



Dave Yost • Auditor of State



VILLAGE OF WILLIAMSPORT  
PICKAWAY COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Williamsport  
Pickaway County  
300 Ballard Avenue  
P.O. Box 1  
Williamsport, Ohio 43164

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 Williamsport, Pickaway County, Ohio (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.

### ***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.

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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 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 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 Village of Williamsport, Pickaway County, Ohio 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 March 7, 2018, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 7, 2018

**Village of Williamsport, Ohio**  
Pickaway 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*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$30,932	\$33,206	\$0	\$64,138
Intergovernmental	62,535	44,378	153,246	260,159
Fines, Licenses and Permits	769	0	0	769
Earnings on Investments	3,887	976	0	4,863
Miscellaneous	1,118	689	0	1,807
<i>Total Cash Receipts</i>	<u>99,241</u>	<u>79,249</u>	<u>153,246</u>	<u>331,736</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	14,512	32,505	0	47,017
Public Health Services	1,000	0	0	1,000
Leisure Time Activities	38,514	0	0	38,514
Community Environment	4,359	0	0	4,359
Basic Utility Services	0	0	0	0
Transportation	0	7,952	0	7,952
General Government	37,068	0	0	37,068
Capital Outlay	0	19,630	154,924	174,554
Debt Service:				
Principal Retirement	0	4,912	0	4,912
<i>Total Cash Disbursements</i>	<u>95,453</u>	<u>64,999</u>	<u>154,924</u>	<u>315,376</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,788</u>	<u>14,250</u>	<u>(1,678)</u>	<u>16,360</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds	0	0	1,678	1,678
Transfers In	0	7,165	0	7,165
Transfers Out	0	(7,165)	0	(7,165)
Other Financing Uses	(134)	0	0	(134)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(134)</u>	<u>0</u>	<u>1,678</u>	<u>1,544</u>
<i>Net Change in Fund Cash Balances</i>	3,654	14,250	0	17,904
<i>Fund Cash Balances, January 1</i>	<u>81,599</u>	<u>203,287</u>	<u>0</u>	<u>284,886</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	217,537	0	217,537
Unassigned (Deficit)	85,253	0	0	85,253
<i>Fund Cash Balances, December 31</i>	<u>\$85,253</u>	<u>\$217,537</u>	<u>\$0</u>	<u>\$302,790</u>

See accompanying notes to the basic financial statements

**Village of Williamsport, Ohio**  
*Pickaway County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Proprietary and Fiduciary Fund Types  
For the Year Ended December 31, 2016*

	Proprietary Fund Types
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$596,261
<i>Total Operating Cash Receipts</i>	<i>596,261</i>
<b>Operating Cash Disbursements</b>	
Personal Services	75,639
Employee Fringe Benefits	15,038
Contractual Services	332,066
Supplies and Materials	37,334
Other	5,594
<i>Total Operating Cash Disbursements</i>	<i>465,671</i>
<i>Operating Income (Loss)</i>	<i>130,590</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	9,621
Miscellaneous Receipts	11,135
Capital Outlay	(224,134)
Principal Retirement	(99,490)
Interest and Other Fiscal Charges	(31,716)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(334,584)</i>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<i>(203,994)</i>
Transfers In	97,762
Transfers Out	(97,762)
<i>Net Change in Fund Cash Balances</i>	<i>(203,994)</i>
<i>Fund Cash Balances, January 1</i>	<i>803,390</i>
<i>Fund Cash Balances, December 31</i>	<i>\$599,396</i>

*See accompanying notes to the basic financial statements*



**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 - Reporting Entity**

The Village of Williamsport (the Village), Pickaway County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and gas utilities, and park operations. The Village contracts with the Pickaway County Sheriff's department to provide security of persons and property. The Village contracts with the Williamsport/Deercreek Emergency Squad for emergency services and the Southwest Fire District for fire protection services. The Village appropriates EMT Fund money to support a volunteer EMS department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

***Jointly Governed Organizations***

The Village participates in a jointly governed organization. Note 11 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 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.

***EMT Fund*** – The EMT Fund receives monies from four voted levies for the operation and maintenance of the Williamsport/Deercreek Emergency Squad.

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**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:

**OPWC Street Paving Fund** – The OPWC Street Paving Fund receives revenue distributions from the Ohio Public Works Commission for the construction and upgrading of Village Streets. The proceeds are restricted for capital improvement.

