



Dave Yost • Auditor of State

VILLAGE OF RUSSELLVILLE
BROWN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Russellville
Brown County
203 East Main Street
PO Box 158
Russellville, Ohio 45168

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 Russellville, Brown County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 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, 2015 and 2014, or changes in financial position.

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 Village of Russellville, Brown 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 B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

August 16, 2017

Village of Russellville, Ohio*Brown County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2015*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$27,716	\$49,133	\$76,849
Intergovernmental	7,491	37,474	44,965
Charges for Services	0	81,079	81,079
Fines, Licenses and Permits	40,034	0	40,034
Earnings on Investments	44	6	50
Miscellaneous	447	2,778	3,225
<i>Total Cash Receipts</i>	<u>75,732</u>	<u>170,470</u>	<u>246,202</u>
Cash Disbursements			
Current:			
Security of Persons and Property	0	93,970	93,970
Leisure Time Activities	0	2,532	2,532
Transportation	0	17,765	17,765
General Government	88,472	0	88,472
Debt Service:			
Principal Retirement	0	7,783	7,783
Interest and Fiscal Charges	0	563	563
<i>Total Cash Disbursements</i>	<u>88,472</u>	<u>122,613</u>	<u>211,085</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,740)</u>	<u>47,857</u>	<u>35,117</u>
<i>Fund Cash Balances, January 1</i>	<u>20,729</u>	<u>126,134</u>	<u>146,863</u>
Fund Cash Balances, December 31			
Restricted	0	173,991	173,991
Unassigned (Deficit)	7,989	0	7,989
<i>Fund Cash Balances, December 31</i>	<u>\$7,989</u>	<u>\$173,991</u>	<u>\$181,980</u>

See accompanying notes to the basic financial statements

Village of Russellville, Ohio*Brown 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, 2015*

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$182,821	\$0	\$182,821
<i>Total Operating Cash Receipts</i>	<u>182,821</u>	<u>0</u>	<u>182,821</u>
Operating Cash Disbursements			
Personal Services	3,917	0	3,917
Employee Fringe Benefits	760	0	760
Contractual Services	61,404	0	61,404
Supplies and Materials	43,540	0	43,540
<i>Total Operating Cash Disbursements</i>	<u>109,621</u>	<u>0</u>	<u>109,621</u>
<i>Operating Income (Loss)</i>	<u>73,200</u>	<u>0</u>	<u>73,200</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	264	0	264
Capital Outlay	(1,700)	0	(1,700)
Principal Retirement	(57,461)	0	(57,461)
Interest and Other Fiscal Charges	(4,234)	0	(4,234)
Other Financing Sources	0	44,393	44,393
Other Financing Uses	0	(45,007)	(45,007)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(63,131)</u>	<u>(614)</u>	<u>(63,745)</u>
<i>Net Change in Fund Cash Balances</i>	10,069	(614)	9,455
<i>Fund Cash Balances, January 1</i>	<u>56,865</u>	<u>614</u>	<u>57,479</u>
<i>Fund Cash Balances, December 31</i>	<u>\$66,934</u>	<u>\$0</u>	<u>\$66,934</u>

See accompanying notes to the basic financial statements

Village of Russellville, Ohio*Brown County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2014*

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$23,162	\$47,179	\$70,341
Intergovernmental	9,496	36,903	46,399
Charges for Services	0	90,789	90,789
Fines, Licenses and Permits	60,063	0	60,063
Earnings on Investments	44	6	50
Miscellaneous	1,585	12,787	14,372
<i>Total Cash Receipts</i>	<u>94,350</u>	<u>187,664</u>	<u>282,014</u>
Cash Disbursements			
Current:			
Security of Persons and Property	0	204,327	204,327
Leisure Time Activities	0	5,084	5,084
Transportation	0	17,056	17,056
General Government	95,134	1,500	96,634
Capital Outlay	0	7,000	7,000
Debt Service:			
Principal Retirement	0	8,258	8,258
Interest and Fiscal Charges	0	778	778
<i>Total Cash Disbursements</i>	<u>95,134</u>	<u>244,003</u>	<u>339,137</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(784)</u>	<u>(56,339)</u>	<u>(57,123)</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	0	20,470	20,470
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>20,470</u>	<u>20,470</u>
<i>Net Change in Fund Cash Balances</i>	(784)	(35,869)	(36,653)
<i>Fund Cash Balances, January 1</i>	<u>21,513</u>	<u>162,003</u>	<u>183,516</u>
Fund Cash Balances, December 31			
Restricted	0	127,364	127,364
Unassigned (Deficit)	20,729	(1,230)	19,499
<i>Fund Cash Balances, December 31</i>	<u>\$20,729</u>	<u>\$126,134</u>	<u>\$146,863</u>

