

**VILLAGE OF HOPEDALE**

**AUDIT REPORT**

**JANUARY 1, 2014 - DECEMBER 31, 2015**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Village Council  
Village of Hopedale  
P.O. Box 476  
Hopedale, Ohio 43976-0476

We have reviewed the *Independent Auditors' Report* of the Village of Hopedale, Harrison County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 through December 31, 2015. 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 Hopedale is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 19, 2016

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**VILLAGE OF HOPEDALE  
HARRISON COUNTY  
JANUARY 1, 2014 - DECEMBER 31, 2015**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Village of Hopedale  
Harrison County  
P.O. Box 476  
Hopedale, Ohio 43976-0476

To the Village Council:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Hopedale, Harrison County, as of and for the years ended December 31, 2015 and 2014.

**Management's Responsibility For the Financial Statements**

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

**Auditor's Responsibility**

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

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

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be 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 permitted 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 of Hopedale as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

#### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Hopedale, Harrison County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 29, 2016, on our consideration of the Village of Hopedale'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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 29, 2016

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>				
Property Tax and Other Local Taxes	\$ 51,049	\$ 11,602	\$ -	\$ 62,651
Municipal Income Tax	180,666	-	-	180,666
Intergovernmental Receipts	21,830	42,265	-	64,095
Fines, Licenses, and Permits	7,165	-	-	7,165
Earnings on Investments	20	-	-	20
Miscellaneous	19,086	-	-	19,086
<b>Total Cash Receipts</b>	<u>279,816</u>	<u>53,867</u>	<u>-</u>	<u>333,683</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	28,354	-	-	28,354
Leisure Time Activities	1,611	-	-	1,611
Basic Utility Services	28,914	-	-	28,914
Transportation	25,461	68,832	-	94,293
General Government	135,073	-	-	135,073
Capital Outlay	-	1,074	-	1,074
<b>Total Cash Disbursements</b>	<u>219,413</u>	<u>69,906</u>	<u>-</u>	<u>289,319</u>
<b>Total Receipts Over/(Under) Disbursements</b>	60,403	(16,039)	-	44,364
<b>Other Financing Receipts/(Disbursements)</b>				
Transfers - In	-	40,000	-	40,000
Other Financing Uses	(12,320)	-	-	(12,320)
Transfers - Out	(40,000)	-	-	(40,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(52,320)</u>	<u>40,000</u>	<u>-</u>	<u>(12,320)</u>
<b>Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	8,083	23,961	-	32,044
<b>Fund Cash Balances, January 1, 2015</b>	<u>168,231</u>	<u>25,939</u>	<u>2,132</u>	<u>196,302</u>
<b>Fund Cash Balances, December 31, 2015</b>				
Restricted	-	49,900	2,132	52,032
Unassigned (Deficit)	176,314	-	-	176,314
<b>Fund Cash Balances, December 31, 2015</b>	<u>\$ 176,314</u>	<u>\$ 49,900</u>	<u>\$ 2,132</u>	<u>\$ 228,346</u>

See notes to financial statements.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 389,672	\$ -	\$ 389,672
Charges for Services	2,581	-	2,581
<b>Total Operating Cash Receipts</b>	<u>392,253</u>	<u>-</u>	<u>392,253</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	108,430	-	108,430
Fringe Benefits	17,732	-	17,732
Contractual Services	162,059	-	162,059
Supplies and Materials	64,557	-	64,557
Other	2,382	-	2,382
<b>Total Operating Cash Disbursements</b>	<u>355,160</u>	<u>-</u>	<u>355,160</u>
Operating Income/(Loss)	<u>37,093</u>	<u>-</u>	<u>37,093</u>
<b>Non-Operating Cash Receipts:</b>			
Debt Proceeds	40,500	-	40,500
Other Non-operating Receipts	2,030	-	2,030
<b>Total Non-Operating Cash Receipts</b>	<u>42,530</u>	<u>-</u>	<u>42,530</u>
<b>Non-Operating Cash Disbursements:</b>			
Principal Retirement	70,589	-	70,589
Interest and Fiscal Charges	50,930	-	50,930
<b>Total Non-Operating Cash Disbursements</b>	<u>121,519</u>	<u>-</u>	<u>121,519</u>
<b>Net Receipts Over/(Under) Disbursements</b>	<u>(41,896)</u>	<u>-</u>	<u>(41,896)</u>
<b>Fund Cash Balances, January 1</b>	<u>258,648</u>	<u>287</u>	<u>258,935</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 216,752</u>	<u>\$ 287</u>	<u>\$ 217,039</u>

