



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY  
DECEMBER 31, 2020 AND 2019**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types- For the Year Ended December 31, 2020 .....	5
Combined Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) - Proprietary Fund Type- For the Year Ended December 31, 2020 .....	6
Notes to the Financial Statements - For the Year Ended December 31, 2020 .....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types- For the Year Ended December 31, 2019 .....	17
Combined Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) - Proprietary Fund Type- For the Year Ended December 31, 2019 .....	18
Notes to the Financial Statements - For the Year Ended December 31, 2019 .....	19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	27
Schedule of Findings .....	29
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	33

**This page intentionally left blank.**



One First National Plaza  
130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

## 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 Financial Statements***

We have audited the accompanying 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, 2020 and December 31, 2019, and related notes of the Village of West Liberty, Logan County, Ohio (the Village).

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Summary of Opinions**

Opinion Unit	Type of Opinion
General Fund	Unmodified
Special Revenue Fund	Qualified
Permanent Fund	Adverse
Enterprise Fund	Unmodified

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position or cash flows thereof for the years then ended.

**Basis for Adverse Opinion on the Permanent Fund and Qualified Opinion on the Special Revenue Fund**

The Village reported the Cemetery Endowment Funds activity and fund cash balance of \$29,805 and \$29,693 at December 31, 2020 and 2019, 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 9 percent and 12 percent of the Special Revenue Fund cash balance for 2020 and 2019, respectively.

**Adverse Opinion**

In our opinion, because of the significance of the matter described in the *Basis for Adverse Opinion on the Permanent Fund and Qualified Opinion on the Special Revenue Fund* paragraph, the financial statements referred to above do not present fairly the cash balances, receipts and disbursements of the Permanent Fund of the Village, as of December 31, 2020 and 2019.

***Qualified Opinion***

In our opinion, except for the possible effects of the matter described in the *Basis for Adverse Opinion on the Permanent Fund and Qualified Opinion on the Special Revenue Fund* paragraph, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the Special Revenue Fund, and related notes of the Village of West Liberty, Logan County as of December 31, 2020 and 2019, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements of the General and Enterprise Funds, and related notes of the Village of West Liberty, Logan County as of December 31, 2020 and 2019, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 18, 2021

**This page intentionally left blank.**

**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, 2020*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$248,279	\$8,563		\$256,842
Municipal Income Tax	442,224			442,224
Intergovernmental	133,920	395,573		529,493
Charges for Services	120,470	33,158		153,628
Fines, Licenses and Permits	2,644			2,644
Earnings on Investments	7,096	242		7,338
Miscellaneous	63,937	109,266		173,203
<i>Total Cash Receipts</i>	<u>1,018,570</u>	<u>546,802</u>		<u>1,565,372</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	537,133			537,133
Public Health Services		317,710	\$287	317,997
Leisure Time Activities	34,458	42,495		76,953
Community Environment	5,058			5,058
Transportation	9,256	88,428		97,684
General Government	171,779			171,779
Capital Outlay	187,395	46,613		234,008
Debt Service:				
Principal Retirement	28,424			28,424
Interest and Fiscal Charges	9,393			9,393
<i>Total Cash Disbursements</i>	<u>982,896</u>	<u>495,246</u>	<u>287</u>	<u>1,478,429</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>35,674</u>	<u>51,556</u>	<u>(287)</u>	<u>86,943</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		15,301	399	15,700
Transfers Out	(18,102)			(18,102)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(18,102)</u>	<u>15,301</u>	<u>399</u>	<u>(2,402)</u>
<i>Net Change in Fund Cash Balances</i>	<u>17,572</u>	<u>66,857</u>	<u>112</u>	<u>84,541</u>
<i>Fund Cash Balances, January 1</i>	<u>872,099</u>	<u>253,462</u>	<u>29,693</u>	<u>1,155,254</u>
<i>Fund Cash Balances, December 31</i>	<u>\$889,671</u>	<u>\$320,319</u>	<u>\$29,805</u>	<u>\$1,239,795</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, 2020*

---



---

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$973,382
Miscellaneous	<u>22,986</u>
<i>Total Operating Cash Receipts</i>	<u>996,368</u>
<b>Operating Cash Disbursements</b>	
Personal Services	210,367
Employee Fringe Benefits	123,670
Contractual Services	220,938
Supplies and Materials	72,596
Other	<u>3,686</u>
<i>Total Operating Cash Disbursements</i>	<u>631,257</u>
<i>Operating Income</i>	<u>365,111</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Loans Issued	164,267
Capital Outlay	(292,661)
Principal Retirement	(60,553)
Interest and Other Fiscal Charges	<u>(43,751)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(232,698)</u>
<i>Income (Loss) before Transfers</i>	132,413
Transfers In	2,402
<i>Net Change in Fund Cash Balance</i>	134,815
<i>Fund Cash Balance, January 1</i>	<u>1,161,178</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$1,295,993</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, 2020*

---

---

### **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 fire 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 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, 2020*

---

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

**Coronavirus Relief Fund** This fund receives money passed through the County to cover expenses allowable by the CARES Act funding.

