



Certified Public Accountants, A.C.

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

313 Second St.
Marietta, OH 45750
740 373 0056

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

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

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

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

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Members of Council
Village of Amesville
18 South Maple Street
Amesville, Ohio 45711

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

September 25, 2019

This page intentionally left blank.

VILLAGE OF AMESVILLE
ATHENS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2018	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2018	4
Notes to the Financial Statements For the Year Ended December 31, 2018	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2017	14
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2017	15
Notes to the Financial Statements For the Year Ended December 31, 2017	16
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	24
Schedule of Audit Findings	26
Schedule of Prior Audit Findings.....	28

This page intentionally left blank.



Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

INDEPENDENT AUDITOR'S REPORT

June 24, 2019

Village of Amesville
Athens County
18 South Maple St., Box 190
Amesville, OH 45711

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 Amesville**, Athens County, (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

www.perrycpas.com

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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 permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, or 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 Amesville, Athens County as of December 31, 2018 and 2017, 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 24, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

**VILLAGE OF AMESVILLE
ATHENS COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 24,022	\$ 10,812	\$ -	\$ 34,834
Intergovernmental	11,020	9,236	191,843	212,099
Earnings on Investments	304	71	-	375
Miscellaneous	1,832	535	-	2,367
<i>Total Cash Receipts</i>	<u>37,178</u>	<u>20,654</u>	<u>191,843</u>	<u>249,675</u>
Cash Disbursements				
Current:				
Security of Persons and Property	4,916	9,054	-	13,970
Leisure Time Activities	-	9,695	-	9,695
Transportation	-	18,187	-	18,187
General Government	17,308	253	-	17,561
Capital Outlay	-	-	371,977	371,977
Debt Service:				
Principal Retirement	-	-	129,228	129,228
<i>Total Cash Disbursements</i>	<u>22,224</u>	<u>37,189</u>	<u>501,205</u>	<u>560,618</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>14,954</u>	<u>(16,535)</u>	<u>(309,362)</u>	<u>(310,943)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	-	317,949	317,949
Transfers In	-	4,000	20,000	24,000
Transfers Out	(24,000)	-	-	(24,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(24,000)</u>	<u>4,000</u>	<u>337,949</u>	<u>317,949</u>
<i>Net Change in Fund Cash Balances</i>	(9,046)	(12,535)	28,587	7,006
<i>Fund Cash Balances, January 1</i>	<u>42,990</u>	<u>27,906</u>	<u>-</u>	<u>70,896</u>
Fund Cash Balances, December 31				
Restricted	-	15,371	28,587	43,958
Assigned	23,956	-	-	23,956
Unassigned	9,988	-	-	9,988
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 33,944</u></u>	<u><u>\$ 15,371</u></u>	<u><u>\$ 28,587</u></u>	<u><u>\$ 77,902</u></u>

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

**VILLAGE OF AMESVILLE
ATHENS COUNTY**

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

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 75,841
<i>Total Operating Cash Receipts</i>	75,841
Operating Cash Disbursements	
Personal Services	21,376
Employee Fringe Benefits	3,694
Contractual Services	14,085
Supplies and Materials	13,587
Other	1,264
<i>Total Operating Cash Disbursements</i>	54,006
<i>Operating Income</i>	21,835
Non-Operating Receipts (Disbursements)	
Intergovernmental	80,912
Debt Proceeds	180
Miscellaneous Receipts	5,319
Capital Outlay	(4,058)
Principal Retirement	(106,742)
<i>Total Non-Operating Receipts (Disbursements)</i>	(24,389)
<i>Net Change in Fund Cash Balances</i>	(2,554)
<i>Fund Cash Balances, January 1</i>	28,246
<i>Fund Cash Balances, December 31</i>	\$ 25,692

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

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Amesville (the Village), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with ABA Firefighters, Inc. for fire protection and emergency services.

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

The Village participates in a public entity risk pool and is associated with a related organization. Note 8 below 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:

The Streets 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.

The State Highway 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 state highways within the Village.

The Permissive Motor Vehicle Fund accounts for and reports money funds distributed to the Village from vehicle registration municipal permissive tax funds for use in accordance with statute.

The Parks and Recreation Fund accounts for and reports levy proceeds plus money transferred from the General Fund for use in providing park services to the Village.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Special Revenue Funds (Continued)

The Fire Levy Fund accounts for and reports levy proceeds for use in providing fire and emergency services to the Village.

The Police Levy Fund accounts for and reports levy proceeds plus money transferred from the General Fund for use in providing police services to the Village.