See notes to financial statements.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts</b>				
Property Tax and Other Local Taxes	\$ 59,223	\$ 8,095	\$ -	\$ 67,318
Municipal Income Tax	188,027	-	-	188,027
Intergovernmental Receipts	21,014	42,911	-	63,925
Fines, Licenses, and Permits	7,150	-	-	7,150
Earnings on Investments	47	2	-	49
Miscellaneous	5,210	-	-	5,210
<b>Total Cash Receipts</b>	<u>280,671</u>	<u>51,008</u>	<u>-</u>	<u>331,679</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	27,587	-	-	27,587
Leisure Time Activities	1,047	-	-	1,047
Basic Utility Services	23,171	-	-	23,171
Transportation	23,821	98,903	-	122,724
General Government	154,989	-	-	154,989
Capital Outlay	-	10,516	-	10,516
<b>Total Cash Disbursements</b>	<u>230,615</u>	<u>109,419</u>	<u>-</u>	<u>340,034</u>
<b>Total Receipts Over/(Under) Disbursements</b>	50,056	(58,411)	-	(8,355)
<b>Other Financing Receipts/(Disbursements)</b>				
Transfers - In	-	30,000	-	30,000
Transfers - Out	(30,000)	-	-	(30,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(30,000)</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
<b>Excess of cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	20,056	(28,411)	-	(8,355)
<b>Fund Cash Balances, January 1, 2014</b>	<u>148,175</u>	<u>54,350</u>	<u>2,132</u>	<u>204,657</u>
<b>Fund Cash Balances, December 31, 2014</b>				
Restricted	-	25,939	2,132	28,071
Unassigned (Deficit)	168,231	-	-	168,231
<b>Fund Cash Balances, December 31, 2014</b>	<u>\$ 168,231</u>	<u>\$ 25,939</u>	<u>\$ 2,132</u>	<u>\$ 196,302</u>

See notes to financial statements.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary</u>	<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 400,807	\$ -	\$ 400,807
Miscellaneous	2,485	-	2,485
<b>Total Operating Cash Receipts</b>	<u>403,292</u>	<u>-</u>	<u>403,292</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	96,436	-	96,436
Fringe Benefits	15,059	-	15,059
Contractual Services	149,875	-	149,875
Supplies and Materials	36,759	-	36,759
Other	1,643	-	1,643
<b>Total Operating Cash Disbursements</b>	<u>299,772</u>	<u>-</u>	<u>299,772</u>
Operating Income/(Loss)	<u>103,520</u>	<u>-</u>	<u>103,520</u>
<b>Non-Operating Cash Receipts:</b>			
Debt Proceeds	45,000	-	45,000
<b>Total Non-Operating Cash Receipts</b>	<u>45,000</u>	<u>-</u>	<u>45,000</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-operating Cash Disbursements	400	-	400
Principal Retirement	24,431	-	24,431
Interest and Fiscal Charges	77,211	-	77,211
<b>Total Non-Operating Cash Disbursements</b>	<u>102,042</u>	<u>-</u>	<u>102,042</u>
<b>Net Receipts Over/(Under) Disbursements</b>	<u>46,478</u>	<u>-</u>	<u>46,478</u>
<b>Fund Cash Balances, January 1</b>	<u>212,170</u>	<u>287</u>	<u>212,457</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 258,648</u>	<u>\$ 287</u>	<u>\$ 258,935</u>

See notes to financial statements.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Hopedale, Harrison County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member council directs the Village. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police protection. The Village contracts with the Harrison County Sheriff's office to provide security of persons and property.