**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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

***Budgetary Process***

The Ohio Revised Code requires that each fund 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.

**Village of West Liberty, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

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

**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.

**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 2020 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, 2020*

---

**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 12.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$926,000	\$1,018,570	\$92,570
Special Revenue	485,800	562,103	76,303
Enterprise	1,085,267	1,163,037	77,770
Permanent	250	399	149
<b>Total</b>	<b><u>\$2,497,317</u></b>	<b><u>\$2,744,109</u></b>	<b><u>\$246,792</u></b>

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,224,955	\$1,000,998	\$223,957
Special Revenue	549,705	495,246	54,459
Enterprise	1,341,317	1,028,222	313,095
Permanent	500	287	213
<b>Total</b>	<b><u>\$3,116,477</u></b>	<b><u>\$2,524,753</u></b>	<b><u>\$591,724</u></b>

**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 accounts are as follows:

	2020
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$2,146,536
Certificates of deposit	389,252
Total carrying amount of deposits held in the Pool	<u><u>\$2,535,788</u></u>

**Village of West Liberty, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 4 – Deposits (Continued)**

*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.

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.

**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.

**Village of West Liberty, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

---

**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, 2020.

***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 contribute 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

***Social Security***

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, 2020.

**Note 8 – Postemployment Benefits**

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

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

**Village of West Liberty, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 9 – Debt**

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

	Principal	Interest Rate
2003 OPWC CM10F	\$119,691	0.00%
2008 OPWC CT28L	57,260	1.00%
2011 OPWC CT52N	41,645	0.00%
2016 People's Savings & Loan - Garbage Truck	26,761	3.25%
2017 People's Savings & Loan - Police Station	244,004	3.50%
2016 OWDA Loan 7164	1,338,057	3.15%
2019 OWDA Loan 8850	164,267	0.00%
<b>Total</b>	<b><u>\$1,991,685</u></b>	

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 \$130,115 for a 2016 Freightliner Chasses garbage truck with rear loader, paying the dealer directly. The loan was issued in 2016 at a 3.25% interest rate and is paid monthly in the amount of \$1,735 until maturity in 2023.

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 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.

The Ohio Water Development Authority (OWDA) loaned the village \$164,267 in 2020 for the construction of waterline extensions. The project is not yet completed and the loan is still open to draw more funds from.

***Amortization***

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

**Village of West Liberty, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

---

**Note 9 – Debt (Continued)**

Year ending December 31:	CT28L	CM10F	CT52N
2021	\$6,334	\$29,924	\$1,982
2022	6,334	29,924	1,982
2023	6,334	29,924	1,982
2024	6,334	29,919	1,982
2025	6,334		1,982
2026-2030	28,503		9,910
2031-2035			9,910
2036-2040			9,910
2041			2,005
<b>Total</b>	<b>\$60,173</b>	<b>\$119,691</b>	<b>\$41,645</b>

Year ending December 31:	Garbage Truck	OWDA 7164	Police Station
2021	\$20,820	\$75,766	\$26,412
2022	6,488	75,766	26,412
2023		75,766	26,412
2024		75,766	26,412
2025		75,766	26,412
2026-2030		378,830	114,487
2031-2035		378,830	
2036-2040		378,830	
2041-2045		378,830	
2046		75,737	
<b>Total</b>	<b>\$27,308</b>	<b>\$1,969,887</b>	<b>\$246,547</b>

**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, 2020*

---

---

**Note 11 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may 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.

**Note 12 – 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 13 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Note 14 – 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.