**OPWC WWTP Upgrades** – The OPWC WWTP Upgrades Fund receives revenue distribution from the Ohio Public Works Commission for constructing, maintaining, and repairing the Village’s sewer system. The proceeds are restricted for capital improvement.

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

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

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

**Gas Fund** The gas fund accounts for the provision of natural gas services to the residents and commercial users 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 Council 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 or 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.

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

**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 re-appropriated.

A summary of 2016 budgetary activity appears in Note 3.

**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.

**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.

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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

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

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

**Note 3 - Compliance**

The Village did not establish the required Capital Projects (OPWC) Fund in accordance with Ohio Rev. Code §5709.09(F) and the Village did not record the related revenues and expenditures of \$154,924 for the year ended December 31, 2016.

The Village did not assure funds were properly posted to the correct fund in accordance with Ohio Revised Code 5705.10(C) totaling \$2,096.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,109	\$99,241	\$22,132
Special Revenue	169,043	86,414	(82,629)
Capital Projects	164,187	154,924	(9,263)
Enterprise	742,583	714,779	(27,804)
Total	\$1,152,922	\$1,055,358	(\$97,564)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,177	\$95,587	\$29,590
Special Revenue	245,694	72,164	173,530
Capital Projects	164,772	154,924	9,848
Enterprise	1,156,461	973,345	183,116
Total	\$1,692,104	\$1,296,020	\$396,084

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 5 – Deposits**

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

	<u>2016</u>
Demand deposits	<u>\$902,186</u>
Total deposits	<u>\$902,186</u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**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**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Five 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.

***Social Security***

Nine 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, 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 percent of the employer contribution to fund these benefits.

**Note 10 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Farmer Home Loan	\$48,000	5.00%
OPWC CQ923	\$4,200	0.00%
OPWC CQ27 H	\$16,877	0.00%
OPWC CQ24K	\$6,815	0.00%
OPWC CQ46R	\$4,688	0.00%
OPWC CQ25T	\$37,000	0.00%
OPWC CQ15S	\$49,846	0.00%
OWDA Loan 2136	\$51,036	5.66%
OWDA Loan 2135	\$582,931	6.11%
Total	<u>\$801,393</u>	

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 10 – Debt (Continued)**

- In fiscal year 1998 the Village was awarded the United States Department of Agriculture (USDA) revenue bonds were issue for improvements to the sewer system and the Ohio Public Works Commission (OPWC) Loan CQ923 for water system improvements. Paid from Enterprise Funds.
- In fiscal year 2002 the Village was awarded the OWDA loan 2136 for water system improvements and the OWDA Loan 2135 for sewer system improvements.
- In fiscal year 2005 the Village was awarded OPWC Loan CQ27H for the improvement of the sewer system sand bed.
- In fiscal year 2008 the Village was awarded OPWC Loan CQ24K for the Main Street Phase 3 street improvements.
- In fiscal year 2015 the Village was awarded OPWC Loan CQ46R for the Water Meter Improvement project.
- In fiscal year 2016 the Village was awarded OPWC Loan CQ155S for the WWTP upgrades and OPWC Loan CQ25T for the Main Street Improvement CQ25T.

***Amortization***

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

Year ending December 31:	<u>OPWC Loan</u>	<u>OWDA Loan</u>	<u>USDA Loan</u>
2017	15,091	99,793	26,400
2018	10,890	101,340	25,200
2019	7,484	102,982	0
2020	7,484	104,723	0
2021-2025	37,418	316,498	0
2026-2030	13,242	0	0
2031-2035	9,542	0	0
2036-2040	8,308	0	0
2041-2045	8,308	0	0
2046-2050	1,662	0	0
Total	<u>\$119,426</u>	<u>\$725,336</u>	<u>\$51,600</u>

**Note 11 – Jointly Governed Organization**

Southwest Fire District is a jointly governed organization that provides fire services to the Village. The District is governed by a three-member board: one representative from the Village of Williamsport, one representative from the Board of Trustees of Deercreek Township, and one at-large resident from either the Village of Williamsport or Deercreek Township. The Village does not have an ongoing financial interest in or an ongoing financial responsibility for the District. During 2015, the Village did not make any contributions to the District. Complete financial statements can be obtained from the Southwest Fire District, PO Box 363, Williamsport, Ohio 43164.

