



**VILLAGE OF WINDHAM  
PORTAGE COUNTY  
REGULAR AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2020**

313 Second St.  
Marietta, OH 45750  
740 373 0056

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

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

1310 Market St., #300  
Wheeling, WV 26003  
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KEITH FABER



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Members of Council  
Village of Windham  
9083 North Main Street  
Windham, OH 44288

We have reviewed the *Independent Auditor's Report* of the Village of Windham, Portage County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Windham is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 16, 2021

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PORTAGE COUNTY  
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## INDEPENDENT AUDITOR'S REPORT

August 13, 2021

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

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 year ended December 31, 2020, and related notes of the Village of Windham, Portage 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.

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

As described in Note 2 of the financial statements, the 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 *Opinion on Regulatory Basis of Accounting* paragraph below.

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

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

***Opinion on Regulatory Basis of Accounting***

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

***Emphasis of Matters***

As discussed in Note 15, the Village restated beginning fund balance of the General and Fiduciary Funds at January 1, 2020 to correct improper fund classification. As discussed in Note 16, during 2020, the Village adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinions regarding these matters.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 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.



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



**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 63,053	\$ -	\$ 63,053
Municipal Income Tax	452,566	-	452,566
Intergovernmental	77,450	420,401	497,851
Special Assessments	12,152	-	12,152
Charges for Services	16,500	27,819	44,319
Fines, Licenses and Permits	50,232	335	50,567
Earnings on Investments	5,552	383	5,935
Miscellaneous	103,052	1,000	104,052
<i>Total Cash Receipts</i>	<u>780,557</u>	<u>449,938</u>	<u>1,230,495</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	413,203	35,869	449,072
Leisure Time Activities	4,024	-	4,024
Community Environment	-	11,518	11,518
Basic Utility Services	6,939	13,277	20,216
Transportation	26,387	70,106	96,493
General Government	189,870	128,977	318,847
Capital Outlay	45,043	214,687	259,730
Debt Service:			
Principal Retirement	38,577	3,393	41,970
Interest and Fiscal Charges	6,634	251	6,885
<i>Total Cash Disbursements</i>	<u>730,677</u>	<u>478,078</u>	<u>1,208,755</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>49,880</u>	<u>(28,140)</u>	<u>21,740</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	45,043	78,114	123,157
Sale of Capital Assets	73,374	-	73,374
<i>Total Other Financing Receipts (Disbursements)</i>	<u>118,417</u>	<u>78,114</u>	<u>196,531</u>
<i>Net Change in Fund Cash Balances</i>	168,297	49,974	218,271
<i>Fund Cash Balances, January 1 (Restated - See Note 15)</i>	<u>345,658</u>	<u>159,504</u>	<u>505,162</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 513,955</u>	<u>\$ 209,478</u>	<u>\$ 723,433</u>

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

**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

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

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 965,700
<i>Total Operating Cash Receipts</i>	965,700
<b>Operating Cash Disbursements</b>	
Personal Services	309,367
Employee Fringe Benefits	82,780
Contractual Services	220,612
Supplies and Materials	255,802
Other	7,152
<i>Total Operating Cash Disbursements</i>	875,713
<i>Operating Income (Loss)</i>	89,987
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	4,345
Earnings on Investments (proprietary funds only)	558
Other Debt Proceeds	1,099
Miscellaneous Receipts	210
Capital Outlay	(6,699)
Principal Retirement	(102,697)
Interest and Other Fiscal Charges	(55,386)
<i>Total Non-Operating Receipts (Disbursements)</i>	(158,570)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(68,583)
Transfers In	102,568
Transfers Out	(102,568)
<i>Net Change in Fund Cash Balances</i>	(68,583)
<i>Fund Cash Balances, January 1</i>	1,051,346
<i>Fund Cash Balances, December 31</i>	\$ 982,763

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

**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**Note 1 – Reporting Entity**

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

***Jointly Governed Organization and Public Entity Risk Pool***

The Village participates in a jointly governed organization and a public entity risk pool. Notes 12 and 7 to the financial statements provide additional information for these entities. These organizations are:

**Jointly Governed Organization:**

The Village participates in one jointly governed organization. Note 12 to the financial statements provide additional information about this entity. The Village is a member of the WVFD Joint Fire District, which provides for fire protection and EMS services to Village residents.

**Public Entity Risk Pool:**

The Village belongs to the Public Entities Pool of Ohio (PEP) an unincorporated, non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Member"). Note 7 to the financial statements provide additional information about this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

***Fund Accounting (Continued)***

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

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

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

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

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2020 budgetary activity appears in Note 4.