**This page intentionally left blank.**

**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, 2019*

	General	Special Revenue	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$249,068	\$8,080		\$257,148
Municipal Income Tax	451,132			451,132
Intergovernmental	86,921	211,659		298,580
Charges for Services	101,972	30,687		132,659
Fines, Licenses and Permits	1,731			1,731
Earnings on Investments	6,308	146		6,454
Miscellaneous	34,772	84,875		119,647
<i>Total Cash Receipts</i>	<u>931,904</u>	<u>335,447</u>		<u>1,267,351</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	405,749	14,996		420,745
Public Health Services		104,069	\$315	104,384
Leisure Time Activities	13,732			13,732
Community Environment	3,981			3,981
Transportation	44,639	107,962		152,601
General Government	216,637			216,637
Capital Outlay	80,915	105,138		186,053
Debt Service:				
Principal Retirement	37,755			37,755
Interest and Fiscal Charges	11,463			11,463
<i>Total Cash Disbursements</i>	<u>814,871</u>	<u>332,165</u>	<u>315</u>	<u>1,147,351</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>117,033</u>	<u>3,282</u>	<u>(315)</u>	<u>120,000</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		30,227	275	30,502
Transfers Out	<u>(32,511)</u>			<u>(32,511)</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(32,511)</u>	<u>30,227</u>	<u>275</u>	<u>(2,009)</u>
<i>Net Change in Fund Cash Balances</i>	<u>84,522</u>	<u>33,509</u>	<u>(40)</u>	<u>117,991</u>
<i>Fund Cash Balances, January 1</i>	<u>787,577</u>	<u>219,953</u>	<u>29,733</u>	<u>1,037,263</u>
<b>Fund Cash Balances, December 31</b>				
Nonspendable			24,252	24,252
Restricted		253,462	5,441	258,903
Assigned	258,440			258,440
Unassigned	613,659			613,659
<i>Fund Cash Balances, December 31</i>	<u>\$872,099</u>	<u>\$253,462</u>	<u>\$29,693</u>	<u>\$1,155,254</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, 2019*

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$945,526
Miscellaneous	<u>6,426</u>
<i>Total Operating Cash Receipts</i>	<u>951,952</u>
<b>Operating Cash Disbursements</b>	
Personal Services	196,813
Employee Fringe Benefits	125,282
Contractual Services	251,266
Supplies and Materials	69,656
Other	<u>3,867</u>
<i>Total Operating Cash Disbursements</i>	<u>646,884</u>
<i>Operating Income</i>	<u>305,068</u>
<b>Non-Operating (Disbursements)</b>	
Capital Outlay	(76,831)
Principal Retirement	(99,287)
Interest and Other Fiscal Charges	<u>(44,446)</u>
<i>Total Non-Operating (Disbursements)</i>	<u>(220,564)</u>
<i>Income before Transfers</i>	84,504
Transfers In	<u>2,009</u>
<i>Net Change in Fund Cash Balance</i>	86,513
<i>Fund Cash Balance, January 1</i>	<u>1,074,665</u>
<i>Fund Cash Balance, December 31</i>	<u>\$1,161,178</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, 2019*

---

### **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 fire 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 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, 2019*

---

**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 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**Budgetary Process**

The Ohio Revised Code requires that each fund 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, 2019*

---

**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 2019 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.

**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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**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, 2019*

---

**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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019, follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$950,050	\$931,904	(\$18,146)
Special Revenue	234,221	365,674	131,453
Enterprise	902,350	953,961	51,611
Permanent	100	275	175
<b>Total</b>	<b>\$2,086,721</b>	<b>\$2,251,814</b>	<b>\$165,093</b>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,101,100	\$847,382	\$253,718
Special Revenue	416,526	332,165	84,361
Enterprise	1,047,450	867,448	180,002
Permanent	500	315	185
<b>Total</b>	<b>\$2,565,576</b>	<b>\$2,047,310</b>	<b>\$518,266</b>

**Note 4 – Deposits**

The Village maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2019
Demand deposits	\$1,937,180
Certificates of deposit	379,252
<b>Total deposits</b>	<b>\$2,316,432</b>

**Deposits**

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

**Village of West Liberty, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

---

## **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.

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.

## **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, 2019.

**Village of West Liberty, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

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

***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 contribute 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, 2019.

***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, 2019.

**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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. 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, 2019, was as follows:

	Principal	Interest Rate
2003 OPWC CM10F	\$134,654	0%
2008 OPWC CT28L	60,124	1.00%
2011 OPWC CT52N	42,636	0%
2016 People's Savings & Loan - Garbage Truck	46,390	3.25%
2017 People's Savings & Loan - Police Station	261,695	3.50%
2016 OWDA Loan 7164	1,370,896	3.15%
<b>Total</b>	<b><u>\$1,916,395</u></b>	

**Village of West Liberty, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 9 – Debt (Continued)**

The People's Savings and Loan Company loaned the Village \$100,075 to paint and repair the elevated water tank. This loan was issued during 2011 at a 5% interest rate and is paid monthly in the amount of \$1,068 for ten years. This was paid off during fiscal year 2019 and is not in the table above.

