

VILLAGE OF WINCHESTER
ADAMS COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021



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Village Council
Village of Winchester
PO Box 156
Winchester, Ohio 45697

We have reviewed the *Independent Auditor's Report* of the Village of Winchester, Adams County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2021 through December 31, 2022. 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 Winchester is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 16, 2025

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Village of Winchester
Adams County
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Independent Auditor's Report

Village Council
Village of Winchester
Adams County
PO Box 156
Winchester, Ohio 45697

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Winchester, Adams County, Ohio, (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022, and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2022, and 2021, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding 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.

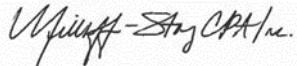
Village of Winchester
Adams County
Independent Auditor's Report
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- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of 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 March 17, 2025, 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.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 17, 2025

Village of Winchester

Adams County

*Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)*

All Governmental Fund Types

For the Year Ended December 31, 2022

	General	Special Revenue	Combined Total
Cash Receipts:			
Property and Other Local Taxes	\$ 90,275	\$ 72,762	\$ 163,037
Intergovernmental	36,300	138,427	174,727
Fines, Licenses and Permits	33,619	2,080	35,699
Earnings on Investments	198	160	358
Miscellaneous	<u>3,719</u>	<u>1,862</u>	<u>5,581</u>
 Total Cash Receipts	 164,111	 215,291	 379,402
 Cash Disbursements:			
Current:			
Security of Persons and Property	54,564	75,801	130,365
Transportation	-	38,735	38,735
General Government	79,377	43,650	123,027
Capital Outlay	33,523	106,644	140,167
Debt Service:			
Principal Retirement	<u>5,079</u>	<u>286</u>	<u>5,365</u>
 Total Cash Disbursements	 172,543	 265,116	 437,659
 Excess of Receipts Over (Under) Disbursements	 (8,432)	 (49,825)	 (58,257)
 Other Financing Receipts:			
Other Debt Proceeds	<u>11,668</u>	<u>12,986</u>	<u>24,654</u>
 Total Other Financing Receipts	 <u>11,668</u>	 <u>12,986</u>	 <u>24,654</u>
 Net Change in Fund Cash Balances	 3,236	 (36,839)	 (33,603)
 Fund Cash Balances, January 1	 179,993	 368,766	 548,759
 Fund Cash Balances, December 31	 <u>\$ 183,229</u>	 <u>\$ 331,927</u>	 <u>\$ 515,156</u>

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

Village of Winchester

Adams County

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)

Proprietary Fund Type

For the Year Ended December 31, 2022

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 386,994
	<hr/>
Total Operating Cash Receipts	386,994
	<hr/>
Operating Cash Disbursements:	
Personal Services	97,323
Employee Fringe Benefits	55,854
Contractual Services	181,804
Supplies and Materials	52,940
	<hr/>
Total Operating Cash Disbursements	387,921
	<hr/>
Operating Loss	(927)
	<hr/>
Non-Operating Cash Receipts (Disbursements):	
Principal Retirement	(19,807)
Capital Outlay	(34,266)
Other Debt Proceeds	14,111
Miscellaneous	6,244
	<hr/>
Total Non-Operating Cash Receipts (Disbursements)	(33,718)
	<hr/>
Net Change in Fund Cash Balances	(34,645)
	<hr/>
Fund Cash Balances, January 1	450,712
	<hr/>
Fund Cash Balances, December 31	\$ 416,067
	<hr/>

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

Village of Winchester

Adams County

Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis)

Fiduciary Fund Type

For the Year Ended December 31, 2022

	Fiduciary Fund Type
	Custodial
	Other Custodial
<hr/>	
Additions:	
Fines, Licenses and Permits for Distribution	\$ 38,253
Total Additions	<hr/> 38,253
<hr/>	
Deductions:	
Distributions to Other Governments	6,822
Distributions to Other Funds (Primary Government)	30,852
Other Distributions	<hr/> 579
Total Deductions	<hr/> 38,253
<hr/>	
Net Change in Fund Balances	-
Fund Cash Balances, January 1	<hr/> 1,350
Fund Cash Balances, December 31	<hr/> \$ 1,350

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

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Winchester (the Village), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, and police services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for 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 and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

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

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

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

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

Police Levy Fund This fund receives property taxes and homestead and rollback money to provide police protection services to the Village.

