

VILLAGE OF APPLE CREEK

WAYNE COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2017 and 2016





Dave Yost • Auditor of State

Village Council
Village of Apple Creek
PO Box 208
Apple Creek, OH 44606

We have reviewed the *Independent Auditor's Report* of the Village of Apple Creek, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. 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 Apple Creek is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 12, 2018

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VILLAGE OF APPLE CREEK
WAYNE COUNTY, OHIO
Audit Report
For the years ended December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

Village of Apple Creek
Wayne County
P.O. Box 208
Apple Creek, Ohio 44606

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 Apple Creek, Wayne County, Ohio (the Village), as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as our evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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

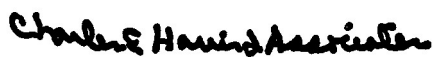
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective 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 the Village of Apple Creek, Wayne County, Ohio, as of December 31, 2017 and 2016, 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 June 25, 2018, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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.



Charles E. Harris & Associates, Inc.
June 25, 2018

**Village of Apple Creek
Wayne County**
*Combined Statement of Cash Receipts, Cash Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017*

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	(Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 38,826	\$ -	\$ 38,826
Municipal Income Tax	326,083	-	326,083
Intergovernmental	19,455	60,439	79,894
Charges for Services	-	5,720	5,720
Fines, Licenses and Permits	2,173	775	2,948
Earnings on Investments	11,930	1,160	13,090
Miscellaneous	16,270	3,727	19,997
<i>Total Cash Receipts</i>	414,737	71,821	486,558
Cash Disbursements			
Current:			
Security of Persons and Property	290,013	1,161	291,174
Leisure Time Activities	-	7,220	7,220
Transportation	-	112,051	112,051
General Government	79,963	-	79,963
Capital Outlay	20,258	16,914	37,172
<i>Total Cash Disbursements</i>	390,234	137,346	527,580
<i>Excess of Receipts Over (Under) Disbursements</i>	24,503	(65,525)	(41,022)
Other Financing Receipts (Disbursements)			
Transfers In	-	66,500	66,500
Transfers Out	(66,500)	-	(66,500)
Advances In	35,000	-	35,000
Other Financing Sources	14,149	-	14,149
Other Financing Uses	(4,266)	-	(4,266)
<i>Total Other Financing Receipts (Disbursements)</i>	(21,617)	66,500	44,883
<i>Net Change in Fund Cash Balances</i>	2,886	975	3,861
<i>Fund Cash Balances, January 1</i>	585,494	51,355	636,849
Fund Cash Balances, December 31			
Nonspendable	340	-	340
Restricted	-	52,330	52,330
Assigned	29,680	-	29,680
Unassigned	558,360	-	558,360
<i>Fund Cash Balances, December 31</i>	<u>\$ 588,380</u>	<u>\$ 52,330</u>	<u>\$ 640,710</u>

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

Village of Apple Creek
Wayne County

*Combined Statement of Cash Receipts, Cash Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2017*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$ 472,317	\$ 1,475	\$ 473,792
Miscellaneous	138	-	138
<i>Total Operating Cash Receipts</i>	472,455	1,475	473,930
Operating Cash Disbursements			
Personal Services	53,072	-	53,072
Contractual Services	145,058	-	145,058
Supplies and Materials	48,247	-	48,247
<i>Total Operating Cash Disbursements</i>	246,377	-	246,377
<i>Operating Income (Loss)</i>	226,078	1,475	227,553
Non-Operating Receipts (Disbursements)			
Intergovernmental	271,501	-	271,501
Earnings on Investments	27,000	-	27,000
Proceeds of Loan	387,897	-	387,897
Capital Outlay	(675,779)	-	(675,779)
Principal Retirement	(106,095)	-	(106,095)
Interest and Other Fiscal Charges	(5,108)	-	(5,108)
Other Financing Sources	855	335	1,190
Other Financing Uses	(495)	(1,711)	(2,206)
<i>Total Non-Operating Receipts (Disbursements)</i>	(100,224)	(1,376)	(101,600)
<i>Income (Loss) before Advances</i>	125,854	99	125,953
Advances Out	(35,000)	-	(35,000)
<i>Net Change in Fund Cash Balances</i>	90,854	99	90,953
<i>Fund Cash Balances, January 1</i>	920,209	695	920,904
<i>Fund Cash Balances, December 31</i>	\$ 1,011,063	\$ 794	\$ 1,011,857

