



**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY  
Regular Audit  
For the Years Ended December 31, 2018 and 2017**

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

[www.perrycpas.com](http://www.perrycpas.com)



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Trustees  
Village of Yorkville  
139 Market Street  
Yorkville, OH 43971

We have reviewed the *Independent Auditor's Report* of the Village of Yorkville, Jefferson County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

January 27, 2020

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VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

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## INDEPENDENT AUDITOR'S REPORT

November 27, 2019

Village of Yorkville  
Jefferson County  
139 Market Street  
Yorkville, Ohio 43917

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Village of Yorkville**, Jefferson County, (the Village) as of and for the years ended December 31, 2018 and 2017.

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

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

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

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, or changes in financial position or cash flows thereof for the 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 cash balances, receipts and disbursements by fund type, and related notes of Village of Yorkville, Jefferson County as of December 31, 2018 and 2017, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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



**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 169,700	\$ 22,713	\$ 192,413
Intergovernmental	65,458	86,932	152,390
Fines, Licenses, and Permits	46,399	-	46,399
Charges for Services	-	66,702	66,702
Earnings on Investments	52	7	59
Miscellaneous	15,372	16	15,388
	<u>296,981</u>	<u>176,370</u>	<u>473,351</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	185,812	105,344	291,156
Transportation	-	70,263	70,263
General Government	83,497	-	83,497
Capital Outlay	35,605	452,016	487,621
Debt Service:			
Principal Retirement	3,682	23,460	27,142
Interest and Fiscal Charges	-	8,033	8,033
	<u>308,596</u>	<u>659,116</u>	<u>967,712</u>
<b>Total Cash Disbursements</b>			
Excess of Receipts Over (Under) Disbursements	<u>(11,615)</u>	<u>(482,746)</u>	<u>(494,361)</u>
<b>Other Financing Receipts (Disbursements):</b>			
Transfers In	-	13,000	13,000
Transfers Out	(13,000)	-	(13,000)
Other Debt Proceeds	-	446,691	446,691
	<u>(13,000)</u>	<u>459,691</u>	<u>446,691</u>
<b>Total Other Financing Receipts (Disbursements)</b>			
<i>Net Change in Fund Cash Balances</i>	(24,615)	(23,055)	(47,670)
<i>Fund Cash Balances, January 1</i>	<u>85,417</u>	<u>156,044</u>	<u>241,461</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	132,989	132,989
Unassigned (Deficit)	<u>60,802</u>	<u>-</u>	<u>60,802</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 60,802</u>	<u>\$ 132,989</u>	<u>\$ 193,791</u>

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

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 428,163
	<u>428,163</u>
Total Operating Cash Receipts	<u>428,163</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	98,724
Fringe Benefits	22,982
Contractual Services	94,337
Supplies and Materials	37,989
Other	643
	<u>254,675</u>
Total Operating Cash Disbursements	<u>254,675</u>
Operating Income	<u>173,488</u>
<b>Non-Operating Receipts (Disbursements):</b>	
Capital Outlay	(12,971)
Principal Retirement	(33,823)
Interest and Other Fiscal Charges	(13,695)
	<u>(60,489)</u>
Total Non-Operating Receipts (Disbursements)	<u>(60,489)</u>
<i>Net Change in Fund Cash Balances</i>	112,999
<i>Fund Cash Balances, January 1</i>	<u>75,837</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 188,836</u>

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

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The Village of Yorkville (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and sanitation utilities, police services, and general governmental services. The Village contracts with the Yorkville Volunteer Fire Department to receive fire protection services.

***Public Entity Risk Pool***

The Village participates in a jointly governed organization. Note 7 to the financial statements provides additional information for this entity. This organization is:

Ohio Municipal Joint Self-Insurance Pool:

The Ohio Municipal Joint Self-Insurance Pool, (the “Pool”) is an unincorporated non-profit association available to municipal corporations and their instrumentalities and provides property and casualty insurance for its members.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Fire Levy Fund*** – This fund receives proceeds from a tax levy to pay for supplies and materials for the fire department.

