



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF WELLSVILLE
COLUMBIANA COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Wellsville
Columbiana County
1200 Main Street
Wellsville, Ohio 43968

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified, Qualified and Adverse Opinions

We have audited the financial statements of the Village of Wellsville, Columbiana 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, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for the General, Special Revenue, and the Fiduciary Fund type combined total as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Additional Opinion Qualification on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters described in the *Basis for Additional Opinion Qualification* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances and disbursements for the Permanent Fund and the Proprietary Fund as of and for the year ended December 31, 2023 and 2022, and the related notes of the Village of Wellsville, Columbiana County in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matters 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, 2023 and 2022, or the changes in financial position or where applicable, cash flows thereof for the year 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 qualified and adverse audit opinions.

Basis for Additional Opinion Qualifications

The Village's Permanent Fund balances are reported at \$40,105 as of December 31, 2023 and 2022, respectively. We were unable to obtain sufficient appropriate audit evidence supporting the classification of the balances. Without maintaining the trust agreements to support this fund classification, we were unable to determine whether these amounts were bequeathed to hold in perpetuity for an individual or the cemetery overall. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Charges for Services receipts are reported at \$560,949 and \$554,270 for the years ended December 31, 2023 and 2022, respectively, which are 100 percent of Enterprise Funds operating receipts for the years ended December 31, 2023 and 2022. The Village contracted with a service organization to provide sewer billing and collection services. The Village did not provide supporting documentation regarding the design and proper operation of the service organization's internal controls or with certain information regarding sewer billing receipts. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 12 to the financial statements for the years ended December 31, 2023 and 2022, the financial impact of COVID-19 and the continuing emergency measure 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 *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

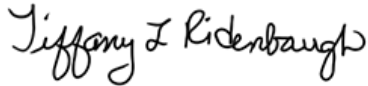
- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 January 7, 2026, 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
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 7, 2026

Village of Wellsville
Columbiana County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2023

| | General | Special Revenue | Capital Projects | Permanent | Totals (Memorandum Only) |
|---|------------------|--------------------|---------------------|-----------------|--------------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$109,131 | \$686,030 | | | \$795,161 |
| Municipal Income Tax | 627,017 | 240,421 | | | 867,438 |
| Intergovernmental | 111,650 | 355,583 | | | 467,233 |
| Charges for Services | 42,240 | 32,041 | | | 74,281 |
| Fines, Licenses and Permits | 62,201 | 4,326 | | | 66,527 |
| Earnings on Investments | 6,384 | 1,332 | | | 7,716 |
| Miscellaneous | 12,767 | 52,692 | | | 65,459 |
| <i>Total Cash Receipts</i> | <u>971,390</u> | <u>1,372,425</u> | | | <u>2,343,815</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 508,058 | 1,000,669 | | | 1,508,727 |
| Public Health Services | | 66,472 | | | 66,472 |
| Leisure Time Activities | 4,251 | 58,005 | | | 62,256 |
| Community Environment | | 14,742 | | | 14,742 |
| Transportation | | 323,818 | | | 323,818 |
| General Government | 503,537 | 94,627 | | | 598,164 |
| Capital Outlay | 36,583 | 81,905 | | | 118,488 |
| Debt Service: | | | | | |
| Principal Retirement | | 110,073 | | | 110,073 |
| Interest and Fiscal Charges | | 27,845 | | | 27,845 |
| <i>Total Cash Disbursements</i> | <u>1,052,429</u> | <u>1,778,156</u> | | | <u>2,830,585</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(81,039)</u> | <u>(405,731)</u> | | | <u>(486,770)</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Advances In | 10,000 | | | | 10,000 |
| Advances Out | | (10,000) | | | (10,000) |
| Other Financing Sources | | 178,828 | | | 178,828 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>10,000</u> | <u>168,828</u> | | | <u>178,828</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(71,039)</u> | <u>(236,903)</u> | | | <u>(307,942)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>788,844</u> | <u>863,493</u> | <u>\$5,465</u> | <u>\$40,105</u> | <u>1,697,907</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$717,805</u> | <u>\$626,590</u> | <u>\$5,465</u> | <u>\$40,105</u> | <u>\$1,389,965</u> |

