursements				
Current:				
Security of Persons and Property	474,324	21,277		495,601
Public Health Services		108,221	306	108,527
Leisure Time Activities	61,195			61,195
Community Environment	10,430			10,430
Transportation	10,913	128,614		139,527
General Government	207,239			207,239
Capital Outlay		99,141		99,141
Debt Service:				
Principal Retirement	19,687			19,687
Interest and Fiscal Charges	8,711			8,711
<i>Total Cash Disbursements</i>	<u>792,499</u>	<u>357,253</u>	<u>306</u>	<u>1,150,058</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>149,498</u>	<u>107,686</u>	<u>(306)</u>	<u>256,878</u>
Other Financing Receipts (Disbursements)				
Transfers In		156	218	374
Transfers Out	(1,622)			(1,622)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,622)</u>	<u>156</u>	<u>218</u>	<u>(1,248)</u>
<i>Net Change in Fund Cash Balances</i>	147,876	107,842	(88)	255,630
<i>Fund Cash Balances, January 1</i>	<u>889,671</u>	<u>320,319</u>	<u>29,805</u>	<u>1,239,795</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,037,547</u>	<u>\$428,161</u>	<u>\$29,717</u>	<u>\$1,495,425</u>

See accompanying notes to the basic financial statements

Village of West Liberty, Ohio
Logan County
Combined Statement of Receipts, Disbursements
and Change in Fund Balance (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$1,017,273
Miscellaneous	12,141
<i>Total Operating Cash Receipts</i>	<u>1,029,414</u>
Operating Cash Disbursements	
Personal Services	216,886
Employee Fringe Benefits	163,376
Contractual Services	227,922
Supplies and Materials	68,376
Other	2,455
<i>Total Operating Cash Disbursements</i>	<u>679,015</u>
<i>Operating Income (Loss)</i>	<u>350,399</u>
Non-Operating Receipts (Disbursements)	
Capital Outlay	(50,627)
Principal Retirement	(93,435)
Interest and Other Fiscal Charges	(43,049)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(187,111)</u>
<i>Income (Loss) before Transfers</i>	163,288
Transfers In	1,248
<i>Net Change in Fund Cash Balances</i>	164,536
<i>Fund Cash Balances, January 1</i>	<u>1,295,993</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,460,529</u></u>

See accompanying notes to the basic financial statements

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of West Liberty (the Village), Logan 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, garbage rubbish pick-up, park operations, fire and police services, and cemetery operations. The Village appropriates General fund money to support a volunteer fire department and receipts the money received from the department contracts with other governmental entities into the General fund as well.

The Village participates in the following jointly governed organization. Note 10 to the financial statements provides additional information for this entity.

Jointly Governed Organization:
Macochee Joint Ambulance District

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 change in fund balance (regulatory cash basis) for proprietary fund type 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.

Brown Expendable Fund This trust fund receives money from rent of land given to the Village. Revenue generated is used to maintain specified lot in Fairview Cemetery and for the maintenance of this cemetery.

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

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 This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of tombstones of the deceased.

The Village has Cemetery Endowment Funds; however, trust agreements were not available to support the permanent fund classification.

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

Water Fund This fund receives charges for services from residents to cover water service costs.

Sewer Fund This fund receives charges for services from residents to cover sewer service costs.

Garbage/Rubbish Collection Fund This fund receives charges for the provisions of garbage and recycling 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. Appropriations lapse at year end.

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

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2021 budgetary activity appears in Note 3.

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 West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (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 11.

Leases

The Village is the lessor/lessee in various leases (as defined by GASB 87) related to land and buildings under noncancelable leases. Lease revenue/disbursements are recognized when they are received/paid.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$891,600	\$941,997	\$50,397
Special Revenue	345,374	465,095	119,721
Permanent	400	218	(182)
Enterprise	949,300	1,030,662	81,362
Total	<u>\$2,186,674</u>	<u>\$2,437,972</u>	<u>\$251,298</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,063,100	\$794,121	\$268,979
Special Revenue	486,851	357,253	129,598
Permanent	1,000	306	694
Enterprise	1,022,370	866,126	156,244
Total	<u>\$2,573,321</u>	<u>\$2,017,806</u>	<u>\$555,515</u>

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 and investments. A summary of the Village's deposit and investment accounts are as follows:

	<u>2021</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$2,566,702
Certificates of deposit	<u>389,252</u>
Total carrying amount of deposits held in the Pool	<u><u>2,955,954</u></u>

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, 2022, the Village is holding \$16,810 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.

Note 5 – Taxes

Property Taxes

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

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

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

Income Taxes

The Village levies a municipal income tax of 1 percent with a 0.5 percent credit 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. This income tax started in July 2013.

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

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2021.

Social Security

Several 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.

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended 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.