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

**B. 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.

**C. Deposits and Investments**

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

**D. Fund Accounting**

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

**Governmental Funds**

**General Fund**

The General fund is the operating fund. It is used to accounts for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Special Revenue Funds**

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

**Street Construction, Maintenance and Repair Fund** - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Funds:

**CDBG Waterline Replacement Fund** - This fund was established to receive intergovernmental revenue and proceeds of general obligation bonds. There was no activity in this fund for the period January 1, 2014 through December 31, 2015.

**Enterprise Funds**

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

**Water Fund** - This fund receives charges for services from residents to cover the cost of providing this utility.

**Sewer Fund** - This fund receives charges for services from residents to cover the cost of providing this utility.

**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 the Hopedale Alumni Association Tri Centennial time capsule funds.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

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

**Appropriations**

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

**Estimated Resources**

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

**Encumbrances**

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**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* via formal action (resolution). The Village must adhere to these commitments unless 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.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**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 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 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 (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.

**G. Property, Plant, and Equipment**

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

**H. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2015</u>	<u>2014</u>
Demand Deposits	\$ 445,385	\$ 455,237
Total Deposits	<u>\$ 445,385</u>	<u>\$ 455,237</u>

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

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2015 and 2014 is as follows:

<b>2015 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 235,800	\$ 279,816	\$ 44,016
Special Revenue	58,112	93,867	35,755
Enterprise	356,300	434,783	78,483
Total	<u>\$ 650,212</u>	<u>\$ 808,466</u>	<u>\$ 158,254</u>

<b>2015 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 403,763	\$ 271,733	\$ 132,030
Special Revenue	83,929	69,906	14,023
Enterprise	614,600	476,679	137,921
Total	<u>\$ 1,102,292</u>	<u>\$ 818,318</u>	<u>\$ 283,974</u>

<b>2014 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 277,275	\$ 280,671	\$ 3,396
Special Revenue	63,182	81,008	17,826
Enterprise	313,100	448,292	135,192
Total	<u>\$ 653,557</u>	<u>\$ 809,971</u>	<u>\$ 156,414</u>

<b>2014 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 377,291	\$ 260,615	\$ 116,676
Special Revenue	113,340	109,419	3,921
Enterprise	534,892	401,814	133,078
Total	<u>\$ 1,025,523</u>	<u>\$ 771,848</u>	<u>\$ 253,675</u>

Contrary to ORC Section 5705.41(D), the Village made expenditures without prior certification.

Contrary to ORC Section 5705.39, In 2014 the Water Operating Fund appropriated more than its estimated resources..

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

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

**5. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	2015 Principal	%
Sanitary Sewer Mortgage Revenue Bonds	\$ 177,500	4.87
Water System Improvement Bonds	404,973	5.18
Ohio Water Development Authority 7152	40,500	0.00
Total	\$ 622,973	

The Sanitary Sewer System Mortgage Revenue Bonds were issued to the Village through the USDA Rural Development to pay for the sanitary sewer extension project. The bonds were issued in 2002 in the amount of \$225,000. The debt will be repaid in annual instalments over a period of 40 years and paid through the Revenue Bond Sewer Fund. The bonds are collateralized by sewer revenue.

The Water System Improvement Bond, Series 2008 was issued to replace waterlines within the Village. The original bond was issued June 5, 2008 in the amount of \$550,000. It will be repaid in semi-annual installments through the Debt Service Waterline Fund over a period of 20 years. The Village has agreed to set utility rates sufficient to cover the debt service requirements. The bonds are collateralized by water surcharge revenues..

In 2015, the Village took out a loan from the Ohio Water Development Authority for I & I Reduction and WWTP Improvements. This was loan was approved for \$221,076. As of December 31, 2015, the Village has drawn \$40,500. No amortization schedule has established and is not included in the amounts below.

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

Year Ending December 31	Sanitary Sewer Bonds	Water Improvement Bonds
2016	\$ 13,053	\$ 44,809
2017	12,939	44,809
2018	13,019	44,809
2019	13,085	44,809
2020	12,937	44,809
2021-2025	65,083	224,045
2026-2030	64,906	134,427
	\$ 195,022	\$ 582,517

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

**6. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2015.

**7. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.0% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

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

Village of Hopedale  
Harrison County  
P.O. Box 476  
Hopedale, Ohio 43976-0476

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Hopedale, Harrison County as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 29, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Village of Hopedale'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 first 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2015-002 and 2015-004 described in the accompanying schedule of findings to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Hopedale'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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2015-001 and 2015-003.