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

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Apple Creek, Wayne County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including park operations, water and sewer operations, and police services.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc., a public risk entity pool. Note 6 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 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 the purpose of construction, maintenance, and repair of streets within the Village.

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 Operating Fund The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Fiduciary Funds Fiduciary funds include agency funds. 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 funds account for monies received for trash bags provided by J&J Refuse, and deposits for park rentals.

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 disbursements 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 be budgeted annually.

Appropriations Budgetary disbursements (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.

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

A summary of 2017 budgetary activity appears in Note 3.

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (continued)

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. The Village's nonspendable balance includes unclaimed monies.

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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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 Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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 Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 - Budgetary Activity

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 400,943	\$ 463,886	\$ 62,943
Special Revenue	138,500	138,321	(179)
Enterprise	1,077,482	1,159,708	82,226

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 509,940	\$ 466,530	\$ 43,410
Special Revenue	152,500	138,380	14,120
Enterprise	1,032,648	1,088,899	(56,251)

Contrary to Ohio Rev. Code section 5705.41(B), budgetary disbursements exceeded appropriation authority in the Enterprise – Sewer Operating fund during 2017.

Note 4 – Deposits and Investments

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

	2017
Demand deposits	\$ 1,652,567
Total deposits	\$ 1,652,567

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 5 – 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.

Income Taxes

The Village levies a municipal income tax of 1% 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.

Note 6 - 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 Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016 (the latest information available).

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - Risk Management (continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available).

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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

The Village's full-time police officers and full-time firefighters belong to the Ohio Police and Retirement System (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 and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2017.

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 - 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. For OPERS, the portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017. OP&F contributed 0.5% to fund these benefits during calendar year 2017.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OPWC Loan #CP26M	\$ 114,220	0.00%
OPWC Loan #CP30N	82,906	0.00%
OWDA Loan #6101	34,724	2.00%
OWDA Loan #6923	1,644,282	0.00%
OWDA Loan #7081	140,082	3.04%
OWDA Loan #7657	387,897	0.00%
Total	\$ 2,404,111	

The Ohio Public Works Commission (OPWC) loan (CP26M) was approved up to \$175,722 for a Waterline Replacement. The Village will repay the loan in semiannual installments of \$4,393, including interest at 0% through 2030.

The OPWC loan (CP30N) was approved up to \$101,518 for a Sewer Trunk Line Replacement. The Village will repay the loan in semiannual installments of \$1,692, including interest at 0% through 2042.

The Ohio Water Development Authority (OWDA) loan (6101) was approved up to \$44,180 for Pump Station Improvements. The Village will repay the loan in semiannual installments of \$1,346, including interest at 2% through 2032.

The Ohio Water Development Authority (OWDA) loan (6923) was approved up to \$1,730,823 for Wastewater Treatment Plant Improvements. The Village will repay the loan in semiannual installments of \$43,271, including interest at 0% through 2036.

The Ohio Water Development Authority (OWDA) loan (7081) was approved up to \$148,302 for Iron and Manganese Pressure Filters. The Village will repay the loan in semiannual installments of \$4,975, including interest at 3.04% through 2036.

The Ohio Water Development Authority (OWDA) loan (7657) was approved up to \$532,464 for the Waynedale Sanitary Sewer project. The Village will repay the loan in semiannual installments, including interest at 0% through 2038, with the first payment beginning in 2018. An amortization schedule for this loan has not yet been completed.

