



***VILLAGE OF CEDARVILLE
GREENE COUNTY***

Regular Audit

**For the Years Ended
December 31, 2018 and 2017**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS



OHIO AUDITOR OF STATE
KEITH FABER

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Village Council
Village of Cedarville
PO Box 51
Cedarville, Ohio 45314

We have reviewed the *Independent Auditor's Report* of the Village of Cedarville, Greene County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2017 through December 31, 2018. 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 Cedarville is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

September 11, 2019

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VILLAGE OF CEDARVILLE, GREENE COUNTY

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Independent Auditor's Report

Village Council
Village of Cedarville
Greene County
P.O. Box 51
Cedarville, OH 45314

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 Cedarville, Greene County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

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 statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls 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 opinion.

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

As described in Note 2 of the December 31, 2018 and 2017 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 American (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 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, 2018 and 2017, or changes in financial position or cash flows thereof for the year 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 Cedarville, Greene County as of December 31, 2018 and 2017, 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) permits, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 14, 2019 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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

June 14, 2019

VILLAGE OF CEDARVILLE, GREENE COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2018

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Property and Other Local Taxes	\$68,595	\$0	\$68,595
Municipal Income Tax	696,382	0	696,382
Intergovernmental	74,740	87,533	162,273
Special Assessments	74	0	74
Charges for Service	7,930	0	7,930
Fines, Licenses, and Permits	12,553	0	12,553
Earnings on Investments	93	23	116
Miscellaneous	28,130	230	28,360
Total Cash Receipts	888,497	87,786	976,283
<u>Cash Disbursements:</u>			
<i>Current:</i>			
General Government	312,714	0	312,714
Security of Persons and Property	481,570	0	481,570
Public Health Services	1,952	0	1,952
Leisure Time Activities	41,135	0	41,135
Community Environment	6,828	0	6,828
Transportation	32,908	84,931	117,839
Capital Outlay	0	0	0
Total Cash Disbursements	877,107	84,931	962,038
Cash Receipts Over (Under) Cash Disbursements	11,390	2,855	14,245
<u>Other Financing Sources (Uses):</u>			
Transfers In	405,500	11,000	416,500
Transfers Out	(416,500)	0	(416,500)
Total Other Financing Sources (Uses)	(11,000)	11,000	0
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	390	13,855	14,245
Fund Cash Balances, January 1	312,938	110,960	423,898
Restricted	0	124,815	124,815
Committed	75,019	0	75,019
Assigned	10,028	0	10,028
Unassigned	228,281	0	228,281
Fund Cash Balances, December 31	\$313,328	\$124,815	\$438,143

See accompanying notes to the financial statements.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types
For the Year Ended December 31, 2018

	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$127,805
Total Operating Cash Receipts	127,805
<u>Operating Cash Disbursements:</u>	
Personal Services	24,191
Employee Fringe Benefits	3,875
Contractual Services	110,122
Supplies and Materials	5,481
Total Operating Cash Disbursements	143,669
Operating Income (Loss)	(15,864)
Fund Cash Balances, January 1	33,357
<i>Fund Cash Balances, December 31</i>	\$17,493

See accompanying notes to the financial statements.

VILLAGE OF CEDARVILLE, GREENE COUNTY

**Notes to the Financial Statements
For the Years Ended December 31, 2018**

Note 1 – Reporting Entity

The Village of Cedarville, Greene County, Ohio (the Village), 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. The Village is directed by a publicly elected six-member Council and a publicly elected Mayor.

The Village provides general government services, maintenance of Village roads, park maintenance and police protection. The Village contracts with Rumpke to provide refuse service.

The Village participates in Public Entities Pool of Ohio (PEP), a public entity risk-sharing pool. Note 8 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

A. Basis of Accounting

The Village’s financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

B. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund: The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

Special Revenue Funds: These funds are used to account for proceeds from specific sources (other than trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair (SCMR) Fund – This fund receives gasoline tax and motor vehicle license tax for constructing, maintaining and repairing Village streets.

State Highway Fund – This fund receives gasoline tax and motor vehicle license tax for constructing, maintaining and repairing state highways within the Village.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Enterprise Funds: These funds are used to account for any activities for which a fee is charged to external users for goods or services. The Village has the following significant Enterprise Fund:

Refuse Fund - This fund receives charges for services from residents to cover refuse collection costs.

C. Budgetary Process

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

Appropriations: Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations may not exceed estimated resources. Unencumbered 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 also certify estimated resources.

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

A summary of 2018 budgetary activity appears in Note 4.

