



Dave Yost • Auditor of State

VILLAGE OF DELLROY
CARROLL COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Dellroy
Carroll County
P.O. Box 174
Dellroy, Ohio 44620

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Dellroy, Carroll County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Dellroy, Carroll County, Ohio, as of December 31, 2013 and 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General and Street Construction, Maintenance and Repair funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2012, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*". We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2015, 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

October 23, 2015

VILLAGE OF DELLROY, OHIO
Carroll County
Statement of Net Position - Cash Basis
December 31, 2013

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$47,860</u>
<i>Total Assets</i>	<u><u>\$47,860</u></u>
Net Position	
Restricted for:	
Transportation	8,335
Fire operations	2,540
Other Purposes	<u>36,985</u>
<i>Total Net Position</i>	<u><u>\$47,860</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF DELLROY, OHIO
Carroll County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2013

	Program Cash Receipts			Total Governmental Activities
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities				
Current:				
Security of Persons and Property	\$20,993			(\$20,993)
Public Health Services	2,170			(2,170)
Community Environment	186			(186)
Transportation	13,461		\$14,974	1,513
General Government	40,813	\$1,410		(39,403)
Capital Outlay	9,709			(9,709)
Debt Service:				
Principal Retirement	5,120			(5,120)
Interest and Fiscal Charges	221			(221)
Other	37			(37)
<i>Total Governmental Activities</i>	<u>92,710</u>	<u>1,410</u>	<u>14,974</u>	<u>(76,326)</u>
<i>Total Primary Government</i>	<u>\$92,710</u>	<u>\$1,410</u>	<u>\$14,974</u>	<u>(76,326)</u>

General Receipts:

Property Taxes Levied for:	
General Purposes	33,808
Other Local Taxes	4
Grants and Entitlements not Restricted to Specific Programs	33,376
Cable Franchise Fees	1,083
Earnings on Investments	8
Miscellaneous	2,854
<i>Total General Receipts</i>	<u>71,133</u>
Change in Net Position	(5,193)
<i>Net Position Beginning of Year</i>	<u>53,053</u>
<i>Net Position End of Year</i>	<u>\$47,860</u>

See accompanying notes to the basic financial statements

VILLAGE OF DELLROY, OHIO
Carroll County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2013

	<u>General</u>	<u>Street Construction Maintenance and Repair</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	<u>\$36,985</u>	<u>\$8,221</u>	<u>\$2,654</u>	<u>\$47,860</u>
<i>Total Assets</i>	<u><u>\$36,985</u></u>	<u><u>\$8,221</u></u>	<u><u>\$2,654</u></u>	<u><u>\$47,860</u></u>
Fund Balances				
Restricted		\$8,221	\$2,654	\$10,875
Assigned	<u>\$36,985</u>			<u>36,985</u>
<i>Total Fund Balances</i>	<u><u>\$36,985</u></u>	<u><u>\$8,221</u></u>	<u><u>\$2,654</u></u>	<u><u>\$47,860</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF DELLROY, OHIO

Carroll County

Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis

Governmental Funds

For the Year Ended December 31, 2013

	General	Street Construction Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Receipts				
Property Taxes	\$27,102		\$4,649	\$31,751
Other Local Taxes	4			4
Intergovernmental	34,416	\$13,862	2,129	50,407
Fines, Licenses and Permits	2,493			2,493
Earnings on Investments	7	1		8
Miscellaneous	2,854			2,854
<i>Total Receipts</i>	<u>66,876</u>	<u>13,863</u>	<u>6,778</u>	<u>87,517</u>
Disbursements				
Current:				
Security of Persons and Property	17,868		3,126	20,994
Public Health Services	2,170			2,170
Community Environment	186			186
Transportation	499	11,484	1,477	13,460
General Government	40,813			40,813
Capital Outlay	9,464	245		9,709
Debt Service:				
Principal Retirement	5,120			5,120
Interest and Fiscal Charges	221			221
<i>Total Disbursements</i>	<u>76,341</u>	<u>11,729</u>	<u>4,603</u>	<u>92,673</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,465)</u>	<u>2,134</u>	<u>2,175</u>	<u>(5,156)</u>
Other Financing (Uses)				
Other Financing Uses	(37)			(37)
<i>Total Other Financing (Uses)</i>	<u>(37)</u>	<u>0</u>	<u>0</u>	<u>(37)</u>
<i>Net Change in Fund Balances</i>	<u>(9,502)</u>	<u>2,134</u>	<u>2,175</u>	<u>(5,193)</u>
<i>Fund Balances Beginning of Year</i>	<u>46,487</u>	<u>6,087</u>	<u>479</u>	<u>53,053</u>
<i>Fund Balances End of Year</i>	<u>\$36,985</u>	<u>\$8,221</u>	<u>\$2,654</u>	<u>\$47,860</u>

