



Dave Yost • Auditor of State

**Village of South Webster
Scioto County, Ohio**

**Fiscal Analysis
As of December 31, 2017
and the Year ending December 31, 2018**

Local Government Services Section

Village of South Webster, Scioto County

Fiscal Analysis

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Fiscal Analysis

The Auditor of State performed a fiscal analysis of the Village of South Webster pursuant to Section 118.03 and 118.022 of the Ohio Revised Code. This analysis took the form of a review of the financial conditions at December 31, 2017, and the examination of a financial forecast of the general fund for the year ending December 31, 2018. This analysis indicates that neither a fiscal emergency or fiscal watch exist at the Village of South Webster.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted and filed with Maribeth Dalton, Mayor of the Village of South Webster; Jerri R. Cummings, President of Council of the Village of South Webster; and Timothy S. Keen, Director of the Office of Budget and Management.

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DAVE YOST
Auditor of State

July 31, 2018

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Village of South Webster, Scioto County

Fiscal Analysis

Introduction

As provided by Sections 118.021 and 118.04(A) of the Ohio Revised Code, Mayor Carlos R. Mays requested that a fiscal analysis be performed by the Auditor of State for the Village of South Webster, Scioto County (the Village). The purpose of the analysis is to determine if the financial condition of the Village justifies the declaration of a fiscal emergency.

A village is placed in fiscal emergency if any one of the six conditions described in Section 118.03 of the Ohio Revised Code exists. The six conditions are: 1) default on a debt obligation; 2) failure to make payment of all payroll; 3) an increase in the minimum levy of the village which results in the reduction in the minimum levy of another subdivision; 4) significant past due accounts payable; 5) substantial deficit balances in village funds; and 6) a sizeable deficiency when the village's treasury balance is compared to the positive cash balances of the village's funds.

The year-end conditions described under Conditions four, five, and six do not constitute a fiscal emergency if the Village clearly demonstrates to the satisfaction of the Auditor of State prior to the time of the Auditor of State's determination that the conditions no longer exist at the time of the determination.

This report identifies the procedures performed and the conclusions reached with respect to each condition as of December 31, 2017.

Condition One – Default on Any Debt Obligation

Section 118.03(A)(1) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a default on any debt obligation for more than thirty days.

At December 31, 2017, the Village had no outstanding debt obligations.

Conclusion: A fiscal emergency condition does not exist under Ohio Revised Code Section 118.03(A)(1). The Village had no outstanding debt as of December 31, 2017.

Condition Two – Payment of All Payroll

Section 118.03(A)(2) of the Ohio Revised Code defines a fiscal emergency condition as:

The existence, at the time of the determination by the Auditor of State under Section 118.04 of the Revised Code, of a failure for lack of cash in the funds to make payment of all payroll to employees of the municipal corporation, county, or township in the amounts and at the times required by law, ordinances, resolutions, or agreements, which failure of payment has continued:

- (a) For more than thirty days after such time for payment, or
- (b) Beyond a period of extension, or beyond the expiration of ninety days from the original time for payment, whichever first occurs, if the time for payment has been extended for more than thirty days by the written consent of at least two-thirds of the employees affected by such failure to pay, acting individually or by their duly authorized representatives.

Village of South Webster, Scioto County

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We reviewed the payroll records of the Village as of December 31, 2017. We reviewed the Village Council's minutes, ordinances and other personnel records to determine the employees of the Village, pay rates, frequency of payroll, and whether any extensions for the payment of payroll exist. We reviewed payroll reports and bank records to determine that payroll checks were issued on the scheduled pay dates.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(2) of the Ohio Revised Code as of December 31, 2017. All employees have been paid in the amounts and at the times required by the Village.

Condition Three – Increase in Minimum Levy

Section 118.03(A)(3) of the Ohio Revised Code defines a fiscal emergency condition as:

An increase, by action of the county budget commission pursuant to division (D) of Section 5705.31 of the Revised Code, in the minimum levy of the municipal corporation, county, or township for the current or next fiscal year which results in a reduction in the minimum levies for one or more other subdivisions or taxing districts.

We confirmed with the Scioto County Budget Commission whether there had been an increase, pursuant to division (D) of Section 5705.31 of the Ohio Revised Code, in the minimum levy of the Village for 2017, which resulted in a reduction in the minimum levies for one or more other subdivisions or taxing districts. The confirmation received from the Scioto County Budget Commission indicated that the Commission had not taken any action for 2017 to increase the inside millage of the Village and no other subdivision's inside millage was reduced.

Conclusion: A fiscal emergency condition does not exist under Section 118.03(A)(3) of the Ohio Revised Code as of December 31, 2017. The Scioto County Budget Commission has not taken any action to increase the inside millage of the Village, thus reducing another subdivision's millage.

Condition Four – Past Due Accounts Payable from the General Fund and All Funds

Section 118.03(A)(4) of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which all accounts that, at the end of its preceding fiscal year, were due and payable from the general fund and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities and including any interest and penalties thereon, less the year-end balance in the general fund, exceeded one-sixth of the fund receipts for that year, or in which all accounts that, at the end of its preceding fiscal year, were due and payable from all funds of the municipal corporation, county, or township and that either had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty has been added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in the respective special funds lawfully available to pay such accounts, exceeded one-sixth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which such accounts lawfully are payable. Accounts due and payable shall not include any account, or portion thereof, that is being contested in good faith.

Village of South Webster, Scioto County

Fiscal Analysis

We reviewed the accounts payable as of December 31, 2017, that were due and payable from the general fund, and that had been due and payable for at least 30 days, or to which a penalty had been added for failure to pay as of December 31, 2017, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities, including any interest and penalties. No accounts payable were found that had been due and payable for at least thirty days or had penalties for failure to pay in the general fund.

From invoices provided to us, a schedule of accounts payable was prepared (as defined above) for all funds which were at least thirty days past due or to which a penalty was added as of December 31, 2017. From this amount, we subtracted the year-end fund balance available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-sixth of the available revenues during 2017, excluding non-recurring receipts, of all special funds from which such accounts are lawfully payable.

Schedule I

All Funds Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.03(A)(4)
As of December 31, 2017

Table with 6 columns: Fund, Payables Over 30 Days Past Due, Fund Balance Available, Payables in Excess of Available Balance, One-Sixth of Fund Receipts, Payables in Excess of Fund Receipts. Row 1: Street Maintenance and Repairs, \$225, \$30,221, \$0, \$4,315, \$0.

Conclusion: Schedule I indicates that a fiscal emergency condition does not exist under Section 118.03(A)(4) of the Ohio Revised Code as of December 31, 2017. Accounts payable from all other funds that were at least thirty days past due at December 31, 2017, did not exceed available fund balance plus one-sixth of fund receipts.

Condition Five – Deficit Fund Balances

Section 118.03(A)(5), of the Ohio Revised Code defines a fiscal emergency condition as:

The existence of a condition in which the aggregate of deficit amounts of all deficit funds at the end of its preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Revised Code to meet such deficit, exceeded one-sixth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds as of December 31, 2017. We then determined if the aggregate deficit fund balance exceeded one-sixth of the receipts to those deficit funds. We then identified funds that may be transferred, as provided in Section 5705.14 of the Ohio Revised Code, to meet such deficits to arrive at the unprovided portion of the aggregate deficit.

Village of South Webster, Scioto County

Fiscal Analysis

Schedule II

Deficit Fund Balances
Ohio Revised Code Section 118.03(A)(5)
As of December 31, 2017

Funds	Cash Fund Balances	Less Accounts Payable and Encumbrances	Adjusted Aggregate Sum of Fund With Deficit Balances	One-Sixth of Fund Receipts	Unprovided Portion of Aggregate Deficit
Senior Building	(\$375)	\$0	(\$375)	\$371	(\$4)
Funds Available for Transfer from General Fund					4
Total Unprovided Portion of Aggregate Deficit Funds					\$0

Conclusion: Schedule II indicates that a fiscal emergency condition does not exist under Section 118.03(A)(5) of the Ohio Revised Code as of December 31, 2017. The Village had significant funds available for transfer from the General Fund to cover the deficit balances.

Condition Six – Treasury Deficiency

Section 118.03(A)(6), of the Ohio Revised Code, defines a fiscal emergency condition as:

The existence of a condition in which, at the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Village’s reconciled bank balances to its fund cash balances as of December 31, 2017. From the treasury balance, we subtracted the aggregate sum of all positive fund balances the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. We then subtracted from the treasury deficit one-sixth of the amount received into the treasury during 2017 to determine if a treasury deficiency exists.

Village of South Webster, Scioto County

Fiscal Analysis

Schedule III

Treasury Balances
Ohio Revised Code Sections 118.03(A)(6)
As of December 31, 2017

Table with columns for account names and amounts at December 31, 2017. Includes sections for Bank Balances, Adjustments for, Less: Positive Fund Balances, and Treasury Deficit/Surplus.

Conclusion: Schedule III indicates that a fiscal emergency condition does not exist under Section 118.03(A)(6). The treasury deficit did not exceed one-sixth of the treasury receipts at December 31, 2017.

Financial Forecast

Section 118.022(A)(4) of the Ohio Revised Code defines a fiscal watch condition as:

Based on an examination of the financial forecast approved by the legislative body of a municipal corporation, county, or township, the Auditor of State certifies that the general fund deficit at the end of the current year will exceed one-twelfth of the general fund revenue from the preceding year.

The South Webster Village Council approved a financial forecast of the general fund for the year ending December 31, 2018. The Auditor of State examined the forecast and issued a report dated May 14, 2018 (see Appendix A). The financial forecast anticipates a positive fund balance at December 31, 2018.

Village of South Webster, Scioto County

Fiscal Analysis

Conclusion: The financial forecast of the general fund for the year ending December 31, 2018, indicates that a fiscal watch does not exist under Section 118.022(A)(4) of the Ohio Revised Code. The forecast reflects that the general fund has a positive fund balance at December 31, 2018.

Summary

A fiscal emergency is the existence of at least one of the conditions defined above. This analysis indicates that a fiscal emergency does not exist at the Village of South Webster as defined in Section 118.03(A) as of December 31, 2017.

We performed the procedures necessary to determine whether a financial forecast for fiscal watch as set forth in Section 118.021 of the Ohio Revised Code existed as of December 31, 2018, at the Village of South Webster. The results of our analysis indicate that a fiscal watch does not exist at the Village of South Webster as defined in Section 118.022(A)(4) of the Ohio Revised Code.

Because the above procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to you.

APPENDIX A

**Village of South Webster
Scioto County**

**Financial Forecast
For the Year Ended December 31, 2018**

Village of South Webster, Scioto County

Financial Forecast

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Dave Yost • Auditor of State

Members of Council
Village of South Webster
PO Box 38
South Webster, Ohio 45682

Independent Accountant's Report

We have examined the accompanying forecasted statement of revenues, expenditures and changes in fund balance of the general fund of the Village of South Webster for the year ending December 31, 2018, based on the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. The Village of South Webster's management is responsible for preparing and presenting the forecast in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the forecast is presented in accordance with the guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants, in all material respects. An examination involves performing procedures to obtain evidence about the forecast. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of the forecast, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the accompanying forecast is presented, in all material respects, in accordance with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions are suitably supported and provide a reasonable basis for the Council's forecast.

There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The statement of revenues, expenditures and changes in fund balance arising from cash transactions of the general fund for the years ended December 31, 2016 and 2017 were compiled by us and we have not audited or reviewed the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the accompanying financial statements. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting and for determining that the cash basis of accounting is an acceptable framework. Our responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Management has chosen to omit the disclosures associated with the cash basis of accounting.

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DAVE YOST
Auditor of State

Columbus, Ohio

May 14, 2018

Village of South Webster, Scioto County
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2016 and 2017, Actual; and
Ending December 31, 2018, Forecasted

General Fund				
	2016	2017	2018	Variance
	Actual	Actual	Forecasted	Increase (Decrease)
<u>Revenues</u>				
Property Taxes	29,800	77,800	78,000	200
Fees, Licenses, and Permits	600	400	400	0
Intergovernmental	16,100	19,100	15,400	(3,700)
Interest	100	200	100	(100)
Other	100	0	0	0
Total Revenues	<u>46,700</u>	<u>97,500</u>	<u>93,900</u>	<u>(3,600)</u>
<u>Other Financing Sources</u>				
Proceeds from Sale of Fixed Assets	0	9,700	0	(9,700)
Total Revenues and Other Financing Sources	<u>46,700</u>	<u>107,200</u>	<u>93,900</u>	<u>(13,300)</u>
<u>Expenditures</u>				
Current:				
General Government				
Council				
Personal Services	500	700	700	0
Contractual Services	4,700	4,800	5,200	400
Total Council	<u>5,200</u>	<u>5,500</u>	<u>5,900</u>	<u>400</u>
Mayor				
Personal Services	4,900	5,200	5,000	(200)
Contractual Services	4,400	3,300	4,000	700
Total Mayor	<u>9,300</u>	<u>8,500</u>	<u>9,000</u>	<u>500</u>
Fiscal Officer				
Personal Services	10,000	11,800	12,300	500
Contractual Services	14,500	23,900	29,300	5,400
Materials and Supplies	200	0	200	200
Total Fiscal Officer	<u>24,700</u>	<u>35,700</u>	<u>41,800</u>	<u>6,100</u>
Village Maintenance				
Personal Services	200	2,800	4,000	1,200
Materials and Supplies	0	1,600	400	(1,200)
Capital Outlay	0	0	5,000	5,000
Other	300	0	0	0
Total Village Maintenance	<u>500</u>	<u>4,400</u>	<u>9,400</u>	<u>5,000</u>
Total General Government	<u>39,700</u>	<u>54,100</u>	<u>66,100</u>	<u>12,000</u>
Security of Persons and Property				
Street Lighting				
Contractual Services	13,700	15,200	15,000	(200)
<u>Other Financing Uses</u>				
Transfers Out	3,800	19,600	0	(19,600)
Total Expenditures	<u>57,200</u>	<u>88,900</u>	<u>81,100</u>	<u>(7,800)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(10,500)	18,300	12,800	(5,500)
Cash Balance, January 1	<u>31,300</u>	<u>20,800</u>	<u>39,100</u>	<u>18,300</u>
Cash Balance, December 31	20,800	39,100	51,900	12,800
Estimated Encumbrances, December 31	<u>200</u>	<u>200</u>	<u>0</u>	<u>(200)</u>
Unencumbered Fund Balance, December 31	<u>\$20,600</u>	<u>\$38,900</u>	<u>\$51,900</u>	<u>\$13,000</u>

See Independent Accountant's Report
See accompanying summary of significant accounting policies and forecast assumptions.

Village of South Webster, Scioto County
Schedule of Expenditures by Object and Department - Budget Basis
For the Years Ended December 31, 2016 and 2017, Actual; and
Ending December 31, 2018, Forecasted

General Fund

Object/Department	2016 Actual	2017 Actual	2018 Forecasted	Variance Increase (Decrease)
<u>Personal Services</u>				
Council	\$500	\$700	\$700	\$0
Mayor	4,900	5,200	5,000	(200)
Fiscal Officer	10,000	11,800	12,300	500
Village Maintenance	200	2,800	4,000	1,200
Total Personal Services	<u>15,600</u>	<u>20,500</u>	<u>22,000</u>	<u>1,500</u>
<u>Contractual Services</u>				
Council	4,700	4,800	5,200	400
Mayor	4,400	3,300	4,000	700
Fiscal Officer	14,500	23,900	29,300	5,400
Street Lighting	13,700	15,200	15,000	(200)
Total Contractual Services	<u>37,300</u>	<u>47,200</u>	<u>53,500</u>	<u>6,300</u>
<u>Materials and Supplies</u>				
Fiscal Officer	200	0	200	200
Village Maintenance	0	1,600	400	(1,200)
Total Materials and Supplies	<u>200</u>	<u>1,600</u>	<u>600</u>	<u>(1,000)</u>
<u>Capital Outlay</u>				
Village Maintenance	<u>0</u>	<u>0</u>	<u>5,000</u>	<u>5,000</u>
<u>Other</u>				
Village Maintenance	<u>300</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Other Financing Uses</u>				
Transfers Out	<u>3,800</u>	<u>19,600</u>	<u>0</u>	<u>(19,600)</u>
Total Expenditures and Other Financing Uses	<u>\$57,200</u>	<u>\$88,900</u>	<u>\$81,100</u>	<u>(\$7,800)</u>

See Independent Accountant's Report

See accompanying summary of significant accounting policies and forecast assumptions.

Village of South Webster, Scioto County
Summary of Significant Forecast Assumptions and Accounting Policies
For the Year Ending December 31, 2018

Note 1 - The Village

The Village of South Webster (“The Village”) is a statutory municipal corporation operating under the laws of the State of Ohio. The Village operates under a mayor-council form of government. Legislative power is vested in a six member Village Council, all of whom are elected to four-year terms. The Mayor is elected and serves a four-year term. The Fiscal Officer is appointed by Council.

The Village is divided into various departments and financial management and control systems. Services provided include street construction and maintenance and operating the Village’s senior citizens building. The operation and control of these activities is provided by the Village Council through the budgetary process and by the Mayor thorough administrative and managerial requirements and procedures.

Note 2 - Nature of the Forecast

This financial forecast, to the best of the knowledge and belief of the Village of South Webster, presents the expected revenues, expenditures, and changes in fund balances of the General Fund for the forecasted period. Accordingly, the forecast reflects the Village’s judgment of the expected conditions and its expected course of action as of May 14, 2018, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected and those differences may be material.

The forecast presents only the General Fund which is significant to the operations of the Village. The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Note 3 - Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the budget basis of accounting used to prepare the historical budget and actual financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

B. Fund Accounting

The Village maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restrictions require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The Village uses various fund types and funds to report on its financial position and the results of its operations.

Village of South Webster, Scioto County
Summary of Significant Forecast Assumptions and Accounting Policies
For the Year Ending December 31, 2018

The fund types and restrictions associated with each are as follows:

Governmental Funds

General Fund - The General Fund is the operating fund of the Village and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is disbursed or transferred in accordance with Ohio law.

Special Revenue Funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to disbursement for specific purposes other than for debt service or capital projects.

Debt Service Funds - Debt service funds are used to account for and report resources that are restricted, committed, or assigned to the disbursement of principal, interest, and related costs.

Capital Projects Funds - Capital projects funds are used to account for and report resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by enterprise funds).

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the Village's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

Estimated Resources - On or about September 1, the County Budget Commission issues an official certificate of estimated resources to the Village which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that total contemplated expenditures from any funds during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Village of South Webster, Scioto County
Summary of Significant Forecast Assumptions and Accounting Policies
For the Year Ending December 31, 2018

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year if the annual appropriations for the full year are not ready for approval by Village Council. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation ordinance must be legally enacted by the Village Council. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances - The Village uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditure of resources, not costs.

Note 4 - General Operating Assumptions

The Village will continue to operate and maintain current service levels and pay all obligations. In addition, the Village will continue to monitor and limit expenditures on materials, supplies, and capital outlay. The forecast contains those expenditures the Village has determined to be necessary to preserve the health, welfare, and safety of the citizens of the Village.

Note 5 - Revenues and Other Financing Sources Assumptions

A. General and Tangible Personal Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Real property tax revenues received in 2018 represent the collection of 2017 taxes. Real property taxes received in 2018 were levied after October 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for residential real estate taxes. The State reimburses the Village for all revenue lost due to these exemptions. The amount of the reimbursement is presented in the account "intergovernmental revenue".

Public utility property tax revenues received in 2018 represent the collection of 2017 taxes. Public utility real and tangible personal property taxes received in 2018 became a lien on December 31, 2016, were levied after October 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Village of South Webster, Scioto County
 Summary of Significant Forecast Assumptions and Accounting Policies
 For the Year Ending December 31, 2018

In November, 2015, voters chose to renew a 5 year, 2.0 mill general operating levy. During November 2016, voters approved a new 6.0 mill general operating levy. The levy will be collected for 5 years with 2017 being the first year of collections. The amount forecasted for property taxes is based on 2018 estimated collections provided by the Scioto County Auditor.

All property tax revenues are based on property valuations and levy rates. The County is required to reappraise property every six years and update the valuations every three years between the reappraisals. The last reappraisal was completed in 2016 for taxes collected in 2017. The next triennial update is scheduled for 2019 for taxes collected 2020. The Village's assessed values upon which property tax receipts were based for the last two years are as follows:

Class of Property	2016	2017
Real Property	\$8,717,670	\$8,694,220
Public Utility	458,630	501,450
Total Assessed Value	\$9,176,300	\$9,195,670

The property tax revenues are generated from inside and voted millage and receipted into the General Fund and Police Levy fund.

The levies being collected by fund and the full tax rate are as follows:

Fund	Tax Levies	Full Tax Rate (Per \$1,000 of Assessed Valuation)
General Fund	Inside Ten Mill Limitation (Unvoted)	\$1.30
General Fund	Outside Ten Mill Limitation (Voted)	2.00
General Fund	Outside Ten Mill Limitation (Voted)	1.00
General Fund	Outside Ten Mill Limitation (Voted)	6.00
Total Tax Rate		\$10.30

Public utility real and personal property taxes are collected and settled by the County with real estate taxes and are recorded as general property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four-year phase out of the tangible personal property tax on local and inter-exchange telephone companies.

B. Fees, Licenses, and Permits

Fees, licenses, and permits primarily consist of cable franchise fees. These receipts are fairly consistent from year to year. The amount forecasted is a conservative estimate based on 2017 actual revenues.

Village of South Webster, Scioto County
Summary of Significant Forecast Assumptions and Accounting Policies
For the Year Ending December 31, 2018

C. Intergovernmental

Intergovernmental revenue consists mainly of local government and local government revenue assistance. Other revenue received includes homestead and rollback and cigarette tax.

Due to local government funds being distributed as part of the State budget, the Village is taking a conservative approach and anticipates local government and local government revenue assistance receipts for 2018 to be less than the prior years.

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the Village for the loss of real property taxes as a result of the above (rollback and homestead). Homestead and rollback estimates were based on property tax estimates provided by the Scioto County Auditor.

D. Interest

The Village expects interest receipts to remain consistent with prior two years. The forecasted amount is based on the 2016 actual amount of interest receipts.

E. Proceeds from the Sale of Fixed Assets

During 2017, the Village sold a small piece of land that it was not utilizing. The Village is not anticipating selling any assets during 2018.

F. Transfers In

The Village does not anticipate any transfers into the General Fund for 2018.

Note 6 - Expenditures and Other Financing Uses Assumptions

A. Personal Services

Personal services expenditures represent the salaries and wages paid to elected officials and Village employees, employer contributions to the State pension systems, workers' compensation, and other compensation and benefits (such as travel and meeting expenditures). The amounts forecasted for salaries and wages are based on the current pay rates and existing staff levels.

All full-time employees, paid from the General Fund, participate in OPERS. OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent of their annual-covered salary and the Village is required to contribute 14 percent of annual-covered salary.

The increase in the amount forecasted for personal services is due to salaries for Village Maintenance employees being allocated to the General Fund in a larger percentage than previous years.

Village of South Webster, Scioto County
Summary of Significant Forecast Assumptions and Accounting Policies
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B. Contractual Services

Expenditures for contractual services increased from prior years primarily due to audit costs associated with the 2015-2016 audit, an increase in auditor and treasurer fees associated with the 2017 levy, and an anticipated contract with the Auditor of State's Local Government Services Section for consulting services.

C. Materials and Supplies

Forecasted expenditures for materials and supplies have decreased from prior years due to Council more closely monitoring Village Maintenance expenditures compared to 2017.

D. Capital Outlay

The Village plans on purchasing a lawn mower during 2018.

E. Transfers Out

During 2017, the Village Transferred \$19,625 to cover the deficit fund balance in the Village's Sewer Fund. The transfer was made to eliminate the deficit fund balance that remained in that fund after operations had ceased. For 2018, the Village does not anticipate any transfers out to any other funds.

Note 7 - Encumbrances

The Village uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation. The estimated encumbrances at year-end are not significant; therefore, nothing is forecasted.

Note 8 - Other Funds

The Village has numerous funds on the books that are restricted for specific purposes. These funds are anticipated to have sufficient resources to meet their obligations during the forecasted period.

Note 9 - Pending Litigation

The Village currently has no pending litigation.



Dave Yost • Auditor of State

VILLAGE OF SOUTH WEBSTER

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY, 31 2018