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt (continued)

Amortization

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

Year ending December 31:	<u>OPWC Loans</u>	<u>OWDA Loans</u>
2018	\$ 12,170	\$ 99,183
2019	12,170	99,183
2020	12,170	99,183
2021	12,170	99,183
2022	12,170	99,183
2023-2027	60,850	495,915
2028-2032	43,278	495,915
2033-2037	16,920	380,993
2038-2042	15,228	-
Total	<u>\$ 197,126</u>	<u>\$ 1,868,738</u>

Note 10 – Interfund Advances

In 2003, the Village loaned \$700,000 of General Fund money to the Sewer Capital Outlay Fund. As of December 31, 2017, the amount outstanding was \$363,940. The loan repayments are as follows:

Year ending December 31:	<u>Interfund Loan</u>
2018	\$ 35,000
2019	35,000
2020	35,000
2021	40,000
2022	40,000
2023-2026	178,940
Total	<u>\$ 363,940</u>

Note 11 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village’s financial condition.

Village of Apple Creek
Wayne County
Combined Statement of Receipts, Disbursements and Changes in
Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	(Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 39,679	\$ -	\$ 39,679
Municipal Income Tax	307,203	-	307,203
Intergovernmental	14,487	61,181	75,668
Charges for Services	20,435	5,100	25,535
Fines, Licenses and Permits	3,644	585	4,229
Earnings on Investments	10,533	2,138	12,671
Miscellaneous	2,885	1,754	4,639
<i>Total Cash Receipts</i>	<u>398,866</u>	<u>70,758</u>	<u>469,624</u>
Cash Disbursements			
Current:			
Security of Persons and Property	196,329	616	196,945
Leisure Time Activities	-	10,277	10,277
Transportation	-	122,502	122,502
General Government	85,117	-	85,117
Capital Outlay	35,063	3,003	38,066
<i>Total Cash Disbursements</i>	<u>316,509</u>	<u>136,398</u>	<u>452,907</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	82,357	(65,640)	16,717
Other Financing Receipts (Disbursements)			
Transfers In	-	50,000	50,000
Transfers Out	(50,000)	-	(50,000)
Advances In	35,000	-	35,000
Other Financing Sources	258	-	258
Other Financing Uses	(6,240)	-	(6,240)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(20,982)</u>	<u>50,000</u>	<u>29,018</u>
<i>Net Change in Fund Cash Balances</i>	61,375	(15,640)	45,735
<i>Fund Cash Balances, January 1</i>	<u>524,119</u>	<u>66,995</u>	<u>591,114</u>
Fund Cash Balances, December 31			
Nonspendable	340	-	340
Restricted	-	51,355	51,355
Assigned	108,996	-	108,996
Unassigned	476,158	-	476,158
<i>Fund Cash Balances, December 31</i>	<u>\$ 585,494</u>	<u>\$ 51,355</u>	<u>\$ 636,849</u>

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

Vilage of Apple Creek
Wayne 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, 2016

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$ 454,146	\$ 1,350	\$ 455,496
Miscellaneous	1,522	-	1,522
<i>Total Operating Cash Receipts</i>	455,668	1,350	457,018
Operating Cash Disbursements			
Personal Services	50,577	-	50,577
Contractual Services	246,072	-	246,072
Supplies and Materials	49,332	-	49,332
<i>Total Operating Cash Disbursements</i>	345,981	-	345,981
<i>Operating Income (Loss)</i>	109,687	1,350	111,037
Non-Operating Receipts (Disbursements)			
Intergovernmental	31,252	-	31,252
Proceeds of Loan	161,589	-	161,589
Capital Outlay	(290,150)	-	(290,150)
Principal Retirement	(16,902)	-	(16,902)
Interest and Other Fiscal Charges	(3,085)	-	(3,085)
Other Financing Sources	93,899	242	94,141
Other Financing Uses	(675)	(1,663)	(2,338)
<i>Total Non-Operating Receipts (Disbursements)</i>	(24,072)	(1,421)	(25,493)
<i>Income (Loss) before Advances</i>	85,615	(71)	85,544
Advances Out	(35,000)	-	(35,000)
<i>Net Change in Fund Cash Balances</i>	50,615	(71)	50,544
<i>Fund Cash Balances, January 1</i>	869,594	766	870,360
<i>Fund Cash Balances, December 31</i>	<u>\$ 920,209</u>	<u>\$ 695</u>	<u>\$ 920,904</u>

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

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Apple Creek, Wayne County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including park operations, water and sewer operations, and police services.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc., a public risk entity pool. Note 6 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 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 the purpose of construction, maintenance, and repair of streets within the Village.