***Entity's Response to Finding***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 29, 2016

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

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

**FINDING NUMBER 2015-001**

**Noncompliance – Certification of Funds**

Ohio Revised Code Section 5705.41(D) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer 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 fiscal officer'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.

- If the fiscal officer can certify that both at the time that the contract or order was made ("then") and at the time that the fiscal officer 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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village has 30 days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer 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 the expenditures by the Village.
- Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
- Super Blanket Certificates. 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 fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

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

**FINDING NUMBER 2015-001 (Continued)**

The Village did not certify the availability of funds prior to the purchase commitment for 61% of expenditures tested. For these item the Village also did not prepare blanket certificates, super blankets certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce available appropriations.

Client Response: We have no response from the client.

**FINDING 2015-002**

**Material Weakness – Financial Reporting**

All local offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village Officer's Handbook (Revised March 2013) provides suggested accounts classifications. These accounts classify receipts by fund and source (Taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Village did not properly post and classify all receipts and expenditures. Errors were made in recording various transactions. Amounts were not always posted to the correct fund and/or line item. The following adjustments and reclassifications were made.

Adjustments:

- In 2015, an adjustment was made from the Permissive License Tax Fund to the Street, Construction and Maintenance Fund in the amount of \$2,084 for the improper posting of Gasoline Excise Tax.
- In 2015, an adjustment was made from the Permissive License Tax Fund to the Street, Construction and Maintenance Fund and the State Highway Fund in the amount of \$947 and \$77, respectively for the improper posting of State and Local Highway Distribution monies.
- In 2015 an adjustment was made to record \$40,500 in debt proceeds and \$40,500 of principal payments in the Sewer Operating fund for a new OWDA loan.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

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

**FINDING 2015-002 (Continued)**

Reclassifications:

- In 2015, a reclassification from supplies to BWC taxes was made in the General Fund in the amount of \$2,325.
- In 2014, a reclassification was made from Miscellaneous receipts to Debt proceeds in the amount of \$45,000 in the Sewer Operating Fund.

The adjustments with which the Village Official’s agree are reflected in the accompanying financial statements and posted to the accounting records.

We recommend the Village utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions.

Client Response: We received no response from the client.

**FINDING NUMBER 2015-003**

**Noncompliance – Appropriations Exceeding Estimated Resources**

Ohio Revised Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total estimate or amended official estimate.

		Estimated			
Fund	Year	Resources		Appropriations	Variance
Water Operating	2014	\$ 159,271		\$ 169,271	\$ (10,000)

We recommend Council review estimated resources versus appropriations throughout the year. Also, Council should not approve appropriations greater than estimated resources. This could result in the Village spending more money than it receives and could cause possible negative fund balances.

Client Response: We have not received a response from client.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

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

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

**FINDING NUMBER 2015-004**

**Material Weakness – Posting of Budget**

The Village should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and disbursements.

The Village does enter budgetary data for estimated receipts and expenditures. However, the amounts entered in 2014, do not agree with the Official Certificate of Estimated Resources or approved appropriations. This can lead to decisions being made on faulty budgetary data and can lead to overspending and creating a negative fund balance if not monitored.

We recommend that the Village post the approved appropriations and official certificate of estimated resources to the UAN system around the first of each year. Then any amendments to those official documents be posted to the system upon approval. This will lead to correct budgetary information and Village decisions can be made on accurate data.

Client Response: We have not received a response from client.

**VILLAGE OF HOPEDALE  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2013-001	Noncompliance ORC 5705.41(D) prior Certification	No	Not Corrected; Reported as Finding 2015-001
2013-002	Material Weakness Adjustment/Reclassification of receipts/disbursements	No	Not Corrected; Reported as Finding 2015-002
2013-003	Material Weakness Posting of Approved Budgetary Measures	No	Not Corrected; Reported as Finding 2015-004

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# Dave Yost • Auditor of State

VILLAGE OF HOPEDALE

HARRISON 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  
AUGUST 2, 2016