See accompanying notes to the basic financial statements

VILLAGE OF DELLROY, OHIO
Carroll County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property Taxes	\$20,100	\$20,100	\$27,102	\$7,002
Other Local Taxes	15	15	4	(11)
Intergovernmental	35,135	35,135	34,416	(719)
Fines, Licenses and Permits	2,200	2,200	2,493	293
Earnings on Investments	25	25	7	(18)
Miscellaneous			2,854	2,854
<i>Total Receipts</i>	<u>57,475</u>	<u>57,475</u>	<u>66,876</u>	<u>9,401</u>
Disbursements				
Current:				
Security of Persons and Property	27,025	26,989	17,972	9,017
Public Health Services	2,250	2,250	2,170	80
Community Environment	560	560	186	374
Transportation	1,000	1,000	499	501
General Government	54,279	54,279	40,813	13,466
Capital Outlay	13,464	13,464	9,464	4,000
Debt Service:				
Principal Retirement	5,120	5,120	5,120	0
Interest and Fiscal Charges	221	221	221	0
<i>Total Disbursements</i>	<u>103,919</u>	<u>103,883</u>	<u>76,445</u>	<u>27,438</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(46,444)</u>	<u>(46,408)</u>	<u>(9,569)</u>	<u>36,839</u>
Other Financing (Uses)				
Other Financing Uses		(37)	(37)	0
<i>Total Other Financing (Uses)</i>	<u>0</u>	<u>(37)</u>	<u>(37)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(46,444)</u>	<u>(46,445)</u>	<u>(9,606)</u>	<u>36,839</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	46,384	46,384	46,384	0
Prior Year Encumbrances Appropriated	103	103	103	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$43</u>	<u>\$42</u>	<u>\$36,881</u>	<u>\$36,839</u>

See accompanying notes to the basic financial statements

VILLAGE OF DELLROY, OHIO
Carroll County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction, Maintenance and Repair
For the Year Ended December 31, 2013

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$13,819	\$13,819	\$13,862	\$43
Earnings on Investments	1	1	1	0
<i>Total Receipts</i>	<u>13,820</u>	<u>13,820</u>	<u>13,863</u>	<u>43</u>
Disbursements				
Current:				
Transportation	18,700	18,700	11,494	7,206
Capital Outlay	800	800	245	555
<i>Total Disbursements</i>	<u>19,500</u>	<u>19,500</u>	<u>11,739</u>	<u>7,761</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,680)</u>	<u>(5,680)</u>	<u>2,124</u>	<u>7,804</u>
<i>Net Change in Fund Balance</i>	(5,680)	(5,680)	2,124	7,804
<i>Unencumbered Fund Balance Beginning of Year</i>	5,672	5,672	5,672	0
Prior Year Encumbrances Appropriated	21	21	21	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$13</u>	<u>\$13</u>	<u>\$7,817</u>	<u>\$7,804</u>

See accompanying notes to the basic financial statements

VILLAGE OF DELROY, OHIO
Carroll County
Statement of Net Position - Cash Basis
December 31, 2012

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$53,053
	<hr/>
<i>Total Assets</i>	<u><u>\$53,053</u></u>
Net Position	
Restricted for:	
Transportation	6,566
Other Purposes	46,487
	<hr/>
<i>Total Net Position</i>	<u><u>\$53,053</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF DELROY, OHIO
Carroll County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2012