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

American Rescue Plan Act Fund This fund receives Coronavirus Relief Funding through the Ohio Office of Management and Budget (OMB) as a result of legislation from the Ohio General Assembly and the Ohio Controlling Board allocating federal funding. A provision of the legislation allows funds to be used for investment in water, sewer, band broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.

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

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for mayor's court activity.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) be budgeted annually.

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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 2022 budgetary activity appears in Note 4.

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.

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.

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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

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

Note 3 – Compliance

Contrary to Ohio law, the Village did not properly encumber funds prior to commitment.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$166,093	\$175,779	\$9,686
Special Revenue	145,100	228,277	83,177
Enterprise	341,750	407,349	65,599
Total	\$652,943	\$811,405	\$158,462

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$337,988	\$172,543	\$165,445
Special Revenue	509,692	265,116	244,576
Enterprise	645,972	441,994	203,978
Total	\$1,493,652	\$879,653	\$613,999

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits and Investments

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

	<u>2022</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$767,573
Certificates of deposit	<u>165,000</u>
 Total Deposits	 <u>\$932,573</u>

Deposits

Deposits are insured by the Federal Deposit 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

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 Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 – Risk Management (continued)

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

	<u>2022</u>
Cash and investments	\$ 42,310,794
Actuarial liabilities	\$ 15,724,479

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, 2022.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages.

The Village has paid all contributions required through December 31, 2022.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries.

The Village has paid all contributions required through December 31, 2022.

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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

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

Note 10 – Debt

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

	Principal	Interest Rate
OPWC - CT61F	\$41,875	0.00%
OPWC - CT66W	<u>\$328,467</u>	0.00%
Total	<u>\$370,342</u>	

The Village secured a loan (OPWC #CT61F) for waste water treatment plant improvements in the original amount of \$335,000.00 to Ohio Public Works Commission, 0% interest for 20 years with semi-annual payments in the amount of \$8,375.00.

The Village secured a loan (OPWC #CT66W) for main street improvements in the original amount of \$336,889 to Ohio Public Works Commission, 0% interest for 20 years with semi-annual payments in the amount of \$8,422.

Amortization

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

Year Ending December 31:	OPWC
2023	\$33,594
2024	33,594
2025	25,219
2026	16,844
2027	16,844
2028-2032	84,223
2033-2037	84,223
2038-2042	<u>75,801</u>
	<u><u>\$370,342</u></u>

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – 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.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. At year-end, the Village had no nonspendable fund balances or outstanding encumbrances.

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

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2022, the Village received \$53,110 in COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 15 – Subsequent Events

In 2023, the Ohio Public Works Commission (OPWC) approved funding for the Jee Road Lift Station Replacement project, with estimated costs of \$255,000. This project will be funded by an OPWC loan and grant for up to \$127,500 each.

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$ 86,297	\$ 69,488	\$ 155,785
Intergovernmental	88,019	204,036	292,055
Fines, Licenses and Permits	38,245	2,231	40,476
Earnings on Investments	199	161	360
Miscellaneous	<u>6,548</u>	<u>4,030</u>	<u>10,578</u>
 Total Cash Receipts	 219,308	 279,946	 499,254
 Cash Disbursements:			
Current:			
Security of Persons and Property	67,572	59,288	126,860
Transportation	-	47,780	47,780
General Government	62,909	17,853	80,762
Capital Outlay	<u>158,944</u>	<u>177,199</u>	<u>336,143</u>
 Total Cash Disbursements	 289,425	 302,120	 591,545
 Excess of Receipts Over (Under) Disbursements	 (70,117)	 (22,174)	 (92,291)
 Other Financing Receipts:			
Other Debt Proceeds	<u>79,685</u>	<u>88,686</u>	<u>168,371</u>
 Total Other Financing Receipts	 <u>79,685</u>	 <u>88,686</u>	 <u>168,371</u>
 Net Change in Fund Cash Balances	 9,568	 66,512	 76,080
 Fund Cash Balances, January 1	 170,425	 302,254	 472,679
 Fund Cash Balances, December 31	 <u>\$ 179,993</u>	 <u>\$ 368,766</u>	 <u>\$ 548,759</u>

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

Village of Winchester

Adams County

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)