D. Fund Balances

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 CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2018

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.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

Note 3 – Cash and Investments

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31,
	2018
	<hr/>
Demand Deposit	\$455,636
Money Market Account Deposit	0
	<hr/>
<i>Total</i>	<u><u>\$455,636</u></u>

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

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 4 – Budgetary Basis of Accounting

The Village’s budgetary activity for the years ending December 31, 2018 was as follows:

2018 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted	Actual	Variance
General	\$1,283,624	\$1,293,997	\$10,373
Special Revenue	84,380	98,786	14,406
Enterprise	129,000	127,805	(1,195)
<i>Total</i>	\$1,497,004	\$1,520,588	\$23,584

2018 Budgeted vs. Actual Budgetary Disbursements			
	Disbursements		
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,513,638	\$1,293,607	\$220,031
Special Revenue	189,342	84,931	104,411
Enterprise	148,000	143,669	4,331
<i>Total</i>	\$1,850,980	\$1,522,207	\$328,773

Note 5- 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. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 6- Local Income Tax

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

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

Note 7 – Retirement Systems

The Village’s certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans’ benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018 OP&F participants contributed 12.5% of their wages and both years the Village contributed an amount equal to 19.5% of full-time police members’ wages. For 2018, the OPERS member contributed 10% of gross salary and the Village contributed an amount equaling 14% of the participant’s gross salary. The Village has paid all contributions required through December 31, 2018.

Note 8 – 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.

Then Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2018 and 2017 (the latest information available):

Combined Coverage	<u>2018</u>	<u>2017</u>
Assets	\$49,921,998	\$44,452,326
Liabilities	<u>(14,676,199)</u>	<u>(13,004,011)</u>
Retained Earnings	<u>\$35,245,799</u>	<u>\$31,448,315</u>

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2018

Note 8 – Risk Management - (Continued)

The Casualty Coverage assets and retained earnings above include approximately \$11.8 million of unpaid claims to be billed to approximately 538 member governments in the future, as of December 31, 2018. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2018 the Pool retained \$500,000 for casualty claims and \$250,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

Note 9 – Fund Cash Balances

As of December 31, 2018, fund balances are composed of the following:

	General	Special Revenue	Total
<i>Restricted:</i>			
Road Maintenance & Improvement	\$0	\$124,815	\$124,815
<i>Committed:</i>			
Capital Improvements	75,019	0	75,019
<i>Assigned:</i>			
Future Appropriations	10,028	0	10,028
<i>Unassigned</i>	228,281	0	228,281
	\$313,328	\$124,815	\$438,143

VILLAGE OF CEDARVILLE, GREENE COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2017

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Property and Other Local Taxes	\$60,170	\$0	\$60,170
Municipal Income Tax	694,122	0	694,122
Intergovernmental	59,038	63,974	123,012
Special Assessments	74	0	74
Charges for Service	7,040	0	7,040
Fines, Licenses, and Permits	12,600	0	12,600
Earnings on Investments	37	9	46
Miscellaneous	20,118	545	20,663
Total Cash Receipts	853,199	64,528	917,727
<u>Cash Disbursements:</u>			
<i>Current:</i>			
General Government	318,166	0	318,166
Security of Persons and Property	378,699	0	378,699
Public Health Services	1,939	0	1,939
Leisure Time Activities	11,156	0	11,156
Community Environment	7,286	0	7,286
Transportation	11,989	67,676	79,665
Capital Outlay	94,063	0	94,063
Total Cash Disbursements	823,298	67,676	890,974
Cash Receipts Over (Under) Cash Disbursements	29,901	(3,148)	26,753
<u>Other Financing Sources (Uses):</u>			
Transfers In	365,600	7,000	372,600
Transfers Out	(372,600)	0	(372,600)
Total Other Financing Sources (Uses)	(7,000)	7,000	0
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	22,901	3,852	26,753
Fund Cash Balances, January 1	290,037	107,108	397,145
Restricted	0	110,960	110,960
Committed	104,263	0	104,263
Assigned	17,349	0	17,349
Unassigned	191,326	0	191,326
Fund Cash Balances, December 31	\$312,938	\$110,960	\$423,898

VILLAGE OF CEDARVILLE, GREENE COUNTY
Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types
For the Year Ended December 31, 2017

	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$128,988
Miscellaneous	160
	129,148
Total Operating Cash Receipts	129,148
<u>Operating Cash Disbursements:</u>	
Personal Services	24,398
Employee Fringe Benefits	3,169
Contractual Services	107,688
Supplies and Materials	5,676
	140,931
Total Operating Cash Disbursements	140,931
Operating Income	(11,783)
Fund Cash Balances, January 1	45,140
	45,140
<i>Fund Cash Balances, December 31</i>	\$33,357

See accompanying notes to the financial statements.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2017

Note 1 – Reporting Entity

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The Village provides general government services, maintenance of Village roads, park maintenance and police protection. The Village contracts with Rumpke to provide refuse service.

The Village participates in Public Entities Pool of Ohio (PEP), a public entity risk-sharing pool. Note 8 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

A. Basis of Accounting

The Village's financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

B. Fund Accounting

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Special Revenue Funds: These funds are used to account for proceeds from specific sources (other than trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair (SCMR) Fund – This fund receives gasoline tax and motor vehicle license tax for constructing, maintaining and repairing Village streets.

State Highway Fund – This fund receives gasoline tax and motor vehicle license tax for constructing, maintaining and repairing state highways within the Village.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Enterprise Funds: These funds are used to account for any activities for which a fee is charged to external users for goods or services. The Village has the following significant Enterprise Fund:

Refuse Fund - This fund receives charges for services from residents to cover refuse collection costs.

