



**VILLAGE OF NEVADA
WYANDOT COUNTY
DECEMBER 31, 2021 AND 2020**

TABLE OF CONTENTS

TITLE	PAGE
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, 2021	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2021	6
Notes to the Financial Statements For the Year Ended December 31, 2021	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2020	15
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) Proprietary Fund Type For the Year Ended December 31, 2020	16
Notes to the Financial Statements For the Year Ended December 31, 2020	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Schedule of Findings.....	27
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	29

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INDEPENDENT AUDITOR'S REPORT

Village of Nevada
Wyandot County
P.O. Box 430
Nevada, Ohio 44849-0430

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Nevada, Wyandot County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

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

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

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

Emphasis of Matter

As discussed in Note 13 to the 2021 and 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2022, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 7, 2022

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Village of Nevada
Wyandot County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$48,277	\$4,934		\$53,211
Intergovernmental	18,658	101,184		119,842
Fines, Licenses and Permits	452			452
Earnings on Investments	63	17		80
Miscellaneous	2,071	21		2,092
<i>Total Cash Receipts</i>	<u>69,521</u>	<u>106,156</u>		<u>175,677</u>
Cash Disbursements				
Current:				
Security of Persons and Property	11,330			11,330
Public Health Services	2,807			2,807
Leisure Time Activities	1,571			1,571
Community Environment	646			646
Transportation		57,102		57,102
General Government	26,029			26,029
Capital Outlay	239	16,542	\$2,518	19,299
Debt Service:				
Principal Retirement	648	11,014		11,662
Interest and Fiscal Charges	103	1,759		1,862
<i>Total Cash Disbursements</i>	<u>43,373</u>	<u>86,417</u>	<u>2,518</u>	<u>132,308</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>26,148</u>	<u>19,739</u>	<u>(2,518)</u>	<u>43,369</u>
Other Financing Receipts				
Sale of Capital Assets			\$2,518	2,518
<i>Net Change in Fund Cash Balances</i>	26,148	19,739		45,887
<i>Fund Cash Balances, January 1</i>	<u>13,803</u>	<u>180,257</u>		<u>194,060</u>
<i>Fund Cash Balances, December 31</i>	<u>\$39,951</u>	<u>\$199,996</u>		<u>\$239,947</u>

See accompanying notes to the financial statements.

Village of Nevada
Wyandot County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$360,090
Operating Cash Disbursements	
Personal Services	16,388
Employee Fringe Benefits	2,413
Contractual Services	125,798
Supplies and Materials	97,196
<i>Total Operating Cash Disbursements</i>	241,795
<i>Operating Income</i>	118,295
Non-Operating Receipts (Disbursements)	
Special Assessments	3,121
Earnings on Investments	28
Miscellaneous Receipts	87
Capital Outlay	(45,514)
Principal Retirement	(39,195)
Interest and Other Fiscal Charges	(29,636)
<i>Total Non-Operating Receipts (Disbursements)</i>	(111,109)
<i>Income before Transfers</i>	7,186
Transfers In	58,680
Transfers Out	(58,680)
<i>Net Change in Fund Cash Balances</i>	7,186
<i>Fund Cash Balances, January 1</i>	433,367
<i>Fund Cash Balances, December 31</i>	\$440,553

See accompanying notes to the financial statements.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Nevada, Wyandot County, Ohio (the Village), 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 and park operations. The Village contracts with the Wyandot County Sheriff's department to provide security of persons and property. Wyandot East Fire District provides fire protection and rescue services.

Jointly Governed Organization and Public Entity Risk Pool

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

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 the proprietary fund type which are all organized on a fund type basis.

Fund Accounting

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

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

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

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.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Permanent Improvement Fund The Permanent Improvement fund accounts for and reports proceeds of the sale of capital assets and expenditures for capital outlays.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 The Water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Water Debt Retirement Fund The Water Debt Retirement fund accounts for the transfers from the water operating fund for the debt payments relating to the Village's Ohio Public Works Commission waterline loan.

Sewer Debt Retirement Fund The Sewer Debt Retirement fund accounts for the transfers from the sewer operating fund for the debt payments relating to the Village's Sewer System Revenue Mortgage Bonds.

Sewer Debt Reserve Fund The Sewer Debt Reserve fund accounts for the transfers from the sewer operating fund to comply with the debt covenants relating to the Village's Sewer System Revenue Mortgage Bonds.