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2018*  
*(Continued)*

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

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

**Water Fund** – This fund receives charges for services from residents to cover water service costs.

**Sewer Fund** – This fund receives charges for services from residents to cover sewer service costs.

**Sanitation Fund** – This fund receives charges for services from residents to cover sanitation costs.

**Basis of Accounting**

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

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

**Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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

**Encumbrances** – The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end cancelled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

**Deposits and Investments**

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

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2018*  
*(Continued)*

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

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

***Restricted*** – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

***Committed*** – Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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

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

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2018*  
(Continued)

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, Street Construction and Maintenance Fund, Fire Levy Fund, EMS Fund, and Water Revenue Fund by \$103,018, \$43,066, \$53,504, \$21,254 and \$12,202, respectively, for the year ended December 31, 2018. Also contrary to Ohio law, appropriations exceeded estimated resources in the Special Assessment Fund, Water Revenue Fund, and Sanitation Revenue Fund by \$20,365, \$19,382, and \$19,130, respectively, for the year ended December 31, 2018.

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 438,895	\$ 296,981	\$ (141,914)
Special Revenue	133,050	176,370	43,320
Enterprise	369,250	428,163	58,913
Total	\$ 941,195	\$ 901,514	\$ (39,681)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 241,520	\$ 344,538	\$ (103,018)
Special Revenue	133,595	250,278	(116,683)
Enterprise	388,760	340,460	48,300
Total	\$ 763,875	\$ 935,276	\$ (171,401)

**Note 5 – Deposits**

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

	2018
Demand deposits	\$ 147,406
Savings	235,221
Total deposits	\$ 382,627

**Deposits**

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2018*  
*(Continued)*

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**Note 6 – Taxes**

***Property Taxes***

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

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

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

**Note 7 – Risk Management**

**Risk Pool Membership**

The Township belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2018, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2018.

Assets	\$1,341,128
Liabilities	<u>(884,941)</u>
Accumulated Surplus	\$ <u>456,187</u>

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2018*  
(Continued)

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

***Ohio Police and Fire Retirement System***

Some of the Village's certified full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan #2949	\$ 787	6.58%
OWDA Loan #4765	302,789	4.47%
USDA Bond Series 2010	11,600	4.00%
LGIF	30,463	0.00%
Unified - Truck Loan	23,182	2.65%
US Bank - Fire Truck	400,999	3.50%
Total	<u>\$ 769,820</u>	



**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2018*  
(Continued)

**Note 10 – Debt (Continued)**

The Ohio Water Development Authority (OWDA) loan #2949 relates to a water and sewer expansion project mandated by the Ohio Environmental Protection Agency. The OWDA approved \$20,327 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$839, including interest, over 25 years. Water and Sewer receipts collateralize the loan and the Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4765 relates to a catch basin improvement project mandated by the Ohio Environmental Protection Agency. The OWDA approved \$541,409 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$20,617, including interest, over 20 years. Water and Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The United States Development Authority (USDA) bonds were used to purchase a Garbage Packer for use by the sanitation department. The USDA approved \$50,000 in bonds to the Village for the packer. The village will repay the bonds in semiannual installments over 10 years. The packer collateralizes the debt and the Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The LGIF (Local Government Initiative Fund) is for Multi-purpose Building Energy Efficiency Projects. The Village was approved for up to \$73,047. The Village will repay the loan in quarterly installments of \$1,841 beginning approximately March 2018 until loan is paid in full.

The Village took out a loan from Unified Bank to purchase a 2018 Police Cruiser.

The Village took out a noncancelable lease for a fire truck from U.S. Bank during 2018. The Village will make annual semi-annual payments of \$24,991.