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 Operating Fund The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

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

Fiduciary Funds Fiduciary funds include agency funds. 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 funds account for monies received for trash bags provided by J&J Refuse, and deposits for park rentals.

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 disbursements 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 be budgeted annually.

Appropriations Budgetary disbursements (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.

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

A summary of 2016 budgetary activity appears in Note 3.

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (continued)

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. The Village's nonspendable balance includes unclaimed monies.

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 (ordinance or resolution). The Village must adhere to these commitments unless Council amends the ordinance or 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 Council or a Village official delegated that authority by resolution, or by State Statute. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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 Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 375,000	\$ 434,124	\$ 59,124
Special Revenue	141,222	120,758	(20,464)
Enterprise	638,951	742,408	103,457

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 487,162	\$ 420,429	\$ 66,733
Special Revenue	161,120	136,368	24,752
Enterprise	766,391	697,807	68,584

Note 4 – Deposits and Investments

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

	2016
Demand deposits	\$ 1,557,753
Total deposits	\$ 1,557,753

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 5 – 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.

Income Taxes

The Village levies a municipal income tax of 1% 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.

Note 6 - 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 Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management (continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All Village 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, 2016.

Note 8 - 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2016.

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
OPWC Loan #CP26M	\$ 123,006	0.00%
OPWC Loan #CP30N	86,290	0.00%
OWDA Loan #6101	36,691	2.00%
OWDA Loan #6923	1,730,823	0.00%
OWDA Loan #7081	145,499	3.04%
Total	\$ 2,122,309	

The Ohio Public Works Commission (OPWC) loan (CP26M) was approved up to \$175,722 for a Waterline Replacement. The Village will repay the loan in semiannual installments of \$4,393, including interest at 0% through 2030.

The OPWC loan (CP30N) was approved up to \$101,518 for a Sewer Trunk Line Replacement. The Village will repay the loan in semiannual installments of \$1,692, including interest at 0% through 2042.

The Ohio Water Development Authority (OWDA) loan (6101) was approved up to \$44,180 for Pump Station Improvements. The Village will repay the loan in semiannual installments of \$1,346, including interest at 2% through 2032.

The Ohio Water Development Authority (OWDA) loan (6923) was approved up to \$1,730,823 for Wastewater Treatment Plant Improvements. The Village will repay the loan in semiannual installments of \$43,271, including interest at 0% through 2036.

The Ohio Water Development Authority (OWDA) loan (7081) was approved up to \$148,302 for Iron and Manganese Pressure Filters. The Village will repay the loan in semiannual installments of \$4,975, including interest at 3.04% through 2036.

Village of Apple Creek
Wayne County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – Debt (continued)

Amortization

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

Year ending December 31:	<u>OPWC Loans</u>	<u>OWDA Loans</u>
2017	\$ 12,170	\$ 94,208
2018	12,170	99,183
2019	12,170	99,183
2020	12,170	99,183
2021	12,170	99,183
2022-2026	60,850	495,915
2027-2031	52,064	495,915
2032-2036	16,920	480,176
2037-2041	16,920	-
2042	1,692	-
Total	<u>\$ 209,296</u>	<u>\$ 1,962,946</u>

Note 10 – Interfund Advances

In 2003, the Village loaned \$700,000 of General Fund money to the Sewer Capital Outlay Fund. As of December 31, 2016, the amount outstanding was \$398,940. The loan repayments are as follows:

Year ending December 31:	<u>Interfund Loan</u>
2017	\$ 35,000
2018	35,000
2019	35,000
2020	35,000
2021	40,000
2022-2026	218,940
Total	<u>\$ 398,940</u>

Note 11 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Village's financial condition.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Village of Apple Creek
Wayne County
P.O. Box 208
Apple Creek, Ohio 44606

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Apple Creek, Wayne County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 25, 2018, 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

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. *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 2017-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2017-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 25, 2018.