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, 2021, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2003 OPWC CM10F	\$ 89,769	0.00%
2008 OPWC CT28L	51,483	1.00%
2011 OPWC CT52N	39,661	0.00%
2016 People's Savings & Loan - Garbage Truck	6,493	3.25%
2017 People's Saving & Loan - Police Station	226,300	3.50%
2016 OWDA Loan 7164	1,304,176	3.15%
2019 OWDA Loan 8850	160,623	0.00%
Total	<u>\$ 1,878,505</u>	

The Ohio Public Works Commission (OPWC) loan CM10F relates to a sanitary sewer rehabilitation project. The loan was issued in 2003 at a 0% interest rate. The OPWC approved a \$598,500 loan to the Village for this project. Semi-annual installments of \$14,962 are required over a twenty year period.

The Ohio Public Works Commission (OPWC) loan CT28L relates to a headworks improvement project for the waste water treatment plant. The \$114,540 loan was approved in 2008 with a 1% interest rate; however, the Village did not draw on the loan until 2009. Semi-annual installments of \$3,167 are required over a twenty year period.

The Ohio Public Works Commission (OPWC) loan CT52N relates to the Columbus Street project, phase I. The Issue II monies loan portion was approved in 2011 in the amount of \$59,492 at 0% interest. Semi-annual installments of \$991 are required over a thirty year period.

The People's Savings and Loan Company loaned the Village \$300,000 for the purchase of property located at 111 Runkle Street for a police department and for renovations. The loan was issued in 2017 at 3.5% interest rate and is paid monthly in the amount of \$2,201 until maturity in 2032.

The Ohio Water Development Authority (OWDA) loaned the village \$1,463,473 for the construction of a Water Treatment Plant. The loan (7164) was issued in 2016 at a 3.15% interest rate for 30 years and will be paid semi-annually in the amount of \$37,883 starting July 2017.

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – Debt (Continued)

The Ohio Water Development Authority (OWDA) loaned the village \$164,267 for the construction of waterline extensions. The loan (8850) was issued in 2020 at a 0% interest rate for 30 years and will be paid semi-annually in the amount of \$3,644 starting December 2021.

Amortization

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

Year Ending December 31:	CM10F	CT28L	CT52N	Garbage Truck
2022	\$ 29,924	\$ 6,334	\$ 1,982	\$ 6,549
2023	29,924	6,334	1,982	
2024	29,921	6,334	1,982	
2025		6,334	1,982	
2026		6,334	1,982	
2027-2031		22,169	9,910	
2032-2036			9,910	
2037-2041			9,931	
Total	<u>\$ 89,769</u>	<u>\$ 53,839</u>	<u>\$ 39,661</u>	<u>\$ 6,549</u>

Year Ending December 31:	Police Station	OWDA 7164	OWDA 8850
2022	\$ 26,412	\$ 75,766	\$ 7,288
2023	26,412	75,766	7,288
2024	26,412	75,766	7,288
2025	26,412	75,766	7,288
2026	26,412	75,766	7,288
2027-2031	132,154	378,830	36,440
2032-2036		378,830	36,440
2037-2041		378,830	36,440
2042-2046		378,801	14,863
Total	<u>\$ 264,214</u>	<u>\$ 1,894,121</u>	<u>\$ 160,623</u>

Note 10 – Jointly Governed Organizations

A four member Board of Trustees governs the Macochee Joint Ambulance District (the District). Each political subdivision within the District appoints one member. Those subdivisions are Village of West Liberty, Monroe Township, Liberty Township, and Union Township. The District provides emergency services within the District and by contract to areas outside the District. Property taxes assessed to Village residents are allocated to the District.

The Village leases property to the District, which serves as the District squad house and headquarters. The District pays \$1 in rent and is obligated for utilities, real estate taxes/assessments, maintenance, improvement, repairs, and insurance.

Village of West Liberty, Ohio
Logan County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the unexpendable corpus of the permanent funds. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>Permanent</u>
Nonspendable:	
Corpus	\$ 24,252

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 12 – 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.

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OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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(800) 282-0370

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

Village of West Liberty
Logan County
P.O. Box 187
West Liberty, Ohio 43357

To the Village Council:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements of the Village of West Liberty, Logan County, (the Village) and have issued our report thereon dated September 20, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We issued a qualified opinion on the Permanent and Special Revenue Funds due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as Permanent Fund Cemetery Endowment Funds.

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 purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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 2022-001 and 2022-002 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 2022-001.

Village's Response to Findings

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

September 20, 2023

**VILLAGE OF WEST LIBERTY
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Noncompliance and Material Weakness – Financial Reporting

Ohio Rev. Code § 733.28 provides, in part, that the village clerk shall keep the books of the Village and exhibit accurate statements of all moneys received and expended, of all the property owned by the village and the income derived therefrom, and of all taxes and assessments.