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 \$130,115 for a 2016 Freightliner Chasses garbage truck with rear loader, paying the dealer directly. The loan was issued in 2016 at a 3.25% interest rate and is paid monthly in the amount of \$1,735 until maturity in 2023.

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 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.

***Amortization***

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

Year ending	CT28L	CM10F	CT52N
December 31:			
2020	\$6,334	\$29,924	\$1,982
2021	6,334	29,924	1,982
2022	6,334	29,924	1,982
2023	6,334	29,924	1,982
2024	6,334	14,958	1,982
2025-2029	31,670		9,910
2030-2034			9,910
2035-2039			9,910
2040-2041			2,996
Total	<u>\$63,340</u>	<u>\$134,654</u>	<u>\$42,636</u>

**Village of West Liberty, Ohio**  
*Logan County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

---

**Note 9 – Debt (Continued)**

Year ending December 31:	Garbage Truck	OWDA 7164	Police Station
2020	\$20,820	\$75,766	\$26,412
2021	20,820	75,766	26,412
2022	6,488	75,766	26,412
2023		75,766	26,412
2024		75,766	26,412
2025-2029		378,830	132,060
2030-2034		378,830	8,839
2035-2039		378,830	
2040-2044		378,830	
2045-2046		151,503	
Total	<u>\$48,128</u>	<u>\$2,045,653</u>	<u>\$272,959</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.

**Note 11 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may 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.



One First National Plaza  
130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

**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 auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the year ended December 31, 2020 and 2019, and related notes of the Village of West Liberty, Logan County, (the Village) and have issued our report thereon dated August 18, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We issued an adverse opinion on the Permanent Fund and qualified opinion on the Special Revenue Fund due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as Permanent Fund Cemetery Endowment Funds. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2020-001 and 2020-002 to be material weaknesses.

Village of West Liberty  
Logan County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

***Compliance and Other Matters***

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

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

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

August 18, 2021

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2020 AND 2019**

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

**FINDING NUMBER 2020-001**

**Noncompliance and Material Weakness – Financial Reporting**

**Ohio Rev. Code § 733.28** provides, in part, that the Village Clerk/ Clerk-Treasurer shall keep the books of the Village and “exhibit accurate statements of all moneys received and expended, of all the property owned by the [V]illage and the income derived therefrom, and of all taxes and assessments.” **Ohio Admin. Code § 117-2-02(A)**, states, in part, that “[a]ll 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 Rev. Code § 5705.10(D)** provides, in part, that all revenue derived from a source other than the general property tax, and which the law prescribes shall be used for a particular purpose, is to be paid into a special fund for such purpose.

**Ohio Rev. Code § 5735.27(A)** provides, in part, that villages are to receive tax monies from the State treasury, derived from the gasoline excise tax, to be “used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to pay the costs apportioned to the municipal corporation under section 4907.47 of the Revised Code; to purchase, erect, and maintain traffic lights and signals; to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or acquiring or making other highway improvements for which the municipal corporation may issue bonds; and to supplement revenue already available for these purposes.” This money should be receipted into the Street Construction, Maintenance, and Repair Fund (also referred to statutorily as the “gas excise tax fund”). Ohio Rev. Code §§ 5735.051; 5735.27.

**Ohio Rev. Code § 5735.28** states “[w]herever a municipal corporation is on the line of the state highway system as designated by the director of transportation as an extension or continuance of the state highway system, seven and one-half per cent of the amount paid to any municipal corporation pursuant to sections 4501.04 and 5735.27 of the Revised Code shall be used by it only to construct, reconstruct, repave, widen, maintain, and repair such highways, to purchase, erect, and maintain traffic lights and signals, and to erect and maintain street and traffic signs and markers on such highways, or to pay principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for such purposes.” The financial activity should be receipted to the State Highway Fund (also referred to statutorily as the “highway operating fund”). Ohio Rev. Code §§ 5735.051; 5735.27; 5735.28.

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 incorrectly applied the above guidance for the following postings:

- In 2019, the Village posted the entire amount of two motor vehicle license receipts to the General Fund (\$1,924); however, 92.5% (\$1,780) should have been posted to the Street Construction, Maintenance, and Repair Fund and 7.5% (\$144) should have been posted to the State Highway Fund.