Proprietary Fund Type

For the Year Ended December 31, 2021

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 381,868
	<hr/>
Total Operating Cash Receipts	381,868
	<hr/>
Operating Cash Disbursements:	
Personal Services	94,673
Employee Fringe Benefits	52,437
Contractual Services	166,554
Supplies and Materials	26,053
	<hr/>
Total Operating Cash Disbursements	339,717
	<hr/>
Operating Income	42,151
	<hr/>
Non-Operating Cash Receipts (Disbursements):	
Intergovernmental	68,984
Principal Retirement	(8,375)
Capital Outlay	(182,627)
Other Debt Proceeds	96,363
Miscellaneous	7,840
	<hr/>
Total Non-Operating Cash Receipts (Disbursements)	(17,815)
	<hr/>
Net Change in Fund Cash Balances	24,336
	<hr/>
Fund Cash Balances, January 1	426,376
	<hr/>
Fund Cash Balances, December 31	\$ 450,712
	<hr/>

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

Village of Winchester
Adams County
Combined Statement of Additions, Deductions and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	Fiduciary Fund Type
	Custodial
	Other Custodial
Additions:	
Fines, Licenses and Permits for Distribution	\$ 44,511
Total Additions	<u>44,511</u>
Deductions:	
Distributions to Other Governments	7,179
Distributions to Other Funds (Primary Government)	37,303
Other Distributions	<u>29</u>
Total Deductions	<u>44,511</u>
Net Change in Fund Balances	-
Fund Cash Balances, January 1	<u>1,350</u>
Fund Cash Balances, December 31	<u>\$ 1,350</u>

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

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The Village of Winchester (the Village), Adams County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, and police services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for 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 and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

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

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

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

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

Police Levy Fund This fund receives property taxes and homestead and rollback money to provide police protection services to the Village.

Coronavirus Relief Fund This fund receives Coronavirus Relief Funding through the Ohio Office of Management and Budget (OMB) as a result of legislation from the Ohio General Assembly and the Ohio Controlling Board allocating federal funding.

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for mayor's court activity.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

The Ohio Revised Code requires that each fund (except certain custodial funds) 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 Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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

A summary of 2021 budgetary activity appears in Note 4.

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.

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.

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 2 – Summary of Significant Accounting Policies (continued)

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 13.

Note 3 – Compliance

Contrary to Ohio law, the Township did not properly encumber funds prior to commitment.

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	\$165,543	\$298,993	\$133,450
Special Revenue	143,440	368,632	225,192
Enterprise	321,750	555,055	233,305
Total	\$630,733	\$1,222,680	\$591,947

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$317,968	\$289,425	\$28,543
Special Revenue	371,344	302,120	69,224
Enterprise	566,630	530,719	35,911
Total	\$1,255,942	\$1,122,264	\$133,678

Note 5 – Deposits and Investments

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

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits and Investments (continued)

	<u>2021</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$835,821
Certificates of deposit	<u>165,000</u>
 Total Deposits	 <u>\$1,000,821</u>

Deposits

Deposits are insured by the Federal Deposit 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

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

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

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 7 – Risk Management (continued)

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

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.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages.

The Village has paid all contributions required through December 31, 2021.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries.

The Village has paid all contributions required through December 31, 2021.

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

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

Note 10 – Debt

Debt outstanding at December 31, 2021, was as follows:

	Principal	Interest Rate
OPWC - CT61F	\$58,625	0.00%
OPWC - CT66W	<u>\$298,124</u>	0.00%
Total	<u>\$356,749</u>	

The Village secured a loan (OPWC #CT61F) for waste water treatment plant improvements in the original amount of \$335,000.00 to Ohio Public Works Commission, 0% interest for 20 years with semi-annual payments in the amount of \$8,375.00.

The Village secured a loan (OPWC #CT66W) for main street improvements in the original amount of \$336,889 to Ohio Public Works Commission, 0% interest for 20 years with semi-annual payments in the amount of \$8,422. As of December 31, 2021, only \$298,124 of the available funds had been disbursed.

Amortization

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

Year Ending December 31:	OPWC- CT61F
2022	\$16,750
2023	16,750
2024	16,750
2025	8,375
2026	0
Total	<u>\$58,625</u>

The final payment on OPWC project CT66W was not disbursed until January 2022. An amortization schedule for the balance above was not available as of December 31, 2021.

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 11 – 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.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. At year-end, the Village had no nonspendable fund balances or outstanding encumbrances.