C. Budgetary Process

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

Appropriations: Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations may not exceed estimated resources. Unencumbered 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 also certify estimated resources.

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

A summary of 2017 budgetary activity appears in Note 4.

D. Fund Balances

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 CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2017

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.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

Note 3 – Cash and Investments

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31,
	2017
	<hr/>
Demand Deposit	\$457,255
Money Market Account Deposit	0
	<hr/>
<i>Total</i>	<u><u>\$457,255</u></u>

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

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2017

Note 4 – Budgetary Basis of Accounting

The Village’s budgetary activity for the years ending December 31, 2017 was as follows:

2017 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted	Actual	Variance
General	\$1,257,697	\$1,218,799	(\$38,898)
Special Revenue	76,410	71,528	(4,882)
Enterprise	131,000	129,148	(1,852)
<i>Total</i>	\$1,465,107	\$1,419,475	(\$45,632)

2017 Budgeted vs. Actual Budgetary Disbursements			
	Disbursements		
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,474,495	\$1,195,898	\$278,597
Special Revenue	177,762	67,676	110,086
Enterprise	162,447	140,931	21,516
<i>Total</i>	\$1,814,704	\$1,404,505	\$410,199

Note 5- 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. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2017

Note 6- Local Income Tax

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

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

Note 7 – Retirement Systems

The Village’s certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans’ benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017 OP&F participants contributed 12.5% of their wages and both years the Village contributed an amount equal to 19.5% of full-time police members’ wages. For 2017, the OPERS member contributed 10% of gross salary and the Village contributed an amount equaling 14% of the participant’s gross salary. The Village has paid all contributions required through December 31, 2017.

Note 8 – 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.

Then Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2017 and 2016 (the latest information available):

Combined Coverage	<u>2017</u>	<u>2016</u>
Assets	\$44,452,326	\$42,182,281
Liabilities	<u>(13,004,011)</u>	<u>(13,396,700)</u>
Retained Earnings	<u>\$31,448,315</u>	<u>\$28,785,581</u>

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2017

Note 8 – Risk Management - (Continued)

The Casualty Coverage assets and retained earnings above include approximately \$11.5 million of unpaid claims to be billed to approximately 527 member governments in the future, as of December 31, 2017. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2017 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

Note 9 – Fund Cash Balances

As of December 31, 2017, fund balances are composed of the following:

	General	Special Revenue	Total
<i>Restricted:</i>			
Road Maintenance & Improvement	\$0	\$110,960	\$110,960
<i>Committed:</i>			
Capital Improvements	104,263	0	104,263
<i>Assigned:</i>			
Future Appropriations	17,349	0	17,349
<i>Unassigned</i>	191,326	0	191,326
	\$312,938	\$110,960	\$423,898

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards***

Village Council
Village of Cedarville, Greene County
P.O. Box 51
Cedarville, OH 45314

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 Village of Cedarville, Greene County, Ohio (the Village), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 14, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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 prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material misstatement, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Village Council
Village of Cedarville, Greene County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*

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 grants, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Village's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

June 14, 2019

VILLAGE OF CEDARVILLE, GREENE COUNTY
Schedule of Findings
For the Years Ended December 31, 2018 and 2017

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

Finding Number 2018-001

Financial Record Keeping - Material Weakness

Ohio Rev. Code Section 733.28, provides, in part, that the Village Fiscal Officer shall keep the books of the Village and exhibit accurate statements of all monies received and expended.

The Village did not properly post the following transactions to the proper account codes, and therefore reported materially incorrect account classifications in the Village’s annual financial report:

Item	Amount	Fund Type	Proper Classification	Reported As
2018				
Amount Received from Another Government	\$21,484	General	Intergovernmental Revenue	Property Tax Revenue and Other Revenue
Amount Received from Another Government	\$25,099	Special Revenue	Intergovernmental Revenue	Other Revenue
2017				
Amount Received from Another Government	\$5,239	General	Intergovernmental Revenue	Property Tax Revenue

To comply with GASB 54 and remain consistent with prior years, three funds that were reported as Special Revenue Funds by the Village, needed to be combined with the General Fund. There were also adjustments and updates found to be needed in the notes to the financial statements.

The Village corrected the accompanying financial statements.

Failure to properly post transactions resulted in transactions being inaccurately classified in the annual report and inaccurate fund balances. The Fiscal Officer agreed to reclassifications to correctly report the above items, and the reclassifications were posted to the accompanying financial statements. The Fiscal Officer should review the chart of accounts in the Ohio Village Handbook to assure that items are being posted to the proper funds and account codes.

Officials’ Response

The Village has reviewed the finding and agrees to work at correcting.

VILLAGE OF CEDARVILLE, GREENE COUNTY

Schedule of Prior Audit Findings

For the Years Ended December 31, 2018 and 2017

Finding Number	Description	Status	Comments
	<i>Government Auditing Standards:</i>		
2016-001	Financial Record Keeping - audit adjustments were made to correct the Financial Statements.	Not Corrected	Reissued as Finding 2018-001

OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF CEDARVILLE

GREENE 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 26, 2019**