See accompanying notes to the basic financial statements

Village of Russellville, Ohio*Brown 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, 2014*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$168,981	\$0	\$168,981
<i>Total Operating Cash Receipts</i>	<u>168,981</u>	<u>0</u>	<u>168,981</u>
Operating Cash Disbursements			
Personal Services	3,594	0	3,594
Employee Fringe Benefits	553	0	553
Contractual Services	69,304	0	69,304
Supplies and Materials	41,117	0	41,117
<i>Total Operating Cash Disbursements</i>	<u>114,568</u>	<u>0</u>	<u>114,568</u>
<i>Operating Income (Loss)</i>	<u>54,413</u>	<u>0</u>	<u>54,413</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	58	0	58
Capital Outlay	(14,594)	0	(14,594)
Principal Retirement	(55,607)	0	(55,607)
Interest and Other Fiscal Charges	(6,088)	0	(6,088)
Other Financing Sources	0	69,623	69,623
Other Financing Uses	0	(69,009)	(69,009)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(76,231)</u>	<u>614</u>	<u>(75,617)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(21,818)</u>	<u>614</u>	<u>(21,204)</u>
<i>Fund Cash Balances, January 1</i>	<u>78,683</u>	<u>0</u>	<u>78,683</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$56,865</u></u>	<u><u>\$614</u></u>	<u><u>\$57,479</u></u>

See accompanying notes to the basic financial statements

Village of Russellville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2015 and 2014

Note 1 - Reporting Entity

The Village of Russellville (the Village), Brown 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 park operations, police services, and fire services. The Village contracts with the Brown County Rural Water Association to provide sewer utility services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

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 revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair 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 Fund This fund is used to account for a property tax levy and charges for services to provide fire protection to the Village.

Police Fund This fund is used to account for a property tax levy to provide police services to the Village.

Village of Russellville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2015 and 2014
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

EMS Fund This fund is used to account for a property tax levy and charges for services to provide emergency medical services.

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:

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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 Mayor's Court fines and forfeitures.

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 object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

Village of Russellville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2015 and 2014
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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

A summary of 2015 and 2014 budgetary activity appears in Note 4.

Deposits and Investments

The Village invests all available funds in an interest-bearing checking account and an interest-bearing savings account.

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.

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.

Village of Russellville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2015 and 2014
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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, appropriations exceeded estimated resources certified by the budget commission in the Fire fund by \$22,425 for the year ended December 31, 2014.

Note 4 - Budgetary Activity

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,690	\$75,732	(\$18,958)
Special Revenue	175,492	170,470	(5,022)
Enterprise	151,542	183,085	31,543
Total	\$421,724	\$429,287	\$7,563

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,980	\$88,472	\$10,508
Special Revenue	169,328	122,613	46,715
Enterprise	175,805	173,016	2,789
Total	\$444,113	\$384,101	\$60,012

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Village of Russellville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2015 and 2014
(Continued)

Note 4 - Budgetary Activity (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,320	\$94,350	(\$13,970)
Special Revenue	206,593	208,134	1,541
Enterprise	155,542	169,039	13,497
Total	\$470,455	\$471,523	\$1,068

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,747	\$95,134	\$613
Special Revenue	281,529	244,003	37,526
Enterprise	193,579	190,857	2,722
Total	\$570,855	\$529,994	\$40,861

Note 5 – Deposits

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

	2015	2014
Demand deposits	\$121,559	\$77,012
Other time deposits (savings account)	127,355	127,330
Total deposits	248,914	204,342

Deposits

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

Village of Russellville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2015 and 2014
(Continued)

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

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

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

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

Casualty and Property Coverage

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

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

Financial Position

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

Village of Russellville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2015 and 2014
(Continued)

Note 7 - Risk Management (Continued)

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

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$8,000.

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

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$12,837	\$12,825

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village's elected officials and 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, 2015.

Village of Russellville, Ohio
Brown County
Notes to the Financial Statements
For the Year Ended December 31, 2015 and 2014
(Continued)

Note 9 - Postemployment Benefits

OPERS offers 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 2 percent of the employer contribution to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
EMS Building General Obligation Bond	\$13,862	3.25%
Ohio Water Development Authority Loan	149,278	2.20%
Total	\$163,140	

The Village issued general obligation bonds in 2012 for the purchase of a new EMS building. The bonds will be repaid in monthly installments with an interest rate of 3.25%. The bonds are scheduled to mature in 2019.