The OWDA Fund (Ohio Water Development Authority) accounts for and reports money borrowed by the Village to pay for the design of an upgrade to its water treatment and storage facilities.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village used the following significant capital project funds:

In the *Other Capital Projects - EPA Fund*, the Ohio EPA pays contractors directly and in some instances, pays the Village which, in turn, pays the contractor.

In the *Other Capital Projects - ODSA Fund*, the Village receives money from the Ohio Development Services Agency and the Village, in turn, pays the contractor.

In the *Other Capital Projects - OPWC Fund*, the Ohio Public Works Commission pays the contractors directly.

In the *Other Capital Projects - ARC Fund*, the Appalachian Regional Commission pays most expenses directly. As to payments to the engineering company which did the design work the ARC sends money to the Village and, in turn, the Village pays the engineering company.

A new capital projects fund was created in 2018 to hold a donation from a former Councilperson who passes away. It is called *Fund 4905 – Other Capital Projects-O'Donnell*. Money from the O'Donnell estate was placed in the General Fund when it was received. The money was transferred from the General Fund to the 4905 Fund by a decision of Village Council and restricted by Council. The purposes for which funds may be spent from Fund 4905 are: to accumulate resources for the acquisition, construction, or improvement of fixed assets of the Village, including but not limited to a police cruiser, water distribution lines.

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:

The *Water Operating Fund* accounts for and reports money paid by account holders for water services provided to Village Residents and certain persons residing outside Village boundaries.

The *Water Deposit Fund* accounts for and reports money paid by water and sewer account holders for water and sewer services.

The *Sewer Operating Fund* accounts for and reports money paid by account holders for sewer services provided to Village residents.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

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 Board 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 be budgeted annually.

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

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

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

A summary of 2018 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. The Village owns 5 certificates of deposit in a bank insured by the Federal Deposit Insurance Corp.

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.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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

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

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

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Water Operating Fund for the year ending December 31, 2018.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 - Budgetary Activity

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,393	\$ 37,178	\$ (3,215)
Special Revenue	27,279	24,654	(2,625)
Capital Projects	836,956	529,792	(307,164)
Enterprise	117,469	162,252	44,783
Total	\$ 1,022,097	\$ 753,876	\$ (268,221)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 62,880	\$ 46,224	\$ 16,656
Special Revenue	54,985	37,189	17,796
Capital Projects	836,956	501,205	335,751
Enterprise	129,844	164,806	(34,962)
Total	\$ 1,084,665	\$ 749,424	\$ 335,241

Note 5 – 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 and investments at December 31 was as follows:

	2018
Demand deposits	\$ 66,594
Certificates of deposit	37,000
Total deposits	\$ 103,594

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

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

Note 7 – Interfund Balances

Advances

The General Fund advanced \$7,000 to the Sewer Operating Fund during 2017. It was not repaid by December 31, 2018.

Note 8 - Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a nonassessable, unincorporated non-profit association providing a formalized, jointly administered selfinsurance 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. 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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017.

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, 2017 (latest information available).

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 - Risk Management (Continued)

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

2017
Assets \$14,853,620
Liabilities \$ (9,561,108)
Members' Equity \$ 5,292,512

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of wages. This rate is calculated based on accident history and administrative costs.

Note 9 - 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, 2018.

Note 10 - 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member directed plan was 4.0 percent during calendar year 2018.

Note 11 – Debt

Debt outstanding as of December 31, 2018 was as follows:

	Principal	Interest Rate
OWDA 4738	\$ 202,636	0%
OPWC CR14J	45,955	0%
OWDA 7945	53,809	0%
OPWC CR27U	45,955	0%
OPWC CT03U	88,002	0%
Total	\$ 436,357	

The OWDA Loan #4738 relates to the decentralized wastewater system. The loan is a zero interest loan with semiannual payments of \$10,665 and is repaid from the Sewer Operating Fund. The loan is collateralized by wastewater receipts.

The OWDA Loan #7210 paid in full in 2018.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 11 – Debt (Continued)

The OPWC Loan #CR14J related to the wastewater system. The loan is a zero interest loan with semiannual installments of \$2,250 over 20 years and repaid from the Sewer Operating Fund. The loan is collateralized by wastewater receipts.

The OWDA Loan #7945 related to water system improvements. The loan is a zero interest loan repaid from the Other Capital Projects – EPA Fund as the project is still in progress. The loan is collateralized by water receipts.

The OWDA Loan #7957 was paid in full in 2018.

The OPWC Loan #CR27U relates to water system improvements. The loan is a zero interest loan repaid from the Other Capital Projects – OPWC Fund as the project is still in progress. The loan is collateralized by water receipts.