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

Year ending December 31:	OWDA Loan 2949	OWDA Loan 4765	USDA Bonds	LGIF	Unified Bank	US Bank - Fire Truck
2019	\$ 1,640	\$ 39,778	\$ 6,164	\$ 7,365	\$ 6,501	\$ 49,981
2020	-	39,908	6,136	7,365	6,501	49,981
2021	-	40,044	-	7,365	6,501	49,981
2022	-	40,186	-	8,368	3,792	49,981
2023	-	40,335	-	-	-	49,981
2024-2028	-	183,535	-	-	-	249,905
Total	\$ 1,640	\$ 383,786	\$ 12,300	\$ 30,463	\$ 23,295	\$ 499,810

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 166,326	\$ 30,363	\$ -	\$ 196,689
Intergovernmental	133,025	54,709	-	187,734
Charges for Services	-	17,965	-	17,965
Fines, Licenses, and Permits	49,128	-	-	49,128
Miscellaneous	8,805	26,526	-	35,331
	<u>357,284</u>	<u>129,563</u>	<u>-</u>	<u>486,847</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	171,685	41,960	-	213,645
Transportation	4,727	54,211	-	58,938
General Government	138,042	-	-	138,042
	<u>314,454</u>	<u>96,171</u>	<u>-</u>	<u>410,625</u>
Excess of Receipts Over (Under) Disbursements	<u>42,830</u>	<u>33,392</u>	<u>-</u>	<u>76,222</u>
<b>Other Financing Receipts (Disbursements):</b>				
Transfers In	-	-	56,999	56,999
Transfers Out	(56,999)	-	-	(56,999)
	<u>(56,999)</u>	<u>-</u>	<u>56,999</u>	<u>-</u>
Total Other Financing Receipts (Disbursements)	<u>(56,999)</u>	<u>-</u>	<u>56,999</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	(14,169)	33,392	56,999	76,222
<i>Fund Cash Balances, January 1</i>	<u>99,586</u>	<u>122,652</u>	<u>(56,999)</u>	<u>165,239</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	156,044	-	156,044
Unassigned (Deficit)	85,417	-	-	85,417
	<u>85,417</u>	<u>156,044</u>	<u>-</u>	<u>241,461</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 85,417</u>	<u>\$ 156,044</u>	<u>\$ -</u>	<u>\$ 241,461</u>

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

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 342,358	\$ -	\$ 342,358
Total Operating Cash Receipts	<u>342,358</u>	<u>-</u>	<u>342,358</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	92,931	-	92,931
Contractual Services	43,084	-	43,084
Supplies and Materials	116,941	-	116,941
Other	42,876	-	42,876
Total Operating Cash Disbursements	<u>295,832</u>	<u>-</u>	<u>295,832</u>
Operating Income	<u>46,526</u>	<u>-</u>	<u>46,526</u>
<b>Non-Operating Receipts (Disbursements):</b>			
Principal Retirement	(32,370)	-	(32,370)
Interest and Other Fiscal Charges	(16,550)	-	(16,550)
Total Non-Operating Receipts (Disbursements)	<u>(48,920)</u>	<u>-</u>	<u>(48,920)</u>
Income before Transfers	<u>(2,394)</u>	<u>-</u>	<u>(2,394)</u>
Transfers In	-	5,507	5,507
Transfers Out	(5,507)	-	(5,507)
<i>Net Change in Fund Cash Balances</i>	(7,901)	5,507	(2,394)
<i>Fund Cash Balances, January 1</i>	<u>83,738</u>	<u>(5,507)</u>	<u>78,231</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 75,837</u>	<u>\$ -</u>	<u>\$ 75,837</u>

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

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2017*

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**Note 1 – Reporting Entity**

The Village of Yorkville (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and sanitation utilities, police services, and general governmental services. The Village contracts with the Yorkville Volunteer Fire Department to receive fire protection services.

***Public Entity Risk Pool***

The Village participates in a jointly governed organization. Note 7 to the financial statements provides additional information for this entity. This organization is:

Ohio Municipal Joint Self-Insurance Pool:

The Ohio Municipal Joint Self-Insurance Pool, (the “Pool”) is an unincorporated non-profit association available to municipal corporations and their instrumentalities and provides property and casualty insurance for its members.