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved \$993,897 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$31,216, including interest, over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization

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

Year ending	EMS Building Bond	OWDA Loan
December 31:		
2016	\$6,400	\$61,695
2017	6,400	61,695
2018	6,400	30,848
2019	1,067	
Total	\$20,267	\$154,238



Dave Yost • Auditor of State

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

Village of Russellville
Brown County
203 East Main Street
PO Box 158
Russellville, Ohio 45168

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Russellville, Brown County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated August 16, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-002.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

August 16, 2017

**VILLAGE OF RUSSELLVILLE
BROWN COUNTY**

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

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

Material Weakness

All local public offices shall 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 required by rule 117-2-03 of the Administrative Code. We noted the following posting errors for which the Village has corrected their financial statements:

- Homestead & Rollback receipts in the amount of \$8,987 were posted in the Special Revenue Funds in 2015 as Tax receipts instead of Intergovernmental receipts.
- Charges for Services - Utility Fees were posted in the Enterprise Fund at net instead of at gross (with offsetting expenditures for related billing fees) understating receipts and disbursements in the amounts of \$16,278 and \$16,894 and for 2014 and 2015, respectively.
- Proceeds from the sale of a fire truck and police cruisers in the amount of \$20,470 in 2014 were posted in Special Revenue Fund as Miscellaneous receipts instead of Sale of Capital Assets.
- Agency Fund receipts remitted to the Village related to Mayor's Court activity were posted as Transfers Out of the Agency Fund and Transfers In to the General Fund instead of Other Financing Uses of the Agency Fund and Licenses, Permits, and Fees Revenue in the General Fund in the amounts of \$55,485 and \$36,501 for 2014 and 2015 respectively.
- The Village in 2014 posted \$1,230 in Mayor's Court distributions to the EMS Special Revenue Fund instead of the General fund. This adjustment has also been posted to the Village's accounting ledgers.

We noted the following insignificant posting errors for which the Village has not corrected their financial statements:

- Homestead & Rollback receipts of \$3,851 were posted in the General Fund as Tax receipts instead of Intergovernmental receipts in 2015.
- Property tax receipts were posted at net instead of at gross (with offsetting expenditures for related fees) for the 1st half property tax settlement in 2014 and the 2nd half property tax settlement in 2015, understating General Fund receipts and disbursements in the amounts for \$485 and 586 for 2014 and 2015 respectively, and understating Special Revenue receipts and disbursements in the amounts of \$886 and \$616 for 2014 and 2015 respectively.
- Charges for Services - EMS Billing Fees were posted in the Special Revenue Funds at net instead of at gross (with offsetting expenditures for related billing fees) understating receipts and disbursements in the amounts of \$4,480 and \$4,411 for 2014 and 2015, respectively.

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

- Principal disbursements were posted as interest disbursements in the Enterprise Fund in the amount of \$611 in 2014.

Failure to accurately post financial activity can lead to material misstatements in financial reporting.

As a result of these errors, certain receipt and disbursement line items in the General Fund, Special Revenue Funds, and the Enterprise Fund were incorrectly reported on the Annual Financial Reports and the underlying accounting records.

We recommend that the Village refer to Ohio Administrative Code 117-7-01 and the Ohio Village Handbook for guidance when posting receipts.

Officials' Response:

The Village will strive to address these issues going forward. The Village is in the process of searching for a new Fiscal Officer. The Village will work to make the necessary corrections.

FINDING NUMBER 2015-002

Noncompliance

Ohio Rev. Code Section 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total estimated resources as certified by the budget commission. For the year ended December 31, 2014, the Fire Fund had appropriations in excess of the estimated resources available for expenditure as certified by the budget commission:

Fund	Estimated Resources	Appropriations	Variance
Fire Fund-2014	\$134,987	\$157,412	(\$22,425)

Appropriations in excess of amounts certified as available may lead to overspending and/or deficit fund balances.

The Village should routinely compare appropriations to the estimated resources available for expenditures as certified by the budget commission for each fund to ensure compliance with the requirements of the Ohio Revised Code.

Officials' Response:

The Village will strive to address these issues going forward. The Village is in the process of searching for a new Fiscal Officer. The Village will work to make the necessary corrections.

VILLAGE OF RUSSELLVILLE
BROWN COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014

Finding Number	Finding Summary	Status	Additional Information
2013-001	Various posting errors	Partially Corrected	Repeated as Finding 2015-001

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Dave Yost • Auditor of State

VILLAGE OF RUSSELLVILLE

BROWN 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 29, 2017