Ohio Admin. Code § 117-2-02(A), states, in part, that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements. Ohio Admin. Code § 117-2-02(B) further states that the management of each local public office is responsible for the assertions underlying the information in the public office's financial statements.

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

The Village, through the Village Clerk-Treasurer, incorrectly posted debt expenditures in 2022 and 2021. This resulted in an increase in Enterprise Interest and Other Fiscal Charges and a decrease in Enterprise Principal Retirement in the amount of \$20,267 and \$20,810, respectively.

The Village, through the Village Clerk-Treasurer, also posted the activity for the American Rescue Plan Act incorrectly which resulted in reducing Miscellaneous revenues and Security of Persons and Property expenditures by \$95,001 in the General fund in 2022.

Special Revenue sales tax monies spent on behalf of the Village by Logan County were not included on the financial statements as Intergovernmental revenues and Capital Outlay expenditures in the amounts of \$32,467 and \$90,182, in 2022 and 2021, respectively.

Finally, the Village, through the Village Clerk, misclassified expenditures during 2022 and 2021 which resulted in the following reclassifications to the financial statements:

- 2022 General Fund
 - Increased Leisure Time Activities by \$41,673
 - Increased Security of Persons and Property by \$3,908
 - Increased General Government by \$19,565
 - Increased Transportation by \$15,475
 - Decreased Other Financing Uses by \$80,621
- 2022 Special Revenue
 - Increased Security of Persons and Property by \$95,001
 - Decreased Other Financing Uses by \$95,001
- 2021 General Fund
 - Increased General Government by \$24,273
 - Increased Security of Persons and Property by \$3,099
 - Increased Leisure Time Activities by \$33,213
 - Increased Community Environment by \$4,031
 - Decreased Other Financing Uses by \$64,616

**FINDING NUMBER 2022-001
(Continued)**

- 2021 Special Revenue
 - Increase Security of Persons and Property by \$21,277
 - Decrease Other Financing Uses by \$21,277

In addition to the reclassifications listed above, we have also identified additional misstatements relating to the Village's financials ranging from \$66 to \$12,000, which have been brought to the Village's attention. Financial statement errors resulted from misunderstanding of transactions and activities by the Village Clerk-Treasurer.

The failure to correctly classify financial activity in the accounting records and financial statements may impact the user's understanding of the financial operations, the Village's ability to make sound financial decisions or comply with budgetary law, and/or result in materially misstated reports. The Village should have procedures in place to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Officials' Response:

I will try to get transactions in the correct funds in the future.

FINDING NUMBER 2022-002

Material Weakness – Trust Agreements

The Village presented Cemetery Endowment Funds as Permanent Funds but did not maintain original trust agreements to support the fund / account classification for financial reporting. Due to the lack of documentation, we were unable to obtain sufficient audit evidence to support the activity and fund cash balances should be reported in the permanent fund.

The Endowment Funds represented 100% of the Permanent Funds activity and fund balances, with fund cash balances of \$29,482 and \$29,717 on December 31, 2022 and 2021, respectively. Without the original trust agreements, it is not possible to determine whether the Cemetery Endowment Funds should be presented as Permanent Funds, Private Purpose Trust Funds, or Custodial Funds. In addition, the lack of trust agreements may be an indication these funds would result in being classified as Special Revenue Funds. The inability to determine if this activity and fund balances were properly reported resulted in a modified opinion on the Village's financial statements.

The Village should consult with their Legal Counsel for legal advice about how to proceed with the money in this fund. For any new trust funds received, the Village should retain copies of the documentation establishing these trust funds to identify the original principal and purpose of each Trust. In addition, the Village would be able to identify whether or not the principal must be maintained in perpetuity and whether or not the trust is to benefit the entity or other organizations, governments, or individuals. Furthermore, the Village should review Governmental Accounting Standards Board (GASB) 1300 (GASB 54 codification), Auditor of State Bulletin 2011-004, and Auditor of State Bulletin 2020-003 (GASB 84 bulletin) for fund classification guidance.

Officials' Response:

We have a new cemetery board and they may have a different view on hiring an attorney to proceed with these funds.

Village of West Liberty
 201 N Detroit St.
 PO Box 187
 West Liberty, Ohio 43357



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2022 AND 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	Noncompliance and Material Weakness: Financial Reporting	Not Corrected	Steps are being taken by Finance Committee and Clerk to correct this financial reporting. Repeated as Finding 2022-001
2020-002	Material Weakness: Trust Agreements	Not Corrected	The former cemetery board thought it wasn't feasible to hire an attorney to correct this finding. However, we have a new board and it will be brought to their attention. Repeated as Finding 2022-002

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WEST LIBERTY

LOGAN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/10/2023

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
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