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2023

| | Proprietary Fund Type |
|---|-------------------------|
| | Enterprise |
| Operating Cash Receipts | |
| Charges for Services | \$560,949 |
| <i>Total Operating Cash Receipts</i> | <u>560,949</u> |
| Operating Cash Disbursements | |
| Personal Services | 44,458 |
| Employee Fringe Benefits | 16,344 |
| Contractual Services | 457,664 |
| Supplies and Materials | 84,618 |
| Other | 722 |
| <i>Total Operating Cash Disbursements</i> | <u>603,806</u> |
| <i>Operating Income (Loss)</i> | <u>(42,857)</u> |
| Non-Operating Receipts (Disbursements) | |
| Property and Other Local Taxes | 3,045 |
| Intergovernmental Receipts | 138,925 |
| Miscellaneous Receipts | 6 |
| Capital Outlay | (5,000) |
| Principal Retirement | (8,309) |
| Interest and Other Fiscal Charges | (17) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>128,650</u> |
| <i>Net Change in Fund Cash Balances</i> | 85,793 |
| <i>Fund Cash Balances, January 1</i> | <u>794,316</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$880,109</u></u> |

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County, Ohio
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2023

| | <u>Fiduciary Fund Type</u> |
|--|----------------------------|
| | <u>Custodial</u> |
| Additions | |
| Fines, Licenses and Permits for Distribution | \$26,510 |
| <i>Total Additions</i> | <u>26,510</u> |
| Deductions | |
| Distributions to Other Governments | 26,263 |
| Other Distributions | <u>6,667</u> |
| <i>Total Deductions</i> | <u>32,930</u> |
| <i>Net Change in Fund Balances</i> | (6,420) |
| <i>Fund Cash Balances, January 1</i> | <u>17,852</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$11,432</u></u> |

See accompanying notes to the basic financial statements

Village of Wellsville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Wellsville (the Village), Columbiana 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 sewer utilities, park operations, fire, and police services. The Village has a property tax levy to support a volunteer fire department.

Public Entity Risk Pools

The Village participates in Public Entities Pool of Ohio (PEP), a risk-sharing pool. Note 6 to the financial statements provide additional information for the risk sharing pool. 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.

Fire Levy Fund The fire levy fund accounts for and reports property taxes restricted for fire protection.

Police Income Tax Levy Fund This income tax levy fund accounts for and reports income tax restricted for police protection.

Village of Wellsville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

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 funds:

Capital Improvement Fund The capital improvement fund accounts for and reports for various capital improvement projects throughout the Village.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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:

Sewer Fund The sewer 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 unclaimed monies and magistrate court activities.

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. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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).

Village of Wellsville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

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, object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2023 budgetary activity appears in Note 3.

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.

Settlement Monies

Ohio has reached settlement agreements with various distributors of opioids which are subject to the OneOhio memorandum of understanding. The original settlement was reached in 2021 with annual payments anticipated through 2038. For 2023, distributions of \$2,292.63 are reflected as miscellaneous revenue in the National Opioids Settlement Special Revenue Fund in the accompanying financial statements

Village of Wellsville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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

Fund Balance

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

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

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

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

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

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

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.

Village of Wellsville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follows:

| 2023 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|--------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$816,393 | \$971,391 | \$154,999 |
| Special Revenue | 1,414,780 | 1,551,251 | 136,471 |
| Enterprise | 703,547 | 702,922 | (625) |
| Total | <u>\$2,934,719</u> | <u>\$3,225,563</u> | <u>\$290,844</u> |

| 2023 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|-------------------------|------------------------|-----------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,097,091 | \$1,081,227 | \$15,864 |
| Special Revenue | 1,842,124 | 1,786,917 | 55,207 |
| Enterprise | 637,343 | 617,533 | 19,810 |
| Total | <u>\$3,576,558</u> | <u>\$3,485,677</u> | <u>\$90,881</u> |

Note 4 – Deposits and Investments

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

| | 2023 |
|--|-------------------------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$2,028,353 |
| Certificates of deposit | 120,409 |
| Other time deposits (savings and NOW accounts) | 132,744 |
| Total deposits | <u>2,281,506</u> |
| Total Deposits and Investments | <u><u>\$2,281,506</u></u> |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Village is holding \$14,190.79 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; and 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 Wellsville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 5 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 6– Risk Management

Risk Pool Membership

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity'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:

2023

| | |
|-----------------------|---------------|
| Cash and investments | \$ 43,996,442 |
| Actuarial liabilities | \$19,743,401 |

Village of Wellsville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

Village's certified Fire Fighters and 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% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Some of the 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, 2023.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OP&F uses a stipend-based health care model. A stipend funded by OP&F is placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves. OP&F contributes 0.5 percent to fund these benefits.