VILLAGE OF WINDHAM  
PORTAGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)

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

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

***Committed*** Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

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

***Fund Balance (Continued)***

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Fund by \$204,491 for the year ended December 31, 2020.

**Note 4 – Budgetary Activity**

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

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 703,804	\$ 898,974	\$ 195,170
Special Revenue	294,410	528,052	233,642
Enterprise	1,057,600	1,074,480	16,880
Total	\$ 2,055,814	\$ 2,501,506	\$ 445,692

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 804,649	\$ 730,835	\$ 73,814
Special Revenue	289,546	478,078	(188,532)
Enterprise	1,179,185	1,143,588	35,597
Total	\$ 2,273,380	\$ 2,352,501	\$ (79,121)

**Note 5 – Deposits**

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

Demand deposits	\$ 540,681
Other time deposits (savings and NOW accounts)	1,165,515
Total deposits	\$ 1,706,196

**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**Note 5 – Deposits (Continued)**

***Deposits***

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

**Note 6 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

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

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

**Note 7 – Risk Management**

***Risk Pool Membership***

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

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

**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**Note 7 – Risk Management (Continued)**

***Risk Pool Membership (Continued)***

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

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

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

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

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.5% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

***Social Security***

Some of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

**Note 9 – Postemployment Benefits**

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



**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**Note 10 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Mortgage Revenue Bonds	\$ 936,300	4.25 - 5.75%
OPWC CG32P	17,500	0.00%
OPWC CG24S	6,161	0.00%
OPWC CG40R	127,500	0.00%
OPWC CG42V	121,980	0.00%
OPWC CG37W	74,208	0.00%
Cortland Bank - Building	198,958	2.75%
OWDA #7474	45,866	2.51%
OWDA #7606	450,511	0.98%
OWDA #8160	1,870	0.00%
Kansas State Bank - Excavator	14,190	3.82%
Kansas State Bank - Interceptor	21,736	7.25%
Total	<u>\$ 2,016,780</u>	

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

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

As required by the mortgage revenue bond covenants, the Village has established and funded two debt service reserve funds, included within the enterprise fund as the water debt service reserve fund and sewer debt service reserve. The balance in these funds at December 31, 2020 was \$64,044 and \$37,701 respectively.

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

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

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

**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**Note 10 – Debt (Continued)**

The OWDA loan #7474 is for additional engineering for the Water Plant Improvements – Phase 1. This loan was issued in 2017 for \$50,800. This loan will be repaid in semi-annual installments of \$1,270 for 5 years, with the last payment being a balloon payment of \$46,114 at 2.51% interest. There is no amortization schedule available for this loan as of the date of this report. This debt is paid out of the Water Operating Fund.

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

The OWDA loan #8160 is for waste water system improvements. During 2019, \$12,407 was disbursed for the waste water system improvements. This loan is being repaid in semi-annual installments of \$1,524. There is no amortization schedule available for this loan as of the date of this report. This debt is paid out of the Sewer Operating Fund. The prior audit outstanding balance was incorrectly stated as \$4,414. The correct amount outstanding at December 31, 2019 was \$6,900.

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

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

**Leases**

The Village leases vehicles under non-cancelable leases. The Village disbursed \$34,240 to pay lease costs for the year ended December 31, 2020.

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

Year ending December 31:	Mortgage USDA Bonds	OPWC Loans	Cortland Bank Loan	OWDA Loan	Kansas State Bank Leases
2021	\$ 99,128	\$ 20,800	\$ 21,504	\$ 13,681	\$ 34,239
2022	98,698	41,599	21,504	27,362	3,644
2023	99,133	41,599	21,504	27,362	-
2024	99,374	41,599	21,504	27,362	-
2025	98,521	36,599	21,504	27,362	-
2026-2030	308,763	165,153	107,520	136,809	-
2031-2035	184,876	-	-	136,809	-
2036-2040	184,913	-	-	95,767	-
2041-2045	184,846	-	-	-	-
2046-2050	73,854	-	-	-	-
Total	<u>\$ 1,432,106</u>	<u>\$ 347,349</u>	<u>\$ 215,040</u>	<u>\$ 492,514</u>	<u>\$ 37,883</u>

**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**Note 11 – 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 12 – Jointly Governed Organization**

***WVFD Joint Fire District (the District)***

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

**Note 13 – Transfers**

During 2020, the following transfers were made:

	Transfers In	Transfers Out
Water Operating	\$ -	\$ (64,168)
Sewer Operating	-	(38,400)
Water Debt	64,168	-
Sewer Debt	38,400	-
<b>Total</b>	<b>\$ 102,568</b>	<b>\$ (102,568)</b>

2020 transfers were made from the Water Operating and Sewer Operating Funds to pay debt service payments. These transfers were deemed allowable and in compliance with the Ohio Revised Code.