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

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

***Fire Levy Fund*** – This fund receives proceeds from a tax levy to pay for supplies and materials for the fire department.

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2017*  
*(Continued)*

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

**Capital Projects 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:

**Sewer Maintenance Fund** – This fund receives tax monies and is used to purchase equipment for the use in the operations of the village sewer system.

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

**Water Fund** – This fund receives charges for services from residents to cover water service costs.

**Sewer Fund** – This fund receives charges for services from residents to cover sewer service costs.

**Sanitation Fund** – This fund receives charges for services from residents to cover sanitation costs.

**Fiduciary Funds** - Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for payroll and payroll related disbursements.

**Basis of Accounting**

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

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

**Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2017*  
*(Continued)*

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

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

**Encumbrances** – The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end cancelled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 4.

**Deposits and Investments**

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

**Capital Assets**

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

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**Fund Balance**

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

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

**Restricted** – Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed** – Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2017*  
(Continued)

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

***Fund Balance (Continued)***

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

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

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, Street Construction and Maintenance Fund, State Highway Fund, Permissive Tax Fund, Fire Levy Fund, Water Revenue Fund, Sewage Revenue Fund, Utility Deposit Fund, and Sanitation Fund by \$371,453, \$41,620, \$3,457, \$9,134, \$41,960, \$133,109, \$122,455, \$745, and \$88,443, respectively, for the year ended December 31, 2018. Also contrary to Ohio law, at December 31, 2018, the Sewer Operating fund had a cash deficit balance of (\$18,217).

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 357,284	\$ 357,284
Special Revenue	-	129,563	129,563
Enterprise	-	342,358	342,358
Total	\$ -	\$ 829,205	\$ 829,205

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 371,453	\$ (371,453)
Special Revenue	-	96,171	(96,171)
Enterprise	-	344,752	(344,752)
Total	\$ -	\$ 812,376	\$ (812,376)

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2017*  
*(Continued)*

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**Note 5 – Deposits**

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

	2017
Demand deposits	\$ 82,102
Savings	235,196
Total deposits	<u>\$ 317,298</u>

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 6 – Taxes**

***Property Taxes***

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

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

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

**Note 7 – Risk Management**

**Risk Pool Membership**

The Township belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2017, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.



**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2017*  
*(Continued)*

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

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and accumulated surplus at March 31, 2017.

Assets	\$1,091,882
Liabilities	<u>(757,765)</u>
Accumulated Surplus	\$ <u>334,117</u>

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

Some of the Village's certified full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF YORKVILLE**  
**JEFFERSON COUNTY**  
*Notes To The Financial Statements*  
*For The Year Ended December 31, 2017*  
(Continued)

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OWDA Loan #2949	\$ 2,314	6.58%
OWDA Loan #4765	329,585	4.47%
USDA Bond Series 2010	17,100	4.00%
LGIF	37,828	0.00%
Total	\$ 386,827	

The Ohio Water Development Authority (OWDA) loan #2949 relates to a water and sewer expansion project mandated by the Ohio Environmental Protection Agency. The OWDA approved \$20,327 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$839, including interest, over 25 years. Water and Sewer receipts collateralize the loan and the Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4765 relates to a catch basin improvement project mandated by the Ohio Environmental Protection Agency. The OWDA approved \$541,409 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$20,617, including interest, over 20 years. Water and Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The United States Development Authority (USDA) bonds were used to purchase a Garbage Packer for use by the sanitation department. The USDA approved \$50,000 in bonds to the Village for the packer. The village will repay the bonds in semiannual installments over 10 years. The packer collateralizes the debt and the Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

The LGIF (Local Government Initiative Fund) is for Multi-purpose Building Energy Efficiency Projects. The Village was approved for up to \$73,047. The Village will repay the loan in quarterly installments of \$1,841 beginning approximately March 2018 until loan is paid in full.