	<u>Program Cash Receipts</u>			
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities				
Current:				
Security of Persons and Property	\$18,864			(\$18,864)
Public Health Services	2,100			(2,100)
Community Environment	383			(383)
Transportation	12,141		\$15,069	2,928
General Government	42,003	\$2,165		(39,838)
Capital Outlay	37,318			(37,318)
Debt Service:				
Principal Retirement	4,980			(4,980)
Interest and Fiscal Charges	361			(361)
<i>Total Governmental Activities</i>	<u>118,150</u>	<u>2,165</u>	<u>15,069</u>	<u>(100,916)</u>
<i>Total Primary Government</i>	<u>\$118,150</u>	<u>\$2,165</u>	<u>\$15,069</u>	<u>(100,916)</u>
General Receipts:				
Property Taxes Levied for:				
General Purposes				28,691
Other Local Taxes				14
Grants and Entitlements not Restricted to Specific Programs				37,714
Sale of Notes				15,362
Cable Franchise Fees				1,046
Earnings on Investments				28
Miscellaneous				4,429
<i>Total General Receipts</i>				<u>87,284</u>
Change in Net Position				(13,632)
<i>Net Position Beginning of Year</i>				<u>66,685</u>
<i>Net Position End of Year</i>				<u>\$53,053</u>

See accompanying notes to the basic financial statements

VILLAGE OF DELROY, OHIO
Carroll County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2012

	General	Street Construction Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$46,487	\$6,087	\$479	\$53,053
<i>Total Assets</i>	<u>\$46,487</u>	<u>\$6,087</u>	<u>\$479</u>	<u>\$53,053</u>
Fund Balances				
Restricted		\$6,087	\$479	\$6,566
Assigned	\$46,487			46,487
<i>Total Fund Balances</i>	<u>\$46,487</u>	<u>\$6,087</u>	<u>\$479</u>	<u>\$53,053</u>

See accompanying notes to the basic financial statements

VILLAGE OF DELROY, OHIO

Carroll County

Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis

Governmental Funds

For the Year Ended December 31, 2012

	General	Street Construction Maintenance and Repair	Other Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts					
Property Taxes	\$19,728			\$4,021	\$23,749
Other Local Taxes	13			1	14
Intergovernmental	41,837	\$13,963		1,925	57,725
Fines, Licenses and Permits	3,211				3,211
Earnings on Investments	27	1			28
Miscellaneous	4,428				4,428
<i>Total Receipts</i>	<u>69,244</u>	<u>13,964</u>	<u>\$0</u>	<u>5,947</u>	<u>89,155</u>
Disbursements					
Current:					
Security of Persons and Property	14,023			4,841	18,864
Public Health Services	2,100				2,100
Community Environment	383				383
Transportation		9,239		2,902	12,141
General Government	42,003				42,003
Capital Outlay	21,134	821	15,362		37,317
Debt Service:					
Principal Retirement	4,980				4,980
Interest and Fiscal Charges	361				361
<i>Total Disbursements</i>	<u>84,984</u>	<u>10,060</u>	<u>15,362</u>	<u>7,743</u>	<u>118,149</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,740)</u>	<u>3,904</u>	<u>(15,362)</u>	<u>(1,796)</u>	<u>(28,994)</u>
Other Financing Sources					
Sale of Notes			15,362		15,362
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>15,362</u>	<u>0</u>	<u>15,362</u>
<i>Net Change in Fund Balances</i>	<u>(15,740)</u>	<u>3,904</u>	<u>0</u>	<u>(1,796)</u>	<u>(13,632)</u>
<i>Fund Balances Beginning of Year</i>	<u>62,227</u>	<u>2,183</u>	<u>0</u>	<u>2,275</u>	<u>66,685</u>
<i>Fund Balances End of Year</i>	<u>\$46,487</u>	<u>\$6,087</u>	<u>\$0</u>	<u>\$479</u>	<u>\$53,053</u>

