



Dave Yost • Auditor of State

VILLAGE OF WESTON
WOOD COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Weston
Wood County
13234 Main Street
P.O. Box 354
Weston, Ohio 43569-0354

To the Members of 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 Weston, Wood County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

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

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

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis 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, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Weston, Wood County, Ohio as of December 31, 2015 and 2014, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, 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

December 15, 2016

**VILLAGE OF WESTON
WOOD COUNTY**

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

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$30,279	\$22,407			\$52,686
Municipal Income Tax	218,305				218,305
Intergovernmental	24,990	87,104			112,094
Special Assessments	2,684	15,051	\$3,028		20,763
Charges for Services	34,912	109,992			144,904
Fines, Licenses and Permits	4,521				4,521
Earnings on Investments	1,036	171		\$72	1,279
Miscellaneous	1,540	250			1,790
<i>Total Cash Receipts</i>	<u>318,267</u>	<u>234,975</u>	<u>3,028</u>	<u>72</u>	<u>556,342</u>
Cash Disbursements					
Current:					
Security of Persons and Property	136,638	147,783			284,421
Public Health Services	1,391	34,358		274	36,023
Leisure Time Activities	10,668	849			11,517
Community Environment	40				40
Transportation		67,711			67,711
General Government	143,052	633	30		143,715
Capital Outlay	45,087				45,087
<i>Total Cash Disbursements</i>	<u>336,876</u>	<u>251,334</u>	<u>30</u>	<u>274</u>	<u>588,514</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(18,609)</u>	<u>(16,359)</u>	<u>2,998</u>	<u>(202)</u>	<u>(32,172)</u>
<i>Fund Cash Balances, January 1</i>	<u>455,424</u>	<u>343,331</u>	<u>19,538</u>	<u>29,167</u>	<u>847,460</u>
Fund Cash Balances, December 31					
Nonspendable				28,105	28,105
Restricted		325,043	22,536	860	348,439
Assigned	83,779	1,728			85,507
Committed		201			201
Unassigned	353,036				353,036
<i>Fund Cash Balances, December 31</i>	<u>\$436,815</u>	<u>\$326,972</u>	<u>\$22,536</u>	<u>\$28,965</u>	<u>\$815,288</u>

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

**VILLAGE OF WESTON
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$30,137	\$22,554			\$52,691
Municipal Income Tax	217,374				217,374
Intergovernmental	30,683	86,620	\$45,346		162,649
Special Assessments	2,162	15,357	3,303		20,822
Charges for Services	42,939	114,691			157,630
Fines, Licenses and Permits	5,187				5,187
Earnings on Investments	1,589	230		\$70	1,889
Miscellaneous	7,659	17,732			25,391
<i>Total Cash Receipts</i>	<u>337,730</u>	<u>257,184</u>	<u>48,649</u>	<u>70</u>	<u>643,633</u>
Cash Disbursements					
Current:					
Security of Persons and Property	137,277	122,620			259,897
Public Health Services	2,145	33,478		729	36,352
Leisure Time Activities	9,066				9,066
Community Environment	46				46
Transportation		74,493			74,493
General Government	149,909	686	46		150,641
Capital Outlay	20,993	29,800	45,346		96,139
<i>Total Cash Disbursements</i>	<u>319,436</u>	<u>261,077</u>	<u>45,392</u>	<u>729</u>	<u>626,634</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,294</u>	<u>(3,893)</u>	<u>3,257</u>	<u>(659)</u>	<u>16,999</u>
Other Financing Receipts					
Sale of Capital Assets	8,052	9,073			17,125
<i>Net Change in Fund Cash Balances</i>	26,346	5,180	3,257	(659)	34,124
<i>Fund Cash Balances, January 1</i>	<u>429,078</u>	<u>338,151</u>	<u>16,281</u>	<u>29,826</u>	<u>813,336</u>
Fund Cash Balances, December 31					
Nonspendable				28,106	28,106
Restricted		337,342	19,538	1,061	357,941
Assigned	151,291	5,989			157,280
Unassigned	304,133				304,133
<i>Fund Cash Balances, December 31</i>	<u>\$455,424</u>	<u>\$343,331</u>	<u>\$19,538</u>	<u>\$29,167</u>	<u>\$847,460</u>

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

**VILLAGE OF WESTON
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Weston, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides cemetery services, fire and EMS services, handles park and recreational activities, and appropriates general fund monies to support a volunteer fire department. The Village contracts with the Wood County Sheriff's department to provide security of persons and property.

The Village participates in a Public Entity Risk Pool. Note 7 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 is financially accountable.

B. Accounting Basis

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

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

C. Deposits and Investments

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

Investments in STAR Ohio/STAR Plus are valued at STAR Ohio share price, which is the price the investment could be sold for on December 31 2015, and 2014. The Village values certificates of deposit at cost.

D. 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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF WESTON
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. 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 Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Emergency Medical Services (EMS) Fund – This fund receives payments from residents of the Village and those surrounding areas who receive emergency rescue services from Village emergency medical personnel.

3. 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:

Community Development Block Grant (CDBG) FY2014 Water Plant Demolition Project Fund - The Village was awarded a grant in 2014 for the demolition of an old water plant.