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 Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

A summary of 2021 budgetary activity appears in Note 4.

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.

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*.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Compliance

Contrary to Ohio law, the Village failed to record receipts in the proper funds as required by Ohio Rev. Code § 5705.10.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – Budgetary Activity

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

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,596	\$69,521	\$19,925
Special Revenue	63,300	106,156	42,856
Capital Projects	2,518	2,518	
Enterprise	409,160	422,006	12,846
Total	\$524,574	\$600,201	\$75,627

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,330	\$43,373	\$19,957
Special Revenue	241,117	86,417	154,700
Capital Projects	2,518	2,518	
Enterprise	827,028	414,820	412,208
Total	\$1,133,993	\$547,128	\$586,865

Note 5 – 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:

	2021
Demand deposits	\$680,500

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

Deposits

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

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 6 – Property Taxes

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

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

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

Note 7 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u><u>\$6,740,056</u></u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

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

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021.

Note 10 – Debt

Debt outstanding at December 31, 2021 was as follows:

	Principal	Interest Rate
Sewer System First Mortgage Revenue Bonds	\$625,000	4.5%
Ohio Public Works Commission #CP311	23,975	0.0%
Ohio Public Works Commission #CT590	23,319	0.0%
Ford Motor Credit Company Truck Lease	21,110	6.7%
Total	\$693,404	

During 1995, a Sewer System First Mortgage Revenue Bond related to the construction of the Village sewer system and waste water treatment plant was issued. The original amount of the bond was \$1,050,000 and will be repaid in annual installments over 40 years. The final payment will be due May 1, 2036. The bonds are secured by an Indenture of Mortgage on the properties of the utility. The Village has set utility rates sufficient to cover the revenue bond requirements.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

As required by the Sewer System Bond covenant, the Village has established and funded a sewer debt service fund, included as a debt service fund. The balance in the fund at December 31, 2021 is \$41,719. In addition, during March 2007, the Village established the required sewer debt reserve fund. The balance in the reserve fund at December 31, 2021 is \$69,360.

During 2006, the Village entered in to a loan agreement with Ohio Public Works Commission (OPWC #CP31I) for south side storm sewer improvement. The original amount of the loan was \$95,900. The loan will be repaid in semiannual installments of \$2,398 over 20 years. Payments on the outstanding balance began in 2007 and final installment will be due January 1, 2027.

During 2011, the Village entered in to a loan agreement with Ohio Public Works Commission (OPWC #CT590) for the replacement of a waterline. The original amount of the loan was \$34,125. The loan will be repaid in semiannual installments of \$569 over 30 years. Payments on the outstanding balance began in 2012 and final installment will be due January 1, 2042.

During 2019, the Village entered in to a lease agreement with Ford Motor Credit Company for the purchase of a Super Duty 2019 F350 Dump Truck with a plow. The original amount of the lease was \$53,712. The lease will be repaid in semiannual installments of \$7,513 plus interest over four years with a fixed interest rate of 6.7%. Payment on the outstanding balance began in 2019 and final installment will be due April 28, 2023.

Amortization

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

Year Ending December 31:	Mortgage Revenue Bonds	OPWC Loan #CP31I	OPWC Loan #CT590	Ford Motor Credit Truck Lease
2022	\$58,125	\$4,795	\$1,138	\$15,026
2023	57,775	4,795	1,138	7,513
2024	58,380	4,795	1,138	
2025	57,895	4,795	1,138	
2026	58,365	4,795	1,138	
2027-2031	291,175		5,687	
2032-2036	291,550		5,687	
2037-2041			5,687	
2042			568	
Total	\$873,265	\$23,975	\$23,319	\$22,539

Note 11 – Fund Balances

The fund balance of special revenue funds is either restricted or committed.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 12 – Jointly Governed Organization

The Wyandot East Fire District is a jointly governed organization. The Village of Nevada, Antrim Township, Eden Township, and Tod Township each appoint members to sit on the Fire District Board. The Fire District provides fire protection and rescue services within the District and mutual aid to areas outside the District.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 14 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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.