**Note 14 – Fund Balances**

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Nonspendable:			
Unclaimed Monies	\$ 536	\$ -	\$ 536
Corpus	-	-	-
Outstanding Encumbrances	158	-	158
<b>Total</b>	<b>\$ 694</b>	<b>\$ -</b>	<b>\$ 694</b>

**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(CONTINUED)**

**Note 14 – Fund Balances (Continued)**

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 15 – Restatement of Prior Period Fund Balances**

Beginning fund balances at January 1, 2020 were restated for the Village’s General and Fiduciary Funds to account for the Village’s unclaimed monies, as follows:

	General Fund	Fiduciary Fund
Ending Fund Balance, December 31, 2019	\$ 345,079	\$ 536
Voided Check	43	-
Restatement Amount	536	(536)
Beginning Fund Balance, January 1, 2020	\$ 345,658	\$ -

**Note 16 – Change in Accounting Principles**

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis) -- All Fiduciary Fund Types, and removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types.

**Note 17 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 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, any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$20,000 was sub-granted to other governments and local businesses. This amount is reflected as general government disbursements in the Coronavirus Relief Special Revenue Fund in the accompanying financial statements.



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740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
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749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

August 13, 2021

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States 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 related notes of the **Village of Windham**, Portage County, (the Village) and have issued our report thereon dated August 13, 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 also noted that the Village restated beginning fund balances in the General and Fiduciary Funds at January 1, 2020. We also noted that the Village adopted a change in accounting principle and removed the fund balance classification from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

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

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.

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***Internal Control Over Financial Reporting (Continued)***

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

***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 statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2020-002.

***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.



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

VILLAGE OF WINDHAM  
PORTAGE COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

FINDING NUMBER 2020-001

**Material Weakness**

**Financial Reporting**

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

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

- Rollback receipts were misclassified as Property and Other Local Taxes in the General Fund;
- Receipts for Special Assessments were misclassified as Property and Other Local Taxes in the General Fund;
- A receipt for the sale of land was misclassified as Miscellaneous instead of Sale of Capital Assets in the General Fund;
- OPWC grant proceeds, debt proceeds and the corresponding capital outlay disbursements were not recorded in the Street Fund;
- Gas excise and auto license receipts were not properly allocated in the Street and State Highway Funds;
- A capital lease payment for the 2020 Ford Interceptor was misclassified as Security of Persons and Property instead of Principal Retirement in the General Fund;
- Capital lease payments were misclassified as Capital Outlay instead of Principal Retirement and Interest and Other Fiscal Charges in the Street Fund;
- Debt proceeds for the 2020 Ford Interceptor were not recorded in the General Fund;
- A debt payment to OWDA was recorded entirely as Principal Retirement and did not properly classify the portion of the payment that was for Interest and Other Fiscal Charges in the Sewer Fund;
- On-behalf loan activity from OWDA was not recorded to the Village's accounting records in the Water and Sewer Funds; and
- The Unclaimed Monies Fund was incorrectly classified as a Custodial Fund instead of being included in the General Fund.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several adjustments and reclassifications. The Village has made the adjustments to their accounting system. The financial statements reflect all adjustments and reclassifications.

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

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

**Management's Response** – Officials did not provide a response to this finding.

VILLAGE OF WINDHAM  
PORTAGE COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020

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

FINDING NUMBER 2020-002

**Noncompliance**

**Expenditures Exceeding Appropriations**

**Ohio Revised Code, § 5705.41(B)**, provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

We noted that expenditures exceeded appropriations in the Street Fund.

The budgeting process is an essential monitoring control that, when properly used, reduces the possibility of the Village encountering deficit spending.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Management's Response** – Officials did not provide a response to this finding.



**VILLAGE OF WINDHAM  
PORTAGE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting	Not Corrected	Repeated as Finding 2020-001
2019-002	Ohio Revised Code 5705.41(B)	Not Corrected	Repeated as Finding 2020-002

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF WINDHAM**

**PORTAGE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/28/2021**

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)