Sidewalk Project/Special Assessment Fund - The Village has a long-term sidewalk plan in place for all properties to have walks installed over a period of time. In accordance with ORC Section 729.01, if the residents do not install the walks by the specified deadlines, the Village constructs the walks and assesses the cost to the resident's property taxes. Monies have been transferred in from the General Fund in order to pay for the construction of said walks; and we are still receiving monies in from amounts assessed in prior years.

4. Permanent Fund

This fund accounts for and reports resources that are restricted to the extent that only the earnings, and not principal, may be used for the purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Village has the following significant Permanent Fund:

Cemetery Trust Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for cemetery upkeep and the perpetual care and maintenance of gravesites.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

2. Estimated Resources

**VILLAGE OF WESTON
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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.

3. 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 and 2014 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. 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.

3. 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.

4. 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.

5. 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

**VILLAGE OF WESTON
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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.

G. Property, Plant, and Equipment

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

H. 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.

2. Equity in Pooled Deposits

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

	2015	2014
Demand deposits	\$76,310	\$109,364
Certificates of deposit	28,106	28,106
Other time deposits (savings account)	195,134	694,772
Total deposits	299,550	832,242
STAR Ohio		15,218
STAR Plus	515,738	
Total investments	515,738	15,218
Total deposit and investments	\$815,288	\$847,460

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts						
Fund Type	2015 Budgeted vs. Actual Budgetary Basis	Budgeted Receipts	Actual Receipts	Budgetary Expenditures	Actual Expenditures	Variance
General	Appropriation	\$298,267	\$318,267	\$298,267	\$318,267	\$19,969
Special Revenue	Authority	248,000	234,975	248,000	234,975	(13,046)
General	Capital Projects	\$449,589	\$348,110	\$30,900	\$3,028	(\$101,479)
Special Revenue	Permanent	369,349	721,180	70	218,015	2
Capital Projects	Total	28,056	30	\$577,289	\$556,342	28,020
Permanent		975	374	601	601	601
	Total	\$847,963	\$599,848	\$248,115	\$248,115	\$248,115

**VILLAGE OF WESTON
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$377,668	\$345,782	(\$31,886)
Special Revenue	313,121	266,257	(46,864)
Capital Projects	17,046	48,649	31,603
Permanent	1,000	70	(930)
Total	<u>\$708,835</u>	<u>\$660,758</u>	<u>(\$48,077)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$383,885	\$339,354	\$44,531
Special Revenue	322,721	267,066	55,655
Capital Projects	45,646	45,392	254
Permanent	1,000	729	271
Total	<u>\$753,252</u>	<u>\$652,541</u>	<u>\$100,711</u>

4. Property Tax

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.

5. Income Tax

The Village levies a 1 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

6. Retirement System

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS).

**VILLAGE OF WESTON
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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. For 2015 and 2014, 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.

Those not belonging to OPERS elected to enroll in Social Security. The Village's liability is 6.2 percent of wages paid.

7. Risk Management

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

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

The Village belongs to the 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 Insurance Services Group, Inc. (York) 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 York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in

**VILLAGE OF WESTON
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$6,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$8,543	\$8,779

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. MISCELLANEOUS INCOME

Miscellaneous revenues in the Special Revenue Funds in 2014, included refunds from the Ohio Public Employees Retirement System and the Bureau of Workers' Compensation.

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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 Weston
Wood County
13234 Main Street
P.O. Box 354
Weston, Ohio 43569-0354

To the Members of 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 disbursement by fund type of the Village of Weston, Wood County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated December 15, 2016, 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 a 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 a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 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 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.



Dave Yost
Auditor of State

Columbus, Ohio

December 15, 2016

**VILLAGE OF WESTON
WOOD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness

GASB 54 Fund Classification

Governmental Accounting Standards Board (GASB) Statement No. 54 established criteria for reporting governmental fund balances based on constraints placed upon the use of resources reported in the governmental funds. The five classifications are nonspendable, restricted, committed, assigned, and unassigned.

Assigned fund balance classification includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. When the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance.

The Village lacked a policy regarding financial review which contributed to material posting discrepancies such as the following, occurring without detection:

- In 2015 and 2014, unassigned fund balance was overstated and assigned fund balance was understated in the General Fund by \$72,545 and \$131,373, respectively.
- In 2015, assigned fund balance was overstated and restricted fund balance was understated in the Permanent Fund by \$100.

As a result, the Village's financial statements did not correctly reflect the financial activity of the Village. The Village's financial statements have been adjusted to correct these errors.

In order to help ensure the Village's governmental fund balances are reported in accordance with GASB 54, we recommend the Fiscal Officer and Council review the Auditor of State Bulletin 2011-004. The Village Council should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements, by the Fiscal Officer and Council to identify and correct errors and omissions.

Officials' Response:

The above note stated that the difference/discrepancy between budgeted revenues and appropriations should have been classified as "Assigned", according to GASB 54. I had typically stated our annual appropriations fairly high in order to avoid the need to continually increase the figures throughout the year. On average, our revenues and expenditures would come out very close to even, aside from the occasional large purchase. Therefore, I hadn't thought to assign the difference with a classification. Further, I had attended a training session a few years back when the new GASB 54 standards took effect; however, I don't remember this specific factor having been clarified or I would have been sure to incorporate it correctly. Moving forward, now that this has been brought to our attention, the new Fiscal Officer will be aware that this is required and can report accordingly."

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Dave Yost • Auditor of State

VILLAGE OF WESTON

WOOD 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
JANUARY 5, 2017