See accompanying notes to the basic financial statements

VILLAGE OF DELROY, OHIO
Carroll County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$25,807	\$33,136	\$19,728	(\$13,408)
Other Local Taxes	100	129	13	(116)
Intergovernmental	40,250	51,680	41,837	(9,843)
Fines, Licenses and Permits	2,200	2,825	3,211	386
Earnings on Investments		64	27	(37)
Miscellaneous	50		4,428	4,428
<i>Total Receipts</i>	<i>68,407</i>	<i>87,834</i>	<i>69,244</i>	<i>(18,590)</i>
Disbursements				
Current:				
Security of Persons and Property	20,222	20,222	14,126	6,096
Public Health Services	2,100	2,100	2,100	0
Community Environment	560	560	383	177
Transportation	1,000	1,000		1,000
General Government	53,506	53,506	42,003	11,503
Capital Outlay	31,808	26,467	21,134	5,333
Debt Service:				
Principal Retirement		4,980	4,980	0
Interest and Fiscal Charges		361	361	0
<i>Total Disbursements</i>	<i>109,196</i>	<i>109,196</i>	<i>85,087</i>	<i>24,109</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(40,789)</i>	<i>(21,362)</i>	<i>(15,843)</i>	<i>5,519</i>
<i>Net Change in Fund Balance</i>	<i>(40,789)</i>	<i>(21,362)</i>	<i>(15,843)</i>	<i>5,519</i>
<i>Unencumbered Fund Balance Beginning of Year</i>	<i>41,815</i>	<i>41,815</i>	<i>41,815</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>20,412</i>	<i>20,412</i>	<i>20,412</i>	<i>0</i>
<i>Unencumbered Fund Balance End of Year</i>	<i>\$21,438</i>	<i>\$40,865</i>	<i>\$46,384</i>	<i>\$5,519</i>

See accompanying notes to the basic financial statements

VILLAGE OF DELROY, OHIO
Carroll County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction, Maintenance and Repair
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$14,504	\$14,504	\$13,963	(\$541)
Earnings on Investments	2	2	1	(1)
<i>Total Receipts</i>	14,506	14,506	13,964	(542)
Disbursements				
Current:				
Transportation	15,868	15,868	9,260	6,608
Capital Outlay	822	822	822	0
<i>Total Disbursements</i>	16,690	16,690	10,082	6,608
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,184)	(2,184)	3,882	6,066
<i>Net Change in Fund Balance</i>	(2,184)	(2,184)	3,882	6,066
<i>Unencumbered Fund Balance Beginning of Year</i>	2,155	2,155	2,155	0
Prior Year Encumbrances Appropriated	29	29	29	0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$6,066	\$6,066

See accompanying notes to the basic financial statements

VILLAGE OF DELLROY
Notes To The Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 1 – REPORTING ENTITY

The Village of Dellroy, Carroll County, Ohio (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 six-member Council elected at large for four-year terms. The Mayor is elected to a four-year term and votes only to break a tie.

The reporting entity is comprised of the primary government.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides the following services to its citizens: general government services, maintenance of Village roads and bridges, and police services. The Village contracts and appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pools

The Village participates in a public entity risk pool, Ohio Plan Risk Management, Inc. to provide property and casualty coverage to its members. Note 7 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

As discussed further in "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash and investment balances, of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a *modified* cash basis or draws from the general receipts of the Village.

VILLAGE OF DELLROY
Notes To The Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are all governmental.

Governmental Funds

Governmental Funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General 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.

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 maintenance and repair of streets within the Village.

Other Capital Projects Fund The other capital projects fund accounts for and reports the purchase of capital equipment for use in the Village.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

VILLAGE OF DELLROY
Notes To The Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2013 the Village did not have any investments. However, in 2012 the Village invested in a money market fund. The Village's money market fund investment is recorded at the amount reported by The Citizen's Bank on December 31, 2012.

Interest earnings are allocated to Village funds according to State statutes. Interest receipts credited to the General Fund during 2013 and 2012 were \$7 and \$27.

Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

VILLAGE OF DELLROY
Notes To The Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for Street Construction, Maintenance & Repair, State Highway and Fire Protection,

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted resources are available.