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

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2021, the Village received \$52,690 in COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 15 – Construction and Contractual Commitments

The Village has the following outstanding construction commitments at December 31, 2021:

<u>Project Name</u>	<u>Funding Source</u>	<u>Remaining Project Commitments</u>	<u>Amount</u>
Main Street Improvements	OPWC CT66W	Fillmore Construction, LLC	\$38,765

Village of Winchester, Ohio
Adams County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 16 – Subsequent Events

In January 2022, an on-behalf payment was made by Ohio Public Works Commission (OPWC) in the amount of \$38,765 for the Main Street Improvement Project. This on-behalf payment was applied to loan CT66W, increasing the principal balance due to OPWC.

In February 2022, the Village contracted with Campton's Cabinetry and Countertops to remodel the Village Hall and police station. The Village had expenditures of \$67,250 in 2022 related to this project.

In 2023, the Ohio Public Works Commission (OPWC) approved funding for the Jee Road Lift Station Replacement project, with estimated costs of \$255,000. This project will be funded by an OPWC loan and grant for up to \$127,500 each.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Village Council
Village of Winchester
Adams County
PO Box 156
Winchester, Ohio 45697

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 (*Government Auditing Standards*), the financial statements of the Village of Winchester, Adams County, Ohio, (the Village) as of and for the years ended December 31, 2022, and 2021, and the related notes to the financial statements and have issued our report thereon dated March 17, 2025, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 and responses as items 2022-001 and 2022-002 that we consider to be material weaknesses.



Village of Winchester

Adams County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

Report on Compliance and Other Matters

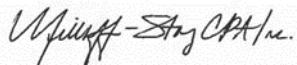
As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2022-003.

Village's Responses to Findings

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

Purpose of this Report

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



Millhuff-Stang, CPA, Inc.
Wheelerburg, Ohio

March 17, 2025

Village of Winchester
Adams County
Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

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

Finding Number 2022-001

Material Weakness – Financial Reporting

A monitoring system by the Village should be in place to prevent or detect misstatements for the accurate presentation of the Village's financial statements. We noted multiple misclassifications and errors during the audit period in our testing of property taxes and intergovernmental revenue, nonpayroll disbursements, and debt payments and loan proceeds. Additionally, adjustments were required to correct beginning and ending balances as well as record activity of the Mayor's Court. Further, changes to the Village's note disclosures were required. These misstatements, misclassifications and disclosure errors and omissions were corrected in the accompanying financial statements and notes.

We recommend that the Village implement additional control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential errors and misclassifications in the financial statements and to ensure proper presentation of note disclosures.

Village Response:

Village officials chose not to include a response.

Finding Number 2022-002

Material Weakness – Budget Information Within Accounting System

Accurate budgetary information within the Village's accounting system is pertinent to ensure that the Village has accurate and complete information for decision-making processes. In both 2021 and 2022, we noted multiple variances in both beginning balances and estimated revenues per the amended certificate of estimated resources compared to the beginning balances and estimated revenues per the accounting system. Further, in 2022, we noted differences in total appropriations per the final amended appropriations measure and the total appropriations per the accounting system. Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the notes to the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Village Response:

Village officials chose not to include a response.

Village of Winchester
Adams County
Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

Finding Number 2022-003

Material Noncompliance – Ohio Revised Code Section 5705.41(D)

Ohio Revised Code Section 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Council can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – The auditor or fiscal officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During our testing, we noted that the fiscal officer failed to certify the availability of funds prior to making the purchase commitment for 100 percent of the items tested in both 2021 and 2022. Of these items tested, we noted \$67,250 in 2021 and \$363 in 2022 that was not encumbered in the proper period. We also noted that the Village utilized blanket certificates in both 2021 and 2022. However, the Village has not established a maximum threshold for which a blanket certificate may be issued.

Village of Winchester
Adams County
Schedule of Findings and Responses
For the Years Ended December 31, 2022 and 2021

Finding Number 2022-003 (continued)

Material Noncompliance – Ohio Revised Code Section 5705.41(D) (continued)

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used. In addition, the Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Council should sign off on each purchase order as approval. Further, we recommend that the Village establish a threshold over blanket certificates as required by the Ohio Revised Code.

Village Response:

Village officials chose not to include a response.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WINCHESTER

ADAMS 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 6/26/2025

65 East State 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