The OPWC Loan #CT03U relates to water system improvements. The loan is a zero interest loan repaid from the Other Capital Projects – OPWC Fund as the project is still in progress. The loan is collateralized by water receipts.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OWDA 4738	OPWC CR14J
2019	\$ 10,665	\$ 2,250
2020	21,330	4,500
2021	21,330	4,500
2022	21,330	4,500
2023	21,330	4,500
2024-2028	106,651	22,500
2029-3033	-	3,205
Total	<u>\$ 202,636</u>	<u>\$ 45,955</u>

We noted that no amortization schedule is available for the OWDA loan #7945 and the OPWC loans #CR27U and #CT03U as the projects are still in progress.

Note 12 – Construction and Contractual Commitments

The Village has a contract for the upgrade of its water treatment system and its water storage tank in the amount \$589,200 with TAM Construction Co. This contract is currently under way but has not been complete as of December 31, 2018.

Note 13 – Subsequent Events

The Village may incur debt with the OPWC and the Ohio EPA during 2019. The amounts of any such loans is not known as of June 24, 2019.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 14 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 15 – Related Party Transactions

During 2018, the Village officials contracted with Klaerfield Gardens for landscaping services and materials. Klaerfield Gardens is owned by the spouse of Council Member Barb Klaer. The Village paid Klaerfield Gardens \$9,907.50 in 2018. Council Member Klaer abstained from all voting related to the award of this contract.

**VILLAGE OF AMESVILLE
ATHENS COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$ 25,002	\$ 11,364	\$ 36,366
Intergovernmental	10,870	12,338	23,208
Fines, Licenses and Permits	40	-	40
Earnings on Investments	304	71	375
Miscellaneous	2,951	306	3,257
<i>Total Cash Receipts</i>	<u>39,167</u>	<u>24,079</u>	<u>63,246</u>
Cash Disbursements			
Current:			
Security of Persons and Property	5,380	8,250	13,630
Leisure Time Activities	-	9,371	9,371
Transportation	-	10,730	10,730
General Government	22,855	973	23,828
<i>Total Cash Disbursements</i>	<u>28,235</u>	<u>29,324</u>	<u>57,559</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,932</u>	<u>(5,245)</u>	<u>5,687</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	5,500	5,500
Transfers Out	(5,500)	-	(5,500)
Advances Out	(7,000)	-	(7,000)
Other Financing Sources	1,226	-	1,226
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,274)</u>	<u>5,500</u>	<u>(5,774)</u>
<i>Net Change in Fund Cash Balances</i>	(342)	255	(87)
<i>Fund Cash Balances, January 1</i>	<u>43,332</u>	<u>27,651</u>	<u>70,983</u>
Fund Cash Balances, December 31			
Restricted	-	27,906	27,906
Assigned	22,488	-	22,488
Unassigned	20,502	-	20,502
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 42,990</u></u>	<u><u>\$ 27,906</u></u>	<u><u>\$ 70,896</u></u>

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

**VILLAGE OF AMESVILLE
ATHENS COUNTY**

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

	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 81,234
<i>Total Operating Cash Receipts</i>	81,234
Operating Cash Disbursements	
Personal Services	19,877
Employee Fringe Benefits	3,642
Contractual Services	15,707
Supplies and Materials	19,563
Other	245
<i>Total Operating Cash Disbursements</i>	59,034
<i>Operating Income</i>	22,200
Non-Operating Receipts (Disbursements)	
Other Debt Proceeds	36,594
Miscellaneous Receipts	2,675
Capital Outlay	(36,593)
Principal Retirement	(31,442)
<i>Total Non-Operating Receipts (Disbursements)</i>	(28,766)
<i>(Loss) before Advances</i>	(6,566)
<i>Advances In</i>	7,000
<i>Net Change in Fund Cash Balances</i>	434
<i>Fund Cash Balances, January 1</i>	27,812
<i>Fund Cash Balances, December 31</i>	\$ 28,246

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

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Amesville (the Village), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with ABA Firefighters, Inc. for fire protection and emergency services.

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

The Village participates in a public entity risk pool and is associated with a related organization. Note 8 below 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:

The Streets 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.

The State Highway 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 state highways within the Village.

The permissive Motor Vehicle Fund accounts for and reports money funds distributed to the Village from vehicle registration municipal permissive tax funds for use in accordance with statute.

The Parks and Recreation Fund accounts for and reports levy proceeds plus money transferred from the General Fund for use in providing park services to the Village.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Special Revenue Funds (Continued)

The Fire Levy Fund accounts for and reports levy proceeds for use in providing fire and emergency services to the Village.