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 12 – Subsequent Events**

The Village of Williamsport enacted a municipal income to provide for purposes of general municipal operations, maintenance, new equipment, extension and enlargement of municipal services and facilities and capital improvements. The annual tax is .5% and is levied on income, qualifying wages, commissions and other compensation, and on net profits for years beginning January 1, 2018. The municipal income tax will be administered by the Regional Income Tax Agency.

A resolution declaring it necessary to levy a tax in excess of the 10 mill limit within the Village of Williamsport and to renew an existing tax levy to run for five years for providing ambulance service, emergency medical service, or both was placed on the ballot for the November 7, 2017 general election. The levy passed with 99 for the levy and 43 against the levy. Proceeds will be received starting in 2018.



**Village of Williamsport, Ohio**  
Pickaway 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*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$23,874	\$30,202	\$0	\$54,076
Intergovernmental	48,511	52,338	278,932	379,781
Fines, Licenses and Permits	752	0	0	752
Earnings on Investments	3,889	973	0	4,862
Miscellaneous	5,170	774	0	5,944
<i>Total Cash Receipts</i>	<u>82,196</u>	<u>84,287</u>	<u>278,932</u>	<u>445,415</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	18,069	34,907	0	52,976
Public Health Services	1,494	0	0	1,494
Leisure Time Activities	32,500	0	0	32,500
Community Environment	6,520	0	0	6,520
Basic Utility Services	11	0	0	11
Transportation	0	70,168	0	70,168
General Government	41,983	0	0	41,983
Capital Outlay	0	5,579	283,868	289,447
Debt Service:				
Principal Retirement	0	3,407	0	3,407
<i>Total Cash Disbursements</i>	<u>100,577</u>	<u>114,061</u>	<u>283,868</u>	<u>498,506</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,381)</u>	<u>(29,774)</u>	<u>(4,936)</u>	<u>(53,091)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds	0	0	4,936	4,936
Sale of Capital Assets	0	8,382	0	8,382
Transfers In	0	5,579	0	5,579
Transfers Out	0	(2,278)	0	(2,278)
Other Financing Uses	(352)	0	0	(352)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(352)</u>	<u>11,683</u>	<u>4,936</u>	<u>16,267</u>
<i>Net Change in Fund Cash Balances</i>	<u>(18,733)</u>	<u>(18,091)</u>	<u>0</u>	<u>(36,824)</u>
<i>Fund Cash Balances, January 1</i>	<u>100,332</u>	<u>221,378</u>	<u>0</u>	<u>321,710</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	203,287	0	203,287
Unassigned (Deficit)	81,599	0	0	81,599
<i>Fund Cash Balances, December 31</i>	<u>\$81,599</u>	<u>\$203,287</u>	<u>\$0</u>	<u>\$284,886</u>

See accompanying notes to the basic financial statements

**Village of Williamsport, Ohio**  
*Pickaway County*

*Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Proprietary and Fiduciary Fund Types  
For the Year Ended December 31, 2015*

	Proprietary Fund Types
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$611,647
<i>Total Operating Cash Receipts</i>	<i>611,647</i>
<b>Operating Cash Disbursements</b>	
Personal Services	80,065
Employee Fringe Benefits	17,447
Contractual Services	247,592
Supplies and Materials	25,173
Other	4,200
<i>Total Operating Cash Disbursements</i>	<i>374,477</i>
<i>Operating Income (Loss)</i>	<i>237,170</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Miscellaneous Receipts	1,400
Capital Outlay	(45,468)
Principal Retirement	(94,224)
Interest and Other Fiscal Charges	(51,442)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(189,734)</i>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	<i>47,436</i>
Transfers In	113,093
Transfers Out	(116,394)
<i>Net Change in Fund Cash Balances</i>	<i>44,135</i>
<i>Fund Cash Balances, January 1</i>	<i>759,255</i>
<i>Fund Cash Balances, December 31</i>	<i>\$803,390</i>

*See accompanying notes to the basic financial statements*

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 1 - Reporting Entity**

The Village of Williamsport (the Village), Pickaway County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and gas utilities and park operations. The Village contracts with the Pickaway County Sheriff's department to provide security of persons and property. The Village contracts with Williamsport/Deercreek Emergency Squad for emergency services and the Southwest Fire District for fire protection services. The Village appropriates EMT Fund money to support a volunteer EMS department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

***Jointly Governed Organizations***

The Village participates in a jointly governed organization. Note 11 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 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.