Village of Nevada
Wyandot 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)
Cash Receipts			
Property and Other Local Taxes	\$18,182	\$4,904	\$23,086
Intergovernmental	15,331	58,301	73,632
Fines, Licenses and Permits	81		81
Earnings on Investments	73	56	129
Miscellaneous	2,663	11	2,674
<i>Total Cash Receipts</i>	<u>36,330</u>	<u>63,272</u>	<u>99,602</u>
Cash Disbursements			
Current:			
Security of Persons and Property	10,923		10,923
Public Health Services	2,485		2,485
Community Environment	646		646
Transportation		32,107	32,107
General Government	22,646		22,646
Debt Service:			
Principal Retirement	617	10,481	11,098
Interest and Fiscal Charges	135	2,291	2,426
<i>Total Cash Disbursements</i>	<u>37,452</u>	<u>44,879</u>	<u>82,331</u>
<i>Net Change in Fund Cash Balances</i>	(1,122)	18,393	17,271
<i>Fund Cash Balances, January 1</i>	<u>14,925</u>	<u>161,864</u>	<u>176,789</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$13,803</u></u>	<u><u>\$180,257</u></u>	<u><u>\$194,060</u></u>

See accompanying notes to the financial statements.

Village of Nevada
Wyandot County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Enterprise
Operating Cash Receipts	
Charges for Services	\$298,527
Operating Cash Disbursements	
Personal Services	15,411
Employee Fringe Benefits	2,174
Contractual Services	115,931
Supplies and Materials	36,240
Other	868
<i>Total Operating Cash Disbursements</i>	170,624
<i>Operating Income</i>	127,903
Non-Operating Receipts (Disbursements)	
Earnings on Investments	64
Miscellaneous Receipts	744
Principal Retirement	(29,234)
Interest and Other Fiscal Charges	(30,960)
<i>Total Non-Operating Receipts (Disbursements)</i>	(59,386)
<i>Income before Transfers</i>	68,517
Transfers In	69,180
Transfers Out	(69,180)
<i>Net Change in Fund Cash Balances</i>	68,517
<i>Fund Cash Balances, January 1</i>	364,850
<i>Fund Cash Balances, December 31</i>	\$433,367

See accompanying notes to the financial statements.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Nevada, Wyandot County, Ohio (the Village), 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 and park operations. The Village contracts with the Wyandot County Sheriff's department to provide security of persons and property. Wyandot East Fire District provides fire protection and rescue services.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in a jointly governed organization and a public entity risk pool. Notes 6 and 12 to the financial statements provides additional information for these entities.

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 the proprietary fund type which are all organized on a fund type basis.

Fund Accounting

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

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

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

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.

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 The Water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Water Debt Retirement Fund The Water Debt Retirement fund accounts for the transfers from the water operating fund for the debt payments relating to the Village's Ohio Public Works Commission waterline loan.

Sewer Debt Retirement Fund The Sewer Debt Retirement fund accounts for the transfers from the sewer operating fund for the debt payments relating to the Village's Sewer System Revenue Mortgage Bonds.

Sewer Debt Reserve Fund The Sewer Debt Reserve fund accounts for the transfers from the sewer operating fund to comply with the debt covenants relating to the Village's Sewer System Revenue Mortgage Bonds.

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.

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.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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*.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

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

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$41,700	\$36,330	(\$5,370)
Special Revenue	38,000	63,272	25,272
Enterprise	298,180	368,515	70,335
Total	\$377,880	\$468,117	\$90,237

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,947	\$37,452	\$21,495
Special Revenue	196,545	44,879	151,666
Enterprise	653,122	299,998	353,124
Total	\$908,614	\$382,329	\$526,285

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:

Demand deposits	2020
	\$627,427

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

Deposits

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

Note 5 – 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.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM’s property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Plan’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u><u>\$5,296,707</u></u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

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.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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.

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

OPERS offers 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.

Note 9 – Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Sewer System First Mortgage Revenue Bonds	\$654,000	4.5%
Ohio Public Works Commission #CP31I	31,168	0.0%
Ohio Public Works Commission #CT590	25,025	0.0%
Ford Motor Credit Company Truck Lease	34,067	6.7%
Total	\$744,260	

During 1995, a Sewer System First Mortgage Revenue Bond related to the construction of the Village sewer system and waste water treatment plant was issued. The original amount of the bond was \$1,050,000 and will be repaid in annual installments over 40 years. The final payment will be due May 1, 2036. The bonds are secured by an Indenture of Mortgage on the properties of the utility. The Village has set utility rates sufficient to cover the revenue bond requirements.