The Police Levy Fund accounts for and reports levy proceeds plus money transferred from the General Fund for use in providing police services to the Village.

The OWDA Fund (Ohio Water Development Authority) accounts for and reports money borrowed by the Village to pay for the design of an upgrade to its water treatment and storage facilities.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village created the following significant capital project funds, but did not receive money into any of these funds during 2017:

In the *Other Capital Projects - EPA Fund*, the Ohio EPA pays contractors directly and in some instances, pays the Village which, in turn, pays the contractor.

In the *Other Capital Projects - ODSA Fund*, the Village receives money from the Ohio Development Services Agency and the Village, in turn, pays the contractor.

In the *Other Capital Projects - OPWC Fund*, the Ohio Public Works Commission pays the contractors directly.

In the *Other Capital Projects - ARC Fund*, the Appalachian Regional Commission pays most expenses directly. As to payments to the engineering company which did the design work the ARC sends money to the Village and, in turn, the Village pays the engineering company.

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:

The Water Operating Fund accounts for and reports money paid by account holders for water services provided to Village residents and certain persons residing outside Village boundaries.

The Water Deposit Fund accounts for and reports money paid by water and sewer account holders for water services.

The Sewer Operating Fund accounts for and reports money paid by account holders for sewer services provided to Village residents.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

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 Board 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 be budgeted annually.

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

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

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

A summary of 2017 budgetary activity appears in Note 4.

Deposits and Investments

The Village's accounting basis includes investments as assets. The Village owns 5 certificates of deposit in a bank insured by the Federal Deposit Insurance Corp.

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.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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

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

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

Note 3 – Compliance

Contrary to Ohio law, budgetary appropriations exceeded estimated resources in the Sewer Operating Fund for the year ended December 31, 2017.

Note 4 - 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	\$ 78,847	\$ 40,393	\$ (38,454)
Special Revenue	62,381	29,579	(32,802)
Enterprise	157,012	120,503	(36,509)
Total	\$ 298,240	\$ 190,475	\$ (107,765)

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 - Budgetary Activity (Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 43,662	\$ 33,735	\$ 9,927
Special Revenue	51,170	29,324	21,846
Enterprise	150,652	127,069	23,583
Total	\$ 245,484	\$ 190,128	\$ 55,356

Note 5 – 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 and investments at December 31 was as follows:

	2017
Demand deposits	\$ 62,142
Certificates of deposit	37,000
Total deposits	\$ 99,142

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

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.

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

Note 7 – Interfund Balances

Advances

The General Fund advanced \$7,000 to the Sewer Operating Fund during 2017 and it was not repaid by December 31, 2017.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 - Risk Management

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. 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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017.

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, 2017.

	<u>2017</u>
Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

Note 9 - 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, 2017.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 - 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 OPERS members in the Traditional Pension Plan and Combined Plan was 1 percent during calendar year 2018.

Note 11 – Debt

Debt outstanding as of December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA 4738	\$223,966	0.00%
OWDA 7210	\$80,732	3.39%
OPWC - CR14J	49,500	0.00%
Total	<u>\$354,198</u>	

The OWDA Loan #4738 relates to the decentralized wastewater system. The loan is a zero interest loan with semiannual payments of \$10,665 and is repaid from the Sewer Operating Fund. The loan is collateralized by wastewater receipts.

The OWDA Loan #7210 relates to water system improvements. The loan has an interest rate of 3.39% and is repaid from the Water Operating Fund. The loan is collateralized by water receipts.

The OPWC Loan #CR14J related to the wastewater system. The loan is a zero interest loan with semiannual installments of \$2,250 over 20 years and is repaid from the Sewer Operating Fund. The loan is collateralized by wastewater receipts.

Amortization

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

Year Ending December 31:	OWDA 4738	OPWC CR14J
2018	\$10,665	\$2,250
2019	21,330	4,500
2020	21,330	4,500
2021	21,330	4,500
2022	21,330	4,500
2023-2027	106,650	22,500
2028-2032	21,331	6,750
Total	<u>\$223,966</u>	<u>\$49,500</u>

We noted that no amortization schedule is available for the OWDA Loan #7210 as the project is still in progress.

Village of Amesville, Ohio
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 12 – Construction and Contractual Commitments

The Village has a contract for the upgrade of its water treatment system and its water storage tank in the amount \$589,200 with TAM Construction Co. This contract is contingent upon receiving funding commitments from 4 agencies: Ohio EPA, Ohio Development Services Agency and Ohio Public Works Commission. The Village expects all of the commitments will be made in 2018.