Entity's Responses to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
June 25, 2018

VILLAGE OF APPLE CREEK
WAYNE COUNTY

Schedule of Findings
December 31, 2017 and 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2017-001 - Material Weakness

Our testing revealed several instances where errors were made with respect to the posting and reporting of various transactions. During 2017 and 2016, the more significant misclassifications were as follows:

- Homestead and Rollback receipts were misclassified as Property Taxes revenue instead of Intergovernmental revenue in the General Fund for 2017 (\$5,984) and 2016 (\$5,961).
- During 2017 and 2016, some debt payments in the Enterprise funds were misclassified as Capital Outlay instead of Redemption of Principal and Interest and Other Fiscal Charges. Further, principal and interest were not broken out properly.
- During 2017 and 2016, the Village obtained a new OWDA loan and continued to draw down on an existing OWDA loan. The Village did not record a portion the proceeds of the loans as well as the corresponding capital outlay. Further, some loan proceeds were misclassified as charges for services and intergovernmental revenue, with a portion of the corresponding expense misclassified as contracted services rather than capital outlay.
- During 2016, proceeds of OPWC grant were posted twice and were misclassified as Other Financing Sources rather than intergovernmental revenue.
- For 2017, the following misclassifications occurred in the General Fund balance: \$340 in Unclaimed Monies was misclassified as Restricted rather than Nonspendable; \$5,530 in outstanding encumbrances was misclassified as Unassigned rather than Assigned; and \$24,150 in subsequent year appropriations over estimated resources was misclassified as Unassigned rather than Assigned. For 2016, the following misclassifications occurred in the General Fund balance: \$340 in Unclaimed Monies was misclassified as Unassigned rather than Nonspendable; and \$61,316 in subsequent year appropriations over estimated resources was misclassified as Unassigned rather than Assigned.
- During 2017 and 2016, adjustments were necessary to correct various items in the footnotes.

The accompanying financial statements and the Village's records have been adjusted to properly reflect these transactions.

VILLAGE OF APPLE CREEK
WAYNE COUNTY

Schedule of Findings – (continued)
December 31, 2017 and 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (continued)
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Finding Number 2017-001 - Material Weakness – (continued)

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Village adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use Governmental Accounting Standards Board (GASB) Statement No. 54, Auditor of State Bulletin 2011-004, the Village Officer's Handbook, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Managements' Response:

See Corrective Action Plan

Finding Number 2017-002 – Noncompliance

Expenditures Plus Encumbrances Exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

At December 31, 2017, the Sewer Operating Fund had total expenditures and encumbrances exceed total appropriations by \$62,847.

The Fiscal Officer should monitor appropriations and estimated resources on a regular basis and make modifications accordingly.

Managements' Response:

See Corrective Action Plan

VILLAGE OF APPLE CREEK
WAYNE COUNTY

CORRECTIVE ACTION PLAN – Prepared by Management
December 31, 2017 and 2016

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The Fiscal Officer will refer to such guidance as the Village Officer's Handbook and other Auditor of State guidance to ensure accurate and proper posting of revenues, expenses and fund balance classifications in the future.	Immediately	Lauretta Busson, Fiscal Officer
2017-002	The Fiscal Officer will monitor appropriations and expenditures plus encumbrances on a regular basis and make modifications accordingly to ensure expenditures plus encumbrances do not exceed appropriations.	Immediately	Lauretta Busson, Fiscal Officer

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Dave Yost • Auditor of State

VILLAGE OF APPLE CREEK

WAYNE 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
SEPTEMBER, 25 2018