***EMT Fund*** The EMT fund receives monies from four voted levies for the operation and maintenance of the Williamsport/Deercreek Emergency Squad.

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**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 fund:

**OPWC Street Paving Fund** – The OPWC Street Paving Fund receives revenue distributions from the Ohio Public Works Commission for the construction and upgrading of Village Streets. The proceeds are restricted for capital improvement.

**OPWC WWTP Upgrades** – The OPWC WWTP Upgrades Fund receives revenue distribution from the Ohio Public Works Commission for constructing, maintaining, and repairing the Village’s sewer system. The proceeds are restricted for capital improvement.

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

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

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

**Gas Fund** The gas fund accounts for the provision of natural gas services to the residents and commercial users 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 Council 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 or 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.

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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

***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 re-appropriated.

A summary of 2015 budgetary activity appears in Note 4.

***Capital Assets***

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

***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.

***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.

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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

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

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

**Note 3 - Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$13,238.

The Village did not establish the required Capital Projects (OPWC) Fund in accordance with Ohio Rev. Code §5709.09(F) and the Village did not record the related revenues and expenditures of \$283,868.

The Village did not assure funds were properly posted to the correct fund in accordance with Ohio Revised Code 5705.10 (C) totaling \$20,818.

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,120	\$82,196	\$25,076
Special Revenue	80,080	98,248	18,168
Capital Projects	478,490	283,868	(194,622)
Enterprise	794,133	726,140	(67,993)
Total	\$1,409,823	\$1,190,452	(\$219,371)

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

**Note 4 - Budgetary Activity (Continued)**

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$88,442	\$101,680	(\$13,238)
Special Revenue	162,012	116,390	45,622
Capital Projects	478,490	283,868	194,622
Enterprise	927,965	682,933	245,032
Total	\$1,656,909	\$1,184,871	\$472,038

**Note 5 – Deposits**

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

	2015
Demand deposits	\$1,088,276
Total deposits	\$1,088,276

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**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.

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 7 - Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Five 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, 2015.

***Social Security***

Nine 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, 2015.

**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 percent of the employer contribution to fund these benefits.



**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

**Note 10 – Debt**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
USDA Farmer Home Loan	\$71,000	5.00%
Ohio Public Works Commission CQ923	\$8,400	0.00%
Ohio Public Works Commission CQ27H	\$18,752	0.00%
Ohio Public Works Commission CQ24K	\$10,222	0.00%
Ohio Public Works Commission CQ46R	\$4,936	0.00%
Ohio Water Development Authority Loan 2136	\$55,976	5.66%
Ohio Water Development Authority Loan 2135	648,160	6.11%
Total	\$817,446	

- In fiscal year 1998 the Village was awarded the United States Department of Agriculture (USDA) revenue bonds for improvements to the sewer system and the Ohio Public Works Commission (OPWC) Loan CQ923 for water system improvements. Paid from Enterprise Funds.
- In fiscal year 2002 the Village was awarded the OWDA loan 2136 for water system improvements and the OWDA Loan 2135 for sewer system improvements.
- In fiscal year 2005 the Village was awarded OPWC Loan CQ27H for the improvement of the sewer system sand bed.
- In fiscal year 2008 the Village was awarded OPWC Loan CQ24K for the Main Street Phase 3 street improvements.
- In fiscal year 2015 the Village was awarded OPWC Loan CQ46R for the Water Meter Improvement project.

***Amortization***

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

		OPWC Loan	OWDA Loan	USDA Loan
Year ending December 31:				
2016		\$9,729	\$98,336	\$26,550
2017		9,729	99,793	26,400
2018		5,529	101,340	25,200
2019		2,122	102,982	0
2020		2,122	104,723	0
2021-2025		10,610	316,498	0
2026-2030		1,234	0	0
2031-2035		1,234	0	0
Total		\$42,310	\$823,672	\$78,150

**Village of Williamsport, Ohio**  
*Pickaway County*

*Notes to the Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 11 – Jointly Governed Organization**

Southwest Fire District is a jointly governed organization that provides fire services to the Village. The District is governed by a three-member board: one representative from the Village of Williamsport, one representative from the Board of Trustees of Deercreek Township, and one at-large resident from either the Village of Williamsport or Deercreek Township. The Village does not have an ongoing financial interest in or an ongoing financial responsibility for the District. During 2015, the Village did not make any contributions to the District. Complete financial statements can be obtained from the Southwest Fire District, PO Box 363, Williamsport, Ohio 43164.