Village of Wellsville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

| | Beginning Balance | Issued | Payments | Ending Balance |
|--|----------------------|------------|--------------------|-------------------|
| KS State Fire Truck | \$873,477 | \$0 | (\$110,071) | \$763,406 |
| Ohio Public Works | \$93,205 | \$0 | (\$5,038) | \$88,167 |
| Ohio Water Development Authority Loan | 3,270 | 0 | (3,270) | 0 |
| Totals | <u>\$969,952</u> | <u>\$0</u> | <u>(\$118,379)</u> | <u>\$851,573</u> |

The Ohio Public Works Commission (OPWC) Loan #CT69M is for the Digester Improvements Project. The loan was approved in the amount of \$151,142, and the Village will repay the loan in semiannual installments of \$2,519 over a period of thirty years.

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,411,000 in loans to the Village for this project. The Village will repay the loans in semi-annual installments of over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan was paid off in 2023.

In 2020, the Village issued general obligation loan in the amount of \$1,052,740. to help the Village purchase a fire truck. The bonds will be paid annually with an interest rate of 3.170%. The Village's taxing authority collateralized the loan.

Amortization

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

Village of Wellsville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 9 – Debt *(continued)*

| Year ending December 31: | OPWC Loans | Fire Truck Loans | |
|-----------------------------|-----------------|------------------|------------------|
| | Principal | Principal | Interest |
| 2024 | \$5,038 | \$61,408 | \$26,509 |
| 2025 | 5,038 | 63,912 | 24,006 |
| 2026 | 5,038 | 66,097 | 21,820 |
| 2027 | 5,038 | 68,357 | 19,560 |
| 2028 | 5,038 | 70,695 | 17,222 |
| 2029-2033 | 25,191 | 391,434 | 48,153 |
| 2034-2038 | 25,191 | 41,504 | 1,419 |
| 2039-2041 | 12,595 | 0 | 0 |
| Total | <u>\$88,167</u> | <u>\$763,408</u> | <u>\$158,690</u> |

Note 10 – 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 11 – Fund Balances

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

| Fund Balances | General | Special Revenue | Enterprise | Capital Projects | Permanent | Total |
|--------------------------|-----------------|--------------------|--------------|---------------------|-----------------|-----------------|
| Nonspendable: | | | | | | |
| Unclaimed Monies | \$ 8,515 | | | | | \$ 8,515 |
| Corpus | | | | | \$ 40,105 | 40,105 |
| Outstanding Encumbrances | 7,019 | \$ 8,763 | \$ 404 | - | - | 16,186 |
| Total | <u>\$15,534</u> | <u>\$8,763</u> | <u>\$404</u> | <u>\$0</u> | <u>\$40,105</u> | <u>\$64,806</u> |

Village of Wellsville, Ohio
Columbiana County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 11 – Fund Balances *(continued)*

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – 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. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Village of Wellsville
Columbiana County, Ohio
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 | Capital Projects | Permanent | Totals (Memorandum Only) |
|---|------------------|--------------------|---------------------|-----------------|--------------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$103,602 | \$534,709 | | | \$638,311 |
| Municipal Income Tax | 576,473 | 218,405 | | | 794,878 |
| Intergovernmental | 87,888 | 1,264,696 | | | 1,352,584 |
| Charges for Services | 35,810 | 49,122 | | | 84,932 |
| Fines, Licenses and Permits | 77,080 | 9,465 | | | 86,545 |
| Earnings on Investments | 3,669 | 336 | | | 4,005 |
| Miscellaneous | 56,207 | 52,932 | | | 109,139 |
| <i>Total Cash Receipts</i> | <u>940,729</u> | <u>2,129,665</u> | | | <u>3,070,394</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 436,879 | 548,114 | | | 984,993 |
| Public Health Services | | 103,589 | | | 103,589 |
| Leisure Time Activities | 11,737 | 47,672 | | | 59,409 |
| Community Environment | | 21,551 | | | 21,551 |
| Transportation | | 313,837 | | | 313,837 |
| General Government | 450,597 | 773,010 | | | 1,223,607 |
| Capital Outlay | 71,408 | 15,100 | | | 86,508 |
| Debt Service: | | | | | |
| Principal Retirement | | 58,217 | | | 58,217 |
| Interest and Fiscal Charges | | 29,701 | | | 29,701 |
| <i>Total Cash Disbursements</i> | <u>970,621</u> | <u>1,910,791</u> | | | <u>2,881,412</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(29,892)</u> | <u>218,874</u> | | | <u>188,982</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Advances Out | | (20,000) | | | (20,000) |
| Advances In | 20,000 | | | | 20,000 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>20,000</u> | <u>(20,000)</u> | | | <u>0</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(9,892)</u> | <u>198,874</u> | | | <u>188,982</u> |
| <i>Fund Cash Balances, January 1</i> | <u>798,736</u> | <u>664,619</u> | <u>\$5,465</u> | <u>\$40,105</u> | <u>1,508,925</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$788,844</u> | <u>\$863,493</u> | <u>\$5,465</u> | <u>\$40,105</u> | <u>\$1,697,907</u> |