Note 13 – Subsequent Events

The Village may incur debt with the OPWC and the Ohio EPA during 2018. The amounts of any such loans is not known as of June 24, 2019.

Note 14 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 15 – Related Party Transactions

During 2017, the Village officials contracted with Klaerfield Gardens for landscaping services and materials. Klaerfield Gardens is owned by the spouse of Council Member Barb Klaer. The Village paid Klaerfield Gardens \$8,810 in 2017. Council Member Klaer abstained from all voting related to the award of this contract.



Certified Public Accountants, A.C.

313 Second St.
Marietta, OH 45750
740.373.0056

1907 Grand Central Ave.
Vienna, WV 26105
304.422.2203

150 West Main St.
St. Clairsville, OH 43950
740.695.1569

1310 Market St., Suite 300
Wheeling, WV 26003
304.232.1358

749 Wheeling Ave., Suite 300
Cambridge, OH 43725
740.435.3417

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

June 24, 2019

Village of Amesville
Athens County
18 South Maple St., Box 190
Amesville, OH 45711

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of Amesville**, Athens County (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated June 24, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

www.perrycpas.com

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2018-002 and 2018-003.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 24, 2019.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements 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.



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

VILLAGE OF AMESVILLE
ATHENS COUNTY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

Material Weakness

Posting Receipts, Disbursements and Classification of Fund Balances

The Village should have procedures and controls in place to help prevent and detect errors in financial reporting. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

During 2018 and 2017, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- Debt proceeds and Capital Outlay were not properly recorded during 2018 and 2017;
- Debt payments were not always properly recorded during 2018 and 2017;
- Subsequent year appropriations that exceeded estimated receipts in the General Fund were reclassified from Unassigned to Assigned in the General Fund in 2018 and 2017;
- A Property Tax Settlement was not properly recorded in 2018;
- A Motor Vehicle License Tax receipt was incorrectly recorded as a State Highway receipt in 2018.

Not posting receipts, disbursements, or classifying fund balances accurately resulted in the financial statements requiring adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications.

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

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Officials’ Response – There were recording errors and the Village will restate those items in accordance Bulletin 2011-004 and GAS 54, but it in the Management letter from Perry & Associates it states that, “The Village has properly classified all funds.” Please clarify the item in work paper 1100.20 which is disagreement with the citation. Also, the comment in the documentation of material weakness states that the Village reclassified monies from unassigned to assigned in the General Fund, but their own summary of evaluations states in item 14 that, “General fund balance was classified as unassigned instead of assigned” This contradicts their citation in 1100.20. Please clarify.

Auditor’s Reaction – We considered the Officials’ response, but we believe that the only possible contradiction comes from the management representation letter, that is written on the clients behalf, stating that the fund balance components are properly classified.

VILLAGE OF AMESVILLE
ATHENS COUNTY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-002

Noncompliance

Ohio Rev. Code Section 5705.39 provides that the total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations exceeded estimated resources in the Sewer Operating Fund in 2017.

The Village should obtain a certificate from the County Auditor stating that the total appropriations do not exceed the total estimated resources whenever an amendment is made to the original appropriation measure.

Officials' Response – The Sewer Operating Fund is not an appropriation, but an enterprise fund which represents a fee. Therefore, if expenses exceed the budgeted amount the Village has the authority to transfer funds from its General Revenues to off-set any additional expenses.

Auditor's Reaction – We considered the Officials' response, but we believe that if appropriations were to exceed estimated resources for any fund, the Village Officials should amend appropriations to correct the discrepancy.

FINDING NUMBER 2018-003

Noncompliance

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in the Water Operating Fund in 2018.

We recommend the Fiscal Officer modify appropriations with the Village Council and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Village Fiscal Officer should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

Officials' Response – The Water Operating Fund is not an appropriation, but an enterprise fund which represents a fee. Therefore, if expenses exceed the budgeted amount the Village has the authority to transfer funds from its general revenues to off-set any additional expenses.

Auditor's Reaction - We considered the Officials' response, but we believe that if actual disbursements were to exceed appropriations in any fund, the Village Officials should amend appropriations to correct the discrepancy.

VILLAGE OF AMESVILLE
ATHENS COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Posting Receipts and Disbursements	Not Corrected	Repeated as Finding 2018-001
2016-002	Ohio Revised Code Section 5705.41(D)	Corrected	N/A

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF AMESVILLE

ATHENS 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
OCTOBER 8, 2019