**Note 12 – Subsequent Events**

The Village of Williamsport enacted a municipal income to provide for purposes of general municipal operations, maintenance, new equipment, extension and enlargement of municipal services and facilities and capital improvements. The annual tax is .5% and is levied on income, qualifying wages, commissions and other compensation, and on net profits for years beginning January 1, 2018. The municipal income tax will be administered by the Regional Income Tax Agency.

A resolution declaring it necessary to levy a tax in excess of the 10 mill limit within the Village of Williamsport and to renew an existing tax levy to run for five years for providing ambulance service, emergency medical service, or both was placed on the ballot for the November 7, 2017 general election. The levy passed with 99 for the levy and 43 against the levy. Proceeds will be received starting in 2018.



# Dave Yost • Auditor of State

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

Village of Williamsport  
Pickaway County  
300 Ballard Avenue  
P.O. Box 1  
Williamsport, Ohio 43164

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 by fund type of the Village of Williamsport, Pickaway County, Ohio (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 March 7, 2018, 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 opinions 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 findings that we consider material weaknesses. We consider findings 2016-001 through 2016-003 to be material weakness.

***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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-002 through 2016-004.

***Village's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 7, 2018

**VILLAGE OF WILLIAMSPORT  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Financial Statement Presentation – Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and members of Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following adjustment was noted for the year ended December 31, 2016 and applied to the audited financial statements:

- To increase principal and decrease interest payments to actual payments in the amount of \$2,009 in the Enterprise Fund.

The following adjustments were noted for the year ended December 31, 2015 and applied to the audited financial statements:

- To reduce property tax receipts and reclassify homestead and rollback receipts as intergovernmental in the amount of \$14,557 in the General Fund,
- To reduce intergovernmental receipts and reclassify sale of equipment as other financing sources in the amount of \$8,382 in the Special Revenue Funds, and
- To reduce property tax receipts and reclassify homestead and rollback receipts as intergovernmental in the amount of \$4,963 in the Special Revenue Funds.

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements. Not posting receipts and disbursements accurately to the ledgers resulted in materially misstated financial statements requiring audit adjustments and reclassification entries, as well as inaccurate accounting records making it difficult for the Village Council to effectively manage and budget for the Village's activities.

We recommend the Village's Fiscal Officer take steps to help ensure the accurate posting of all transactions to the ledgers. Cash receipts and disbursements should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions and AOS Bulletins. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year. In addition, the Village should establish financial recording and reporting control procedures, including review of the ledgers and financial reports by management or council.

The Village's financial statements and, where applicable, the accounting records have been adjusted to accurately reflect the proper line item and fund classification.

**Officials' Response:** The Village has created revenue posting reports that assign revenue types in accordance with Uniform Accounting Network (UAN) line item standards. Homestead and rollback are coded to be received into the intergovernmental UAN account accordingly.

VILLAGE OF WILLIAMSPORT  
PICKAWAY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)

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

FINDING NUMBER 2016-002

**OPWC Issue II Funds - Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.09(F)** requires that a subdivision establish a special fund for each class of revenue derived from a source, other than general property tax, which the law requires to be used for a particular purpose. Ohio Public Works Commission (OPWC) Notification of Project Approval requires the following accounting methods specified in AOS Bulletin 2002-004. This accounting requirement is considered to be part of the terms and conditions of participation in OPWC programs Auditor of State Bulletin 2002-004 clarifies the application of Ohio Revised Code § 5705.09 to OPWC projects, and notes that the Village's Council Members should establish, by resolution a separate Capital Projects fund to account for each Issue II project funded from the OPWC. Additionally, Ohio Rev. Code § 5705.42 provides that when the United States government or the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of section 5705.41 of the Revised Code.

Government Accounting Standards Board Statement 54 paragraph 33 states:

*Capital projects funds are used to 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. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.*

In addition, Auditor of State's Audit Bulletin 2000-008 provides guidance to cash basis entities for the accounting treatment of on behalf transactions; The Audit Bulletin states:

*When a local government enters into an on-behalf-of program agreement with another local government or the State, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.*

The Village of Williamsport did not establish the required Capital Projects (OPWC) Fund in accordance with Ohio Rev. Code § 5709.09(F) and the Village did not record the related revenues and expenditures of \$283,868 and \$154,924 for the years ended December 31, 2016 and 2015, respectively.