As required by the Sewer System Bond covenant, the Village has established and funded a sewer debt service fund, included as a debt service fund. The balance in the fund at December 31, 2020 is \$41,469. In addition, during March 2007, the Village established the required sewer debt reserve fund. The balance in the reserve fund at December 31, 2020 is \$69,360.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2020

During 2006, the Village entered in to a loan agreement with Ohio Public Works Commission (OPWC #CP31I) for south side storm sewer improvement. The original amount of the loan was \$95,900. The loan will be repaid in semiannual installments of \$2,398 over 20 years. Payments on the outstanding balance began in 2007 and final installment will be due January 1, 2027.

During 2011, the Village entered in to a loan agreement with Ohio Public Works Commission (OPWC #CT590) for the replacement of a waterline. The original amount of the loan was \$34,125. The loan will be repaid in semiannual installments of \$569 over 30 years. Payments on the outstanding balance began in 2012 and final installment will be due January 1, 2042.

During 2019, the Village entered in to a lease agreement with Ford Motor Credit Company for the purchase of a Super Duty 2019 F350 Dump Truck with a plow. The original amount of the lease was \$53,712. The lease will be repaid in semiannual installments of \$7,513 plus interest over four years with a fixed interest rate of 6.7%. Payment on the outstanding balance began in 2019 and final installment will be due April 28, 2023.

Amortization

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

Year Ending December 31:	Mortgage Revenue Bonds	OPWC Loan #CP31I	OPWC Loan #CT590	Ford Motor Credit Truck Lease
2021	\$58,430	\$7,193	\$1,706	\$15,026
2022	58,125	4,795	1,138	15,026
2023	57,775	4,795	1,138	7,513
2024	58,380	4,795	1,138	
2025	57,895	4,795	1,138	
2026-2030	290,995	4,795	5,687	
2031-2035	291,575		5,687	
2036-2040	58,520		5,687	
2041-2042			1,706	
Total	\$931,695	\$31,168	\$25,025	\$37,565

Note 10 – Miscellaneous Revenues

The Village has miscellaneous revenues in the General fund totaling \$2,663. These revenues consist primarily of the Wyandot East Fire District yearly rent of a building and park donations.

Note 11 – Fund Balances

The fund balance of special revenue funds is either restricted or committed.

Village of Nevada
Wyandot County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 – Jointly Governed Organization

The Wyandot East Fire District is a jointly governed organization. The Village of Nevada, Antrim Township, Eden Township, and Tod Township each appoint members to sit on the Fire District Board. The Fire District provides fire protection and rescue services within the District and mutual aid to areas outside the District.

Note 13 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Note 14 – Change in Accounting Principle

For 2020, the Village has made changes to its 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.



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

Village of Nevada
Wyandot County
P.O. Box 430
Nevada, Ohio 44849-0430

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type of the Village of Nevada, Wyandot County, Ohio (the Village) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated December 7, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Village.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-002.

Village's Response to Findings

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 7, 2022

VILLAGE OF NEVADA
WYANDOT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001

Material Weakness

Financial Reporting

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.

Errors were noted in the financial statements, resulting in the following audit adjustments:

- Intergovernmental receipts related to rollbacks of \$2,819 in the General fund were improperly accounted for as property and other local taxes in 2020.
- Property and other local taxes related to permissive tax of \$4,933 and \$4,904 in the Permissive Motor Vehicle License Tax Special Revenue fund were improperly accounted for as intergovernmental receipts in 2021 and 2020, respectively.
- Debt principal payments of \$28,000 in the Sewer Debt Retirement fund were improperly accounted for as debt interest payments in 2020.
- Debt interest payments of \$29,430 in the Sewer Debt Retirement fund were improperly accounted for as debt principal payments in 2021.