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

| | <u>Proprietary Fund Type</u> |
|---|------------------------------|
| | <u>Enterprise</u> |
| Operating Cash Receipts | |
| Charges for Services | \$554,270 |
| <i>Total Operating Cash Receipts</i> | <u>554,270</u> |
| Operating Cash Disbursements | |
| Personal Services | 37,998 |
| Employee Fringe Benefits | 12,716 |
| Contractual Services | 1,032,681 |
| Supplies and Materials | 88,038 |
| Other | 581 |
| <i>Total Operating Cash Disbursements</i> | <u>1,172,014</u> |
| <i>Operating Income (Loss)</i> | <u>(617,744)</u> |
| Non-Operating Receipts (Disbursements) | |
| Property and Other Local Taxes | 1,801 |
| Intergovernmental Receipts | 697,957 |
| Principal Retirement | (17,809) |
| Interest and Other Fiscal Charges | (81) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>681,868</u> |
| <i>Net Change in Fund Cash Balances</i> | 64,124 |
| <i>Fund Cash Balances, January 1</i> | <u>730,192</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$794,316</u></u> |

See accompanying notes to the basic financial statements

Village of Wellsville
Columbiana County, Ohio
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2022

| | <u>Fiduciary Fund Type</u> |
|--|----------------------------|
| | <u>Custodial</u> |
| Additions | |
| Fines, Licenses and Permits for Distribution | \$44,051 |
| <i>Total Additions</i> | <u>44,051</u> |
| Deductions | |
| Distributions to Other Governments | 44,363 |
| <i>Total Deductions</i> | <u>44,363</u> |
| <i>Net Change in Fund Balances</i> | (312) |
| <i>Fund Cash Balances, January 1</i> | <u>18,164</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$17,852</u></u> |

See accompanying notes to the basic financial statements

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

Note 1 – Reporting Entity

The Village of Wellsville (the Village), Columbiana 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 sewer utilities, park operations, fire, and police services. The Village has a property tax levy to support a volunteer fire department.

Public Entity Risk Pools

The Village participates in Public Entities Pool of Ohio (PEP), a risk-sharing pool. Note 6 to the financial statements provide additional information for the risk sharing pool. 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.

Fire Levy Fund The fire levy fund accounts for and reports property taxes restricted for fire protection.

Police Income Tax Levy Fund This income tax levy fund accounts for and reports income tax restricted for police protection.

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

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

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 funds:

Capital Improvement Fund The capital improvement fund accounts for and reports for various capital improvement projects throughout the Village.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village had the following significant permanent fund:

Cemetery Endowment Fund The cemetery endowment fund accounts for and reports interest earned on the nonexpendable corpus from a trust agreement restricted for the general maintenance and upkeep of the Village's cemetery.

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:

Sewer Fund The sewer 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 unclaimed monies and magistrate court activities.

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. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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.

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

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

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, object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Village had no investments during the yearend.

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.

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

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

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

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

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

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

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, 2022 follows:

| 2022 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$894,658 | \$940,732 | \$46,074 |
| Special Revenue | 2,065,365 | 2,129,662 | 64,297 |
| Enterprise | 1,256,795 | 1,254,030 | (2,765) |
| Total | <u>\$4,216,817</u> | <u>\$4,324,423</u> | <u>\$107,606</u> |

| 2022 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$1,024,634 | \$978,662 | \$45,972 |
| Special Revenue | 2,155,511 | 1,924,415 | 231,096 |
| Enterprise | 1,201,601 | 1,191,914 | 9,687 |
| Total | <u>\$4,381,746</u> | <u>\$4,094,991</u> | <u>\$286,755</u> |