For 2013 restricted net position is as follows:

Street Construction, Maintenance and Repair	\$8,221
State Highway	\$ 114
Fire Protection	\$2,540

For 2012 restricted net position is as follows:

Street Construction, Maintenance and Repair	\$6,087
State Highway	\$ 479

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

VILLAGE OF DELLROY
Notes To The Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 – CHANGE IN ACCOUNTING PRINCIPLE

For 2012, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Street Construction, Maintenance & Repair are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis) (and outstanding year-end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)). The encumbrances outstanding at December 31, 2013 and 2012 year-ends (budgetary basis) amounted to \$104 and \$103 for the General Fund and \$10 and \$21 for the Street Construction Maintenance and Repair fund, respectively.

VILLAGE OF DELLROY
Notes To The Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 5 – DEPOSITS AND INVESTMENTS

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

VILLAGE OF DELLROY
Notes To The Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At December 31, 2013 and 2012, the Village did not have any undeposited cash on hand.

Deposits

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of December 31, 2013, the Village had no investments. However, as of December 31, 2012, the Village had an investment in a Money Market Savings Account for \$7,344.

The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

NOTE 6 – PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all Village operations for the years ended December 31, 2013 and 2012, were \$11.46 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2013 property tax receipts were based are as follows:

VILLAGE OF DELLROY
Notes To The Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 6 – PROPERTY TAXES (continued)

	2013	2012
Real Property		
Residential	\$2,666,870	\$2,796,220
Commercial	483,200	514,960
Mineral	570	570
Total	\$3,150,640	\$3,311,750

NOTE 7 – RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2013 and 2012, the Village contracted with Ohio Plan Risk Management for various types of insurance coverage:

Type of Coverage	Coverage	Deductible
Commercial Property	\$1,000,000	\$500
General Liability - each occurrence	2,000,000	0
- annual aggregate	4,000,000	0
Vehicle	2,000,000	0
Public Officials - each occurrence	2,000,000	1,000
- annual aggregate	4,000,000	1,000
Law Enforcement - each incident	2,000,000	1,000
- annual aggregate	4,000,000	1,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

VILLAGE OF DELLROY
Notes To The Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013 and 2012, member and employer contribution rates were consistent across all three plans. Members in the state and local divisions may participate in all three plans.

For the year ended December 31, 2013 and 2012, members in state and local classifications contributed 10.0 percent of covered payroll.

The Village's 2013 and 2012 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 1.0 percent during calendar year 2013 and 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent during calendar year 2013 and 2012.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 were \$2,534, \$2,823, and \$3,400, respectively. The full amount has been contributed for 2013, 2012 and 2011.

NOTE 9 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan, which includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution OPERS is set aside for the funding of post-retirement health care coverage.

VILLAGE OF DELLROY
Notes To The Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 9 – POST EMPLOYMENT BENEFITS (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013 and 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0 percent during calendar year 2013 and 4.0 percent during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0 percent during calendar year 2013 and 6.05 percent during calendar year 2012.

The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and coverage selected.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$25, \$113 and \$136, respectively. The full amount has been contributed for 2013, 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Note 10 - Debt

The Village purchased a Ford F350 dump truck in 2012 for \$37,362. The Village made a down payment of \$22,000 and financed the balance of \$15,362 with a bank loan from Citizens Bank.

<u>Debt Issue</u>	<u>Rate</u>	<u>Issue Amount</u>	<u>Date of Maturity</u>
Bank Loan	2.713%	\$ 15,362	December 29, 2014

The changes in the Village's long-term debt during 2013 was as follows:

	<u>Amount Outstanding 12/31/12</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount Outstanding 12/31/13</u>	<u>Amounts Due in One Year</u>
Bank Loan	\$10,382	\$0	\$5,120	\$5,262	\$5,262

VILLAGE OF DELLROY
Notes To The Basic Financial Statements
For the Years Ended December 31, 2013 and 2012

NOTE 10 – DEBT (continued)

The changes in the Village’s long-term debt during 2012 was as follows:

	Amount Outstanding 12/31/11	Additions	Deletions	Amount Outstanding 12/31/12	Amounts Due in One Year
Bank Loan	\$0	\$15,362	\$4,980	\$10,382	\$5,120

NOTE 11 – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balances as of December 31, 2013