**FINDING NUMBER 2020-001**  
**(Continued)**

- In 2019, the Village posted the entire amount of an IRP compensation receipt to the General Fund (\$237); however, 92.5% (\$219) should have been posted to the Street Construction, Maintenance, and Repair Fund and 7.5% (\$18) should have been posted to the State Highway Fund.
- In 2019, the Village should have posted a local government receipt to the General Fund (\$5,085); however, \$4,704 was posted to the Street Construction, Maintenance, and Repair Fund and \$381 was posted to the State Highway Fund.
- In 2019, the Village incorrectly posted \$2,934 in gasoline excise tax receipts to the State Highway Fund that should have been posted to the Street Construction, Maintenance, and Repair Fund.

These errors were adjusted on the financial statements and accounting records.

Additionally, in 2020, the Village misposted some debt payments from incorrect funds which resulted in a decrease of the General Fund by \$4,502, increase in the Garbage/Rubbish Collection Fund by \$565, and increase in the Water Operating/Pumping Fund by \$3,937. These errors were adjusted on the financial statements and accounting records.

The Village also misclassified the following transactions, which have been adjusted on the statements:

- General fund subsequent year appropriations in excess of estimated receipts in the amount of \$258,440 for 2019 was classified as unassigned instead of assigned.
- Special Revenue fund Splash Pad monies for 2019 were posted as Intergovernmental Revenue instead of Miscellaneous Revenue (\$21,000).
- Special Revenue fund certificate of deposit balance of \$25,000 was classified as nonspendable rather than restricted fund balance in 2019.
- Garbage bag sales were classified as Miscellaneous instead of Charges for Services in the amount of \$48,705 in 2019 in the Enterprise fund.
- Expenditures made on behalf of Village by the Ohio Water Development Agency (\$164,267) in 2020 were posted as Interest and other Fiscal Charges and should have been posted to Capital Outlay in the Enterprise Fund.
- In 2020, grant monies were classified as Special Assessments instead of Intergovernmental Revenue in the General fund (\$40,514).
- Special Revenue fund 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 \$46,613 and \$105,138, in 2020 and 2019, respectively.

Finally, the Village misclassified expenditures during 2020 and 2019 which resulted in the following reclassifications to the financial statements:

- 2019 General Fund
  - Increased Capital Outlay by \$80,915
  - Increased General Government by \$12,915
  - Increased Transportation by \$10,175
  - Increased Leisure Time Activities by \$4,000
  - Decreased Other Financing Uses by \$108,005
- 2019 Special Revenue
  - Increase Security of Persons and Property by \$14,996
  - Decrease Other Financing Uses by \$14,996
- 2020 General Fund
  - Increased Leisure Time Activities by \$13,960
  - Increased Capital Outlay by \$187,395
  - Increased General Government by \$5,415
  - Decreased Other Financing Uses by \$206,770

**FINDING NUMBER 2020-001**  
**(Continued)**

- 2020 Special Revenue
  - Increased Public Health Services by \$220,416
  - Increased Leisure Time Activities by \$42,495
  - Decreased Other Financing Uses by \$262,911

In addition to the adjustments and reclassifications listed above, we have also identified additional misstatements ranging from \$141 to \$164,267, which have been brought to the Village's attention. Financial statement errors resulted from misunderstanding of transactions and activities.

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:**

The Village plans to start utilizing remit lookup to accurately post adjustments.

**FINDING NUMBER 2020-002**

**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 \$29,805 and \$29,693 at December 31, 2020 and 2019, respectively. Without the original trust agreements, it is not possible to determine whether the Cemetery Endowment Funds should be presented as Permanent Funds (benefit to the Village) or Private Purpose Trust Funds (benefit to other organizations, governments, or individuals). 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 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.

**Official's Response:**

The Board feels it is too costly and not feasible to look into this and change.

**This page intentionally left blank.**

# **VILLAGE OF WEST LIBERTY**

**201 N. DETROIT ST. P.O. Box 187**

**WEST LIBERTY, OHIO 43357**

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2020 AND 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Noncompliance and Material Weakness: Financial Reporting	Not Corrected	I try to put monies in the correct funds and will continue to try.  Repeated as Finding 2020-001
2018-002	Material Weakness: Documentation for Permanent Funds	Not Corrected	CD's are an issue – I hope the HB changes how we take care of these.  Repeated as Finding 2020-002

# 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 9/16/2021

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)