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

Note 4 – Deposits and Investments

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

| | <u>2022</u> |
|--|-------------------------------|
| <i>Cash Management Pool:</i> | |
| Demand deposits | \$2,260,355 |
| Certificates of deposit | 117,143 |
| Other time deposits (savings and NOW accounts) | <u>132,577</u> |
| Total deposits | <u>2,510,075</u> |
| Total Deposits and Investments | <u><u>\$2,510,075</u></u> |

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2022, the village is holding \$8,499.78 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; and 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 – Taxes

Property Taxes

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

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

Income Taxes

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

Note 5 – Taxes *(continued)*

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

Note 6– Risk Management

Risk Pool Membership

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity'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:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

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

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

Ohio Police and Fire Retirement System

Village's certified Fire Fighters and 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% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2022.

Social Security

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

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

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

Note 9 – Debt

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

| | Beginning Balance | Issued | Payments | Ending Balance |
|--|----------------------|------------|-------------------|-------------------|
| KS State Fire Truck | \$931,694 | \$0 | (\$58,217) | \$873,477 |
| Ohio Public Works | \$104,521 | \$0 | (\$11,316) | \$93,205 |
| Ohio Water Development Authority Loan | 9,763 | 0 | (6,493) | 3,270 |
| Totals | <u>\$1,045,978</u> | <u>\$0</u> | <u>(\$76,026)</u> | <u>\$969,952</u> |

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

Note 9 – Debt *(continued)*

The Ohio Public Works Commission (OPWC) Loan #CT69M is for the Digester Improvements Project. The loan was approved in the amount of \$151,142, and the Village will repay the loan in semiannual installment of \$2,519 over a period of time.

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,411,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2020, the Village issued general obligation loan in the amount of \$1,052,740.00 to help the Village purchase a fire truck. The bonds will be paid annually with an interest rate of 3.170%. The Village's taxing authority collateralized the loan.

Amortization

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

| Year ending December 31: | OPWC Loans | OWDA Loans | | Fire Truck Loans | |
|-----------------------------|-----------------|----------------|-------------|------------------|------------------|
| | Principal | Principal | Interest | Principal | Interest |
| 2023 | \$5,038 | \$3,271 | \$17 | \$60,073 | \$27,845 |
| 2024 | 5,038 | 0 | 0 | 61,988 | 25,930 |
| 2025 | 5,038 | 0 | 0 | 63,964 | 23,954 |
| 2026 | 5,038 | 0 | 0 | 66,003 | 21,915 |
| 2027 | 5,038 | 0 | 0 | 68,107 | 19,811 |
| 2028-2032 | 25,191 | 0 | 0 | 374,518 | 65,069 |
| 2033-2037 | 25,191 | 0 | 0 | 178,826 | 8,780 |
| 2038-2042 | 17,633 | 0 | 0 | 0 | 0 |
| Total | <u>\$93,205</u> | <u>\$3,271</u> | <u>\$17</u> | <u>\$873,479</u> | <u>\$193,305</u> |

Note 10 – 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.

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

Note 11 – Fund Balances

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

| <u>Fund Balances</u> | <u>General</u> | <u>Special Revenue</u> | <u>Enterprise</u> | <u>Capital Projects</u> | <u>Permanent</u> | <u>Total</u> |
|--------------------------|-----------------|----------------------------|-------------------|-----------------------------|------------------|-----------------|
| Nonspendable: | | | | | | |
| Unclaimed Monies | \$ 8,515 | | | | | \$ 8,515 |
| Corpus | | | | | \$ 40,105 | 40,105 |
| Outstanding Encumbrances | 8,007 | \$ 13,624 | \$ 2,010 | 0 | 0 | 23,640 |
| <i>Total</i> | <u>\$16,522</u> | <u>\$13,624</u> | <u>\$2,010</u> | <u>\$0</u> | <u>\$40,105</u> | <u>\$72,260</u> |

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 – 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 2022, 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 funding, either federal or state, cannot be estimated.

During 2022, the Village received \$174,536.04 as an on-behalf of grant from another government. These amounts are recorded in the applicable Special Revenue Fund.