Fund Balances	General Fund	SCMR Fund	Other Governmental Funds	Total
Restricted for				
Fire Protection			\$2,540	\$2,540
Road Improvements		\$8,221	114	8,335
<i>Total Restricted</i>	\$0	8,221	2,654	10,875
Assigned to				
Other Purposes	36,985			36,985
<i>Total Assigned</i>	36,985	0	0	36,985
<i>Total Fund Balances</i>	\$36,985	\$8,221	\$2,654	\$47,860

Fund balances as of December 31, 2012

Fund Balances	General Fund	SCMR Fund	Other Governmental Funds	Total
Restricted for				
Road Improvements		\$6,087	\$479	\$6,566
<i>Total Restricted</i>	\$0	6,087	479	6,566
Assigned to				
Other Purposes	46,487			46,487
<i>Total Assigned</i>	46,487	0	0	46,487
<i>Total Fund Balances</i>	\$46,487	\$6,087	\$479	\$53,053

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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 Dellroy
Carroll County
P.O. Box 174
Dellroy, Ohio 44620

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 governmental activities, each major fund, and the aggregate remaining fund information of the Village of Dellroy, Carroll County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 23, 2015, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

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. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-002 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 23, 2015

**VILLAGE OF DELLROY
CARROLL COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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1. Ohio Rev. Code Section 5705.10 (C)

<i>Finding Number</i>	2013-001
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MATERIAL WEAKNESS and NONCOMPLIANCE

Ohio Rev. Code Section 5705.10 (C) states that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

During 2013 and 2012, the Village recorded intergovernmental receipts into the State Highway Fund that should have been recorded in the Street Construction Maintenance and Repair Fund for \$694 and \$394, respectively. The Village did not have procedures in place to ensure receipts are posted to the proper funds.

The Village has made the above adjustments to their accounting records and these adjustments were made to the respective funds in the financial statements for the 2013 and 2012 years.

The Fiscal Officer should review the source of the activity and the appropriate intended fund before recording the receipt to the Village's accounting records to prevent fund misclassifications.

Official's Response:

The Fiscal Officer will review the receipts more closely when posting them. She feels she must have not looked at the receipt closely or she would have noticed that it was not correct. Council will also review the receipts to ensure they are being posted correctly.

2. Financial Reporting

<i>Finding Number</i>	2013-002
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SIGNIFICANT DEFICIENCY

Errors were noted in the Village's financial statements for both 2013 and 2012, which required adjustments as indicated below:

- \$772 of Intergovernmental Revenue (Homestead and Rollback Taxes) were misclassified as Property Tax Revenue to the Fire Protection fund (fund 2901) during 2013. This type of receipt is a reimbursement from the state for property tax reduction; therefore, the receipt should be classified as intergovernmental rather than property tax. This was adjusted to the Village's financial statements.
- Based on implementation of Governmental Accounting Standards Board (GASB) Statement No. 54, any year-end general fund balance appropriations in excess of estimated receipts (taxes and other sources) for the subsequent fiscal year must be classified as assigned fund balance. Fund balance reclassifications were made from Unassigned to Assigned fund balances within the General fund for \$36,985 and \$46,487 in 2013 and 2012, respectively. These were adjusted to the Village's financial statements.

**Finding Number 2013-002
(Continued)**

In addition, \$3,904 of Intergovernmental Revenue (Homestead and Rollback Taxes) were misclassified as Property Tax Revenue to the General fund (fund 1000) during 2013. This was not adjusted to the Village's financial statements.

The Village did not have procedures in place to ensure receipts were posted to the proper line item. Additionally, the Village was unfamiliar with the requirements to determine assigned vs. unassigned fund balance under GASB 54.

The Fiscal Officer should review all receipts to determine the receipt source before posting to the accounting system. This may help ensure all amounts are posted to the correct fund/line item and are properly reported at year end. In addition, The Fiscal Officer should review the fund balance classifications as defined in GASB Statement No. 54 to help ensure the Village properly reports fund balance categories for financial statement purposes.

Official's Response:

The Fiscal Officer will review all transactions to ensure they are posted properly to the correct accounts. Council will also review these receipts more closely to make sure they are classified to the proper accounts. All end of the year carry over balances will be classified correctly.



Dave Yost • Auditor of State

VILLAGE OF DELLROY

CARROLL 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
DECEMBER 8, 2015