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

	OWDA Loan 2949	OWDA Loan 4765	USDA Bonds	LGIF
Year ending December 31:				
2018	\$ 1,600	\$ 39,653	\$ 6,164	\$ 7,365
2019	1,640	39,778	6,184	7,365
2020	-	39,908	6,136	7,365
2021	-	40,044	-	7,365
2022	-	40,186	-	8,368
2023-2027	-	203,297	-	-
2028-2032	-	20,569	-	-
Total	\$ 3,240	\$ 423,435	\$ 18,484	\$ 37,828



313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., Suite A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740 435 3417

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

November 27, 2019

Village of Yorkville  
Jefferson County  
139 Market Street  
Yorkville, Ohio 43917

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of **Village of Yorkville**, Jefferson County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated November 27, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2018-001 through 2018-004 to be material weaknesses.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2018-003 through 2018-009.

### **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 cursive script that reads "Perry & Associates CPAs A.C.".

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

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001**

**Material Weakness**

**Posting Receipts and Disbursements**

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

During 2018 and 2017, several receipts and disbursements were not posted to accurate classifications. The following posting errors were noted:

- Prior audit adjustments were not properly posted in the General Fund, Street Construction, Fire Levy, and Sewer Revenue Fund during 2017;
- Special Revenue fund balances were classified as Unassigned instead of Restricted in 2017;
- Local government distributions were posted to Property and Other Local Taxes and Miscellaneous instead of Intergovernmental in 2017;
- Cable franchise fees were recorded as Charges for Services instead of Fines, Licenses, and Permits in 2017;
- Fire contract revenue was recorded as Fines, Licenses, and Permits instead of Charges for Services in 2017;
- Distributions for Gasoline Tax and MVL from the County were recorded as Property and Other Local Taxes instead of Intergovernmental in 2017;
- Utility deposits were recorded as Miscellaneous instead of Charges for Services in 2017;
- Debt payments were classified as Supplies and Material instead of Principal Retirement and Interest in 2017;
- Grants received from the State were recorded as Miscellaneous instead of Intergovernmental in 2018;
- Personal property tax was recorded as Miscellaneous instead of Property and Other Local Taxes in 2018;
- Utility user fees were recorded as Miscellaneous instead of Fines, Licenses, and Permits in 2018;
- Auto License distributions from the County were recorded as Miscellaneous instead of Intergovernmental in 2018;
- Real estate settlement taxes were recorded as Special Assessments instead of Property and Other Local Taxes in 2018;
- Debt proceeds were not recorded for new loans in 2018.

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

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and disbursements are properly identified and classified on the financial statements.

We recommend the Clerk Treasurer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts.

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

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-002**

**Material Weakness**

**Reconciliation Process**

The reconciliation of the accounting records of the Village to the cash (bank) balances is the most basic and primary control process performed by the Fiscal Officer of an organization. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection. The Village Fiscal Officer is responsible for reconciling the Village's book (fund) balance to the total bank balance on a monthly basis.

The Village Fiscal Officer did not prepare timely monthly bank to book reconciliations during 2018. As a result, errors went undetected until after the fiscal year was over. The Village has since corrected this error.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented, and corrected. In addition, Village Council should review the monthly cash reconciliations including the support for the reconciliations such as reconciling items and document the review.

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

**FINDING NUMBER 2018-003**

**Material Weakness/Noncompliance**

**Purchase Orders**

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the clerk is attached thereto. The clerk must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-003 (Continued)

Material Weakness/Noncompliance (Continued)

Purchase Orders (Continued)

1. "Then and Now" certificate - If the clerk can certify that both at the time that the contract or order was made ("then"), and at the time that the clerk is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Village Council) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 20093) may be paid by the clerk without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – clerks may prepare "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the clerk for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 100% of the expenditures tested for 2017.

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

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk Treasurer certify that the funds are or will be available prior to an obligation being incurred by the Village. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. When prior certification is not possible, "then and now" certification should be used.

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

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-004

**Material Weakness/Noncompliance**

**Budgetary**

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow Village council to make informed decisions regarding budgetary matters.