The Village's Issue II monies went directly from OPWC to the appropriate contractor, as is common procedure with Issue II funding, and the Village did not record these monies coming into the Village or being expended to the contractor and failed to record the appropriations within its accounting records as required. Consequently, the Village violated Ohio Rev. Code § 5705.42 when it failed to properly account for these monies. The financial statements and footnotes include the proper adjustments to reflect the Issue II project within the Capital Projects Fund.

**VILLAGE OF WILLIAMSPORT  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

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

**FINDING NUMBER 2016-002 (Continued)**

**OPWC Issue II Funds - Noncompliance and Material Weakness (Continued)**

We recommend the Village establish a separate Capital Projects Fund for each Issue II project in order to account for the related receipts and disbursements to the extent the local government has received benefit from each project and budget for these monies accordingly.

**Officials' Response:** The Village has implemented the use of a special revenue fund for all OPWC transactions. The special fund reflects all revenues and expenditures associated with an OPWC project as described in the grant guidelines. Revenues and expenditures are posted to the fund upon verification of payment through the OPWC website.

**FINDING NUMBER 2016-003**

**Allocation of Revenues – Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(C)** states that all revenue that is derived from a special levy is to be credited to a special fund for the purpose for which the levy is made. Additionally, section (D) states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The following posting errors were identified to correct fund cash balances:

Posting Error	2015	2016
TANF grant funds received as reimbursements for salaries paid from the General fund were incorrectly posted into the Enterprise Fund.	\$14,554	\$0
A portion of interest revenue received was incorrectly posted into the Special Revenue Fund and Enterprise Fund.	3,101	0
Delinquent utility receipts from property taxes were incorrectly posted as property taxes to the General Fund rather than as charges for services to the Enterprise Fund.	3,161	0
Delinquent utility receipts from property taxes were incorrectly posted as property taxes to the General Fund rather than as charges for services to the Enterprise Fund.	0	2,096

The Fiscal Officer should be diligent in assuring funds are properly posted to the correct fund in accordance with the Village's Uniform Accounting Network (UAN) coding system and the Ohio Revised Code.

The Village's Fiscal Officer made the adjustments to the Village's records and the adjustments are reflected in the accompanying financial statements.

We recommend the Village review its current financial reports for similar errors and to make adjustments as necessary. We also recommend the Village implement control procedures to identify similar errors in future financial reports.

**VILLAGE OF WILLIAMSPORT  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2016-003 (Continued)**

**Allocation of Revenues – Noncompliance and Material Weakness (Continued)**

**Officials’ Response:** The Village has developed revenue posting reports to ensure that revenue is posted to proper accounts. All grant revenues are tied directly to the funds in which expenditures are made. Assessments are reviewed and matched with the original filings with the Pickaway County Auditor to ensure revenue is credited to the correct fund. Interest is applied through the UAN system by posting applicable interest to the motor vehicle license tax fund, the gasoline fund and the general fund pursuant to ORC 5705.10.

**FINDING NUMBER 2016-004**

**Expenditures Exceeding Appropriations – Noncompliance**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing unit from expending money unless it has been appropriated. The legal level of budgetary control for the Village is the level at which Council adopts the original appropriation measure.

Budgetary expenditures exceeded appropriations for the year ended December 31, 2015 at the fund level as follows:

<b>Fund Number</b>	<b>Fund Name</b>	<b>Appropriation Authority</b>	<b>Total Expenditures</b>	<b>Variance</b>
1001	General Fund	\$88,442	\$101,680	\$13,238

While the Village is required and does appropriate at a lower legal level of control, noncompliance at the fund level signifies the Village would also be noncompliant at their legal level of control.

Failure to have adequate appropriation authority in place at the time of expenditure may result in expenditures exceeding available resources and could result in deficit spending in the above fund.

We recommend the Fiscal Officer compare expenditures to appropriations on a monthly basis. If additional appropriations will be needed, the Village Council should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Fiscal Officer should deny requests for payment when appropriations are not available.

**Officials’ Response:** The Village Fiscal Officer reviews the appropriation status report on a monthly basis. All housekeeping requests are presented to Council prior to expenditure of funds. The UAN system has been updated to not allow the payment of an expense that exceeds the legal appropriation.





# Dave Yost • Auditor of State

VILLAGE OF WILLIAMSPORT

PICKAWAY 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  
APRIL 10, 2018