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

Village of Wellsville
Columbiana County
1200 Main Street
Wellsville, Ohio 43968

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of the Village of Wellsville, Columbiana County, Ohio (the Village) and have issued our report thereon dated January 7, 2026, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. In addition, our opinion was qualified due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts in the Enterprise Fund, and over the Permanent Fund due to the Village failing to maintain original trust agreements to support the fund/account classification for financial reporting. Finally, we noted the financial impact of COVID-19 and the continuing emergency measures 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 purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Responses to the Findings

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

Purpose of this Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 7, 2026

VILLAGE OF WELLSVILLE
COLUMBIANA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022

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

FINDING NUMBER 2023-001

Material Weakness – Lack of SOC 1 Report and Management Oversight

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The Village has outsourced the processing of sewer billing and collections, which is a significant accounting function, to a third-party administrator, Veolia. The Village has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reasonably assure that the collection and remittance of utilities receipts as needed have been authorized and completely and accurately processed in accordance with the contract. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Village with reasonable assurance that billing and collection of utilities monies conforms to the contract.

The following internal control weaknesses were noted with regard to the processing of sewer billings and collections:

- The Village has not established procedures to determine whether the service organization has sufficient controls in place and operating effectively to reduce the risk that sewer billings and collections have been completely and accurately processed in accordance with the contract between the Village and Veolia. The Village did not request a Type Two SOC 1 report; and
- The Fiscal Officer was not reconciling the monthly reports from Veolia to the UAN system receipts. Total variances were identified in 2023 and 2022 of \$1,408 and \$4,021, respectively, between Veolia's monthly reports and the UAN system the Village could not identify. We were unable to determine the proper processing of sewer billings and collections.

Failing to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

The Village should require a Type 2 SOC 1 report in its contract with the third-party administrator and should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the Village with a Type 2 SOC 1 report, the Village should contract with a third-party administrator that will provide this report.

Official's Response: The sewage office clerks and I have been reconciling on a monthly basis, from 2024 to present. We realized that they close the year at a different time than we do, so some of the payments were not processed until the following years. Also the Council and Mayor have discussed finding another billing company that has a SOC 1 report to avoid this finding again.

FINDING NUMBER 2023-002

Material Weakness – Permanent Endowment Fund

GASB Statement 54, paragraph 35 (GASB Codification 1300.108) states permanent funds should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting governments programs—that is, for the benefit of the government or its citizenry. Permanent funds do not include private-purpose trust funds, which should be used to report situations in which the government is required to use the principal or earnings for the benefit of individuals, private organizations, or other governments.

The Village presented a cemetery endowment fund as a permanent fund, however, did not maintain original trust agreements to support the fund / account classification for financial reporting. Due to the lack of documentation, we were unable to obtain sufficient audit evidence to support the fund cash balances reported in the permanent fund.

The Permanent Fund represented 100% of the Permanent fund cash balance, with fund cash balances of \$40,105 for both years ending December 31, 2023 and 2022. Interest earnings on this balance were posted directly to one of the Village's Special Revenue Cemetery Fund's. Without the original trust agreement(s), it is not possible to determine whether this fund should be presented as a Permanent Fund, Private Purpose Trust Fund, Special Revenue Fund, or Custodial Fund. The inability to determine if this fund balance was properly reported resulted in a qualified opinion on the Village's permanent fund.

The Village should consult their legal counsel to determine how to proceed with the classification of this Fund and whether or not interest from this fund can be directly posted to a different fund without a formal transfer. This would allow the Village to utilize restricted resources for the purpose they were donated. Failure to do so could also result in modified audit opinions in future engagements. For any new trust funds received, the Village should retain copies of the documentation establishing these trust funds to identify the original principal and purpose of each Trust. In addition, the Village would be able to identify whether or not the principal must be maintained in perpetuity and whether or not the trust is to benefit the Village or other organizations, governments, or individuals. Furthermore, the Village should review Governmental Accounting Standards Board (GASB) 1300 (GASB 54 codification), Auditor of State Bulletin 2011-004, and Auditor of State Bulletin 2020-003 (GASB 84 bulletin) for fund classification guidance.

Official's Response: The Village forwarded the information to the Village Solicitor. He will review and let us know what is the next step to take.



1200 Main Street • Wellsville, OH 43968 • 330-532-2524

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2023 and 2022**

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|--|---------------------|--|
| 2020-001 | Material Weakness-Water and Sewer Billings and Collections | Not Corrected | Repeated as Finding Number 2023-001 |
| 2021-001 | Material Noncompliance/Material Weakness-Financial Reporting | Partially Corrected | Financial Reporting issue placed in the Management Letter over budgetary errors. |

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WELLSVILLE

COLUMBIANA 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 1/20/2026

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