The Fiscal Officer did not post the amounts of the 2017 appropriations approved by Council to the accounting system. The Village did not pass 2017 appropriations, nor did they obtain a Certificate of Estimated Resources for 2017. As such, there were no amounts to post to the accounting system.

The appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipt ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting ledgers.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over Village receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by Council. The Fiscal Officer and Council should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

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



VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-005

**Noncompliance**

**Ohio Rev. Code § 5705.10(I)** provides that money paid into any fund shall be used for the purpose for which it was established. We noted a deficit balance of (\$18,217) during our audit period in the Sewer Operating Fund as of December 31, 2017.

Village Council should review the Village's finances and formulate a plan for the elimination of the deficit balances.

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

FINDING NUMBER 2018-006

**Noncompliance**

**Certificate of Ending Balance**

**Ohio Rev. Code § 5705.36** states that on or about the first day of each fiscal year, the Fiscal Officer of each subdivision shall certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village did not have procedures in place to ensure compliance. The Fiscal Officer did not file a certificate showing the total amount from all sources available for expenditures and the balances existing at the end of the year with the county auditor for 2017, which impacted the 2017 budgetary activity. Failure to file the certificate of ending balance could result in appropriations exceeding the amounts of available resources.

The Village Fiscal Officer should certify to the county auditor the total amount from all sources to establish limits for Council approved appropriations.

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

FINDING NUMBER 2018-007

**Noncompliance**

**Appropriations**

**Ohio Rev. Code § 5705.38** requires, in part, that on or about the first day of the fiscal year, an appropriations measure be passed. **Ohio Rev. Code § 5705.41(B)** provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2017, the Village had expenditures in several funds which exceeded appropriations.

In 2017, the Village did not adopt an appropriation measure; therefore none of the expenditures made by the Village were in compliance. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations.

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-007 (Continued)

**Noncompliance (Continued)**

**Appropriations (Continued)**

The Village did not have procedures in place to help ensure compliance with this Ohio Revised Code requirement. The Village should pass an appropriation measure as required to help ensure disbursements can be monitored and compliance with the Ohio Revised Code provisions can be attained. Disbursements should be limited to Council approved appropriations for each fund.

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

FINDING NUMBER 2018-008

**Noncompliance**

**State Taxes**

**Ohio Rev. Code § 5747.06** provides that every employer, including political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to any employee who is a taxpayer shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in the employee's adjusted gross income during the calendar year.

The Village failed to timely remit the Ohio Income Taxes withheld for all quarters in 2018 and 2017.

Failure to remit timely could result in penalties being assessed to the Village. A referral will be made to the State of Ohio Treasurer.

The Village should take the necessary steps to help ensure that state taxes are properly withheld and remitted for all Village employees. In addition, steps need implemented to help ensure the Village is not subject to penalties which are not considered proper expenditure of public fund.

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

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-009

**Noncompliance**

**Ohio Rev. Code Section 5705.39** requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2018, total appropriations exceeded total estimated resources during the year for the Special Assessment Fund, Sewage Revenue Fund, and Sanitation Revenue by \$20,365, \$19,382 and \$19,130, respectively due to the timing of the supplemental appropriation measure and the date of the increased amended certificate of estimated resources.

The Fiscal Officer and Board should monitor appropriations versus estimated resources to help avoid overspending.

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

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Posting Receipts and Disbursements	Not Corrected	Repeated as Finding 2018-001
2016-002	Deficit Balances	Not Corrected	Repeated as Finding 2018-005
2016-003	Reconciliation Process	Not Corrected	Repeated as Finding 2018-002
2016-004	Certificate of Ending Balance	Not Corrected	Repeated as Finding 2018-006
2016-005	Appropriations	Not Corrected	Repeated as Finding 2018-007
2016-006	Budgetary Amounts	Not Corrected	Repeated as Finding 2018-004
2016-007	State Taxes	Not Corrected	Repeated as Finding 2018-008

OHIO AUDITOR OF STATE  
**KEITH FABER**



**VILLAGE OF YORKVILLE**

**JEFFERSON 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  
FEBRUARY, 6 2020**