Errors were also noted in the notes to the financial statements, resulting in the following audit adjustments:

- Actual receipts (budgetary basis) for the Debt Service fund type were decreased by \$58,680 and \$69,330 and the Enterprise fund type were increased by \$58,680 and \$69,182 in 2021 and 2020, respectively, in order to bring the notes to the financial statements in line with the actual receipt amounts.
- Budgeted receipt amounts for the Debt Service fund type were decreased by \$58,680 and \$67,180 and the Enterprise fund type were increased by \$58,680 and \$67,180 in 2021 and 2020, respectively, in order to bring the notes to the financial statements in line with the authorized budget amounts.
- Appropriation authority amounts in the General fund were decreased by \$6,191 in 2021 and increased by \$3,300 in 2020 and Special Revenue fund type were increased by 134,963 and \$6,700 in 2021 and 2020, respectively, in order to bring notes to the financial statements in line with authorized budget amounts.
- Appropriation authority amounts in the Debt Service fund type were decreased by \$182,236 and \$122,180 and Enterprise fund type were increased by \$182,361 and \$201,790 in 2021 and 2020, respectively, in order to bring the notes to the financial statements in line with authorized budget amounts.
- Budgetary expenditures in the Debt Service fund type were decreased by \$60,136 and \$58,690 and Enterprise fund type were increased by \$118,817 and \$127,226 in 2021 and 2020, respectively, in order to bring the notes to the financial statements in line with actual budgetary expenditure amounts.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements and notes to the financial statements have been adjusted to correct these and other errors. Failure to complete accurate financial statements could lead to Council making misinformed decisions. In addition to the adjustments noted above, we also identified additional immaterial misstatements ranging from \$1 to \$6,700 that we have brought to the Village's attention.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes to the financial statements by the Fiscal Officer and Council, to help identify and correct errors and omissions.

Officials' Response:

The Fiscal Officer is working to correct the above errors.

FINDING NUMBER 2021-002

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(F) requires revenue received from the sale of a permanent improvement to be paid into the sinking fund, the bond retirement fund, or a special fund for the construction or acquisition of permanent improvements. **Ohio Rev. Code § 5705.01(E)** defines "permanent improvement" or "improvement" to mean "any property, asset, or improvement with an estimated life or usefulness of five years or more, including land and interests therein, and reconstructions, enlargements, and extensions thereof having an estimated life or usefulness of five years or more."

In 2021, the Village inappropriately recorded \$2,518 from the sale of two tractors in the General fund as Miscellaneous receipts. Given the source of this receipt, this amount and the related budgeted receipts should have been recorded in a Permanent Improvement fund as sale of capital assets. In addition, the Village had corresponding expenditures for purchase of a new mower in 2021 out of the General fund that could have been recorded in a Permanent Improvement fund. Audit adjustments are reflected in the financial statements and notes to the financial statements.

This error occurred due to a lack of policies and procedures over reviewing sale of capital asset receipts for proper fund posting. The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed and posted to the proper funds.

Officials' Response:

The Fiscal Officer is working to correct the above error.

Village of Nevada

100 W. Grant St. P.O. Box 430
Nevada, OH 44849
Ph./Fax (740) 482-2833

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Finding was first reported during the audit of the 2015-2014 financial statements. Noncompliance and material weakness over Ohio Rev. Code § 5705.10(I), due to paying sewer debt from the street construction maintenance and repair fund.	Fully corrected.	
2019-002	Finding was first reported during the audit of the 2009-2008 financial statements. Noncompliance over 26 CFR § 1.6041-1 due to failure to issue forms 1099.	Fully corrected.	
2019-003	Finding was first reported during the audit of the 2015-2014 financial statements. Noncompliance over Sewer System First Mortgage Revenue Bonds Ordinance 1996-08 Section 10.B 4, due to not following debt covenants.	Partially corrected and repeated in the management letter.	These errors were the result of inadequate policies and procedures in following debt covenants. The Fiscal Officer will ensure these are accounted for correctly in the future.
2019-004	Finding was first reported during the audit of the 2011-2010 financial statements. Material weakness due to errors over financial reporting.	Not corrected and repeated in this report as Finding 2021-001.	These errors were the result of inadequate policies and procedures in following debt covenants. The Fiscal Officer will ensure these are accounted for correctly in the future.
2019-005	Noncompliance and material weakness over Ohio Rev. Code § 5705.10(F) due to inappropriately recording sale of permanent improvement.	Not corrected and repeated in this report as Finding 2021-002.	These errors were the result of inadequate policies and procedures over reviewing sale of permanent improvement receipts for proper fund posting. The Fiscal Officer will ensure these are accounted for correctly in the future.
2019-006	Noncompliance and material weakness over Ohio Rev. Code § 5705.09(F), 5705.10(D) and 4504.05(B)(2)(a) due to inappropriately recording permissive motor vehicle registration receipts.	Fully corrected.	

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF NEVADA

WYANDOT 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 12/20/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov