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Certified Public Accountants, A.C.

**VILLAGE OF AMESVILLE  
ATHENS COUNTY  
Regular Audit**

**For the Years Ended December 31, 2016 and 2015**

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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Village Council  
Village of Amesville  
18 South Maple Street, Box 190  
Amesville, Ohio 45711

We have reviewed the *Independent Auditor's Report* of the Village of Amesville, Athens County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 30, 2017

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VILLAGE OF AMESVILLE  
ATHENS COUNTY

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## INDEPENDENT AUDITOR'S REPORT

June 2, 2017

Village of Amesville  
Athens County  
18 South Maple St., Box 190  
Amesville, OH 45711

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Amesville**, Athens County, (the Village) as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Amesville, Athens County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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



**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 22,517	\$ 10,310	\$ 32,827
Intergovernmental	10,907	18,329	29,236
Fines, Licenses and Permits	365	-	365
Earnings on Investments	327	71	398
Miscellaneous	1,456	390	1,846
<i>Total Cash Receipts</i>	<u>35,572</u>	<u>29,100</u>	<u>64,672</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	4,515	18,688	23,203
Leisure Time Activities	-	7,601	7,601
Transportation	-	7,778	7,778
General Government	22,711	682	23,393
<i>Total Cash Disbursements</i>	<u>27,226</u>	<u>34,749</u>	<u>61,975</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,346</u>	<u>(5,649)</u>	<u>2,697</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	5,000	5,000
Transfers Out	(5,000)	-	(5,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	3,346	(649)	2,697
<i>Fund Cash Balances, January 1</i>	<u>39,986</u>	<u>28,300</u>	<u>68,286</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	27,651	27,651
Unassigned	43,332	-	43,332
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 43,332</u></u>	<u><u>\$ 27,651</u></u>	<u><u>\$ 70,983</u></u>

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

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 77,152
<i>Total Operating Cash Receipts</i>	<i>77,152</i>
<b>Operating Cash Disbursements</b>	
Personal Services	24,070
Employee Fringe Benefits	3,999
Contractual Services	13,010
Supplies and Materials	35,010
Other	350
<i>Total Operating Cash Disbursements</i>	<i>76,439</i>
<i>Operating Income</i>	<i>713</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Debt Proceeds	52,556
Miscellaneous Receipts	3,156
Capital Outlay	(54,036)
Principal Retirement	(28,636)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(26,960)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(26,247)</i>
<i>Fund Cash Balances, January 1</i>	<i>54,059</i>
<i>Fund Cash Balances, December 31</i>	<b><i>\$ 27,812</i></b>

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

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 23,582	\$ 10,762	\$ 34,344
Intergovernmental	8,769	9,788	18,557
Fines, Licenses and Permits	835	-	835
Earnings on Investments	549	71	620
Miscellaneous	2,066	540	2,606
<i>Total Cash Receipts</i>	<u>35,801</u>	<u>21,161</u>	<u>56,962</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	5,446	11,593	17,039
Leisure Time Activities	-	8,961	8,961
Transportation	-	11,057	11,057
General Government	26,176	653	26,829
<i>Total Cash Disbursements</i>	<u>31,622</u>	<u>32,264</u>	<u>63,886</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,179</u>	<u>(11,103)</u>	<u>(6,924)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	13,000	13,000
Transfers Out	(13,000)	-	(13,000)
Other Financing Sources	753	-	753
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(12,247)</u>	<u>13,000</u>	<u>753</u>
<i>Net Change in Fund Cash Balances</i>	(8,068)	1,897	(6,171)
<i>Fund Cash Balances, January 1</i>	<u>48,054</u>	<u>26,403</u>	<u>74,457</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	28,300	28,300
Unassigned	39,986	-	39,986
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 39,986</b></u>	<u><b>\$ 28,300</b></u>	<u><b>\$ 68,286</b></u>

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

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 67,901
<i>Total Operating Cash Receipts</i>	67,901
<b>Operating Cash Disbursements</b>	
Personal Services	37,866
Employee Fringe Benefits	6,054
Contractual Services	27,605
Supplies and Materials	32,324
Other	425
<i>Total Operating Cash Disbursements</i>	104,274
<i>Operating (Loss)</i>	(36,373)
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	1,937
Principal Retirement	(25,830)
<i>Total Non-Operating Receipts (Disbursements)</i>	(23,893)
<i>Net Change in Fund Cash Balances</i>	(60,266)
<i>Fund Cash Balances, January 1</i>	114,325
<i>Fund Cash Balances, December 31</i>	<b>\$ 54,059</b>

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

**VILLAGE OF AMESVILLE**  
*ATHENS COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
*FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015*

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**Note 1 – Reporting Entity**

The Village of Amesville (the Village), Athens 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 six-member Council directs the Village. The Village provides general governmental services, including street maintenance, water and sewer utilities, park operations and police services.

***Public Entity Risk Pools***

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Police Levy Fund*** – The Police Levy Fund accounts for and reports money from a tax levy approved by voters to provide police protection services for the Village.

***Parks and Recreation Fund*** – The Parks and Recreation Fund accounts for and reports money from a tax levy approved by voters and money from General Fund transfers for maintaining and repairing the Village park.

***Fire Equipment Grant Fund*** – The Fire Equipment Grant Fund accounts for and reports money from a state grant for the purchase of fire equipment by the fire department.

**VILLAGE OF AMESVILLE**  
*ATHENS COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
(Continued)

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

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

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

**Sewer Operating Fund** – The Sewer Operating Fund accounts for the provision of sewer treatment and distribution to the residents and commercial users located within the Village.

**Basis of Accounting**

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

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

**Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** – Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

**Encumbrances** – The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2016 and 2015 budgetary activity appears in Note 4.

**Deposits and Investments**

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

**Capital Assets**

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

**VILLAGE OF AMESVILLE**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
*(Continued)*

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**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.

***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*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

***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.

**Note 3 – Compliance**

Contrary to Ohio law, disbursements were not properly encumbered in 2016 and 2015.

**VILLAGE OF AMESVILLE**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
(Continued)

**Note 4 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 37,425	\$ 35,572	\$ (1,853)
Special Revenue	38,910	34,100	(4,810)
Enterprise	298,350	132,864	(165,486)
Total	\$ 374,685	\$ 202,536	\$ (172,149)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 77,398	\$ 32,226	\$ 45,172
Special Revenue	67,210	34,749	32,461
Enterprise	213,664	159,111	54,553
Total	\$ 358,272	\$ 226,086	\$ 132,186

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 33,065	\$ 36,554	\$ 3,489
Special Revenue	37,347	34,161	(3,186)
Enterprise	82,400	69,838	(12,562)
Total	\$ 152,812	\$ 140,553	\$ (12,259)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 81,119	\$ 44,622	\$ 36,497
Special Revenue	63,750	32,264	31,486
Enterprise	196,725	130,104	66,621
Total	\$ 341,594	\$ 206,990	\$ 134,604

**Note 5 - Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2016	2015
Demand deposits	\$ 61,795	\$ 60,345
Certificates of deposit	37,000	62,000
Total deposits	\$ 98,795	\$ 122,345

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation.



**VILLAGE OF AMESVILLE**  
*ATHENS COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
*(Continued)*

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**Note 6 – Taxes**

***Property Taxes***

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

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

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

**Note 7 – Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF AMESVILLE**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
*(Continued)*

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	<b>2015</b>	<b>2014</b>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 9 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2% of the employer contribution to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest
OWDA - 4738	\$ 245,296	0.00%
OPWC - CR14J	54,000	0.00%
OWDA - 7210	49,750	3.39%
	<u>\$ 349,046</u>	

The OWDA Loan #4738 relates to the decentralized wastewater system. The loan is a zero interest loan with semiannual payments of \$10,665. The loan is collateralized by wastewater receipts. The OWDA Loan #7210 relates to water system improvements. The loan has an interest rate of 3.39% with \$52,556 drawn through December 31, 2016. The loan is collateralized by water receipts.

**VILLAGE OF AMESVILLE**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
*(Continued)*

**Note 10 – Debt (Continued)**

The OPWC Loan #CR14J related to the decentralized wastewater system. The loan is a zero interest loan with semiannual installments of \$2,250 over 20 years. The loan is collateralized by wastewater receipts.

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

Year ending December 31:	OWDA #4738	OPWC CR14J
2017	\$ 10,665	\$ 2,250
2018	21,330	4,500
2019	21,330	4,500
2020	21,330	4,500
2021	21,330	4,500
2022-2026	106,650	22,500
2027-2029	42,661	11,250
Total	\$ 245,296	\$ 54,000

An amortization of OWDA Loan #7210 is not yet available.

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Related Party Transactions**

During 2016 and 2015, the Village officials contracted with Klaerfield Gardens for landscaping services and materials. Klaerfield Gardens is owned by the spouse of Council Member Barb Klaer. The Village paid Klaerfield Gardens \$10,310 in 2016 and \$9,175 in 2015. Council Member Klaer abstained from all voting related to the award of this contract.



313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
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104 South Sugar St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

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

June 2, 2017

Village of Amesville  
Athens County  
18 South Maple St., Box 190  
Amesville, OH 45711

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements of the **Village of Amesville**, Athens County (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 2, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2016-002.

We also noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 2, 2017.

### **Purpose of this Report**

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

**VILLAGE OF AMESVILLE**  
ATHENS COUNTY  
*SCHEDULE OF AUDIT FINDINGS*  
*FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2016-001**

**Material Weakness**

**Posting Receipts and Disbursements**

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

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

- Rollback receipts were recorded as Property and Other Local Taxes instead of Intergovernmental in the Parks and Recreation, Fire Levy, Police Levy Funds in 2015;
- OWDA debt proceeds were recorded as Intergovernmental instead of Debt Proceeds in the OWDA Design Loan Fund in 2016; and
- OWDA capitalized interest was not recorded in 2016.

The following misstatements were noted as unadjusted differences:

- Utility reimbursement was posted to OFS instead of Miscellaneous in the General Fund in 2015;
- Police training funds from Ohio Attorney General were posted as Miscellaneous instead of Intergovernmental in the Police Levy Fund in 2016 and 2015; and
- Excise tax receipt allocated incorrectly between Street Construction, Maintenance and Repair and State Highway Funds in 2015.

Not posting receipts and disbursements accurately resulted in the financial statements requiring reclassifications. The financial statements reflect all reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts and disbursements are properly identified and classified on the financial statements. We recommend the Village ensure that the account codes used within its accounting system roll-up into the correct line item on the Village's financial statements. We also recommend the Village refer to the Ohio Village Handbook for guidance to determine the proper posting of receipts.

**Officials' Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2016-002**

**Material Weakness/Noncompliance**

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

**VILLAGE OF AMESVILLE**  
*ATHENS COUNTY*  
**SCHEDULE OF AUDIT FINDINGS**  
*FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-002 (Continued)**

**Ohio Revised Code Section 5705.41(D) (Continued)**

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

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

The Village did not properly certify the availability of funds prior to purchase commitment for 21% of the expenditures tested for 2016 and for 88% of the expenditures tested for 2015.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

**Officials' Response** – We did not receive a response from officials to this finding.

**VILLAGE OF AMESVILLE**  
**ATHENS COUNTY**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2014-001	Ohio Revised Code Section 5705.39 – Appropriations Exceed Estimated Resources	Yes	N/A
2014-002	Ohio Revised Code Section 5705.41(D)(3) – Blanket Purchase Orders	Yes	N/A
2014-003	Ohio Administrative Code Section 117-2-02(A) – Misstatements	No	Not Corrected; Repeated as Finding 2016-001
2014-004	Ohio Administrative Code Section 117-2-02(C)(1) – System Budgets	Yes	N/A





# Dave Yost • Auditor of State

VILLAGE OF AMESVILLE

ATHENS 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  
SEPTEMBER 12, 2017