



Dave Yost • Auditor of State

VILLAGE OF SHERRODSVILLE
CARROLL COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Sherrodsville
Carroll County
P.O. Box 31
Sherrodsville, Ohio 44675

To 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 Sherrodsville, Carroll County, (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 10, 2016

VILLAGE OF SHERRODSVILLE
CARROLL COUNTY

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$8,369		\$8,369
Municipal Income Tax	17,351		17,351
Intergovernmental	20,614	\$11,492	32,106
Charges for Services	9,227		9,227
Fines, Licenses and Permits	688		688
Earnings on Investments	18	1	19
Miscellaneous	7,244		7,244
<i>Total Cash Receipts</i>	<u>63,511</u>	<u>11,493</u>	<u>75,004</u>
Cash Disbursements			
Current:			
Security of Persons and Property	22,585	461	23,046
Public Health Services	1,473		1,473
Leisure Time Activities	6,149		6,149
Basic Utility Services	12,368		12,368
Transportation		16,365	16,365
General Government	24,386		24,386
Debt Service:			
Principal Retirement	1,893	4,009	5,902
Interest and Fiscal Charges	270	595	865
<i>Total Cash Disbursements</i>	<u>69,124</u>	<u>21,430</u>	<u>90,554</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,613)</u>	<u>(9,937)</u>	<u>(15,550)</u>
Other Financing Receipts (Disbursements)			
Other Financing Uses	(722)	(479)	(1,201)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(722)</u>	<u>(479)</u>	<u>(1,201)</u>
Special Item	50		50
<i>Net Change in Fund Cash Balances</i>	(6,285)	(10,416)	(16,701)
<i>Fund Cash Balances, January 1</i>	<u>70,920</u>	<u>16,401</u>	<u>87,321</u>
Fund Cash Balances, December 31			
Restricted	0	5,985	5,985
Unassigned (Deficit)	64,635	0	64,635
<i>Fund Cash Balances, December 31</i>	<u>\$64,635</u>	<u>\$5,985</u>	<u>\$70,620</u>

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

**VILLAGE OF SHERRODSVILLE
CARROLL COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$124,594
<i>Total Operating Cash Receipts</i>	<i>124,594</i>
Operating Cash Disbursements	
Personal Services	50,340
Employee Fringe Benefits	6,329
Contractual Services	26,340
Supplies and Materials	22,393
Other	5
<i>Total Operating Cash Disbursements</i>	<i>105,407</i>
<i>Operating Income (Loss)</i>	<i>19,187</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	45,750
Miscellaneous Receipts	15,327
Capital Outlay	(238,007)
Other Financing Uses	(11,519)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(188,449)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(169,262)</i>
<i>Fund Cash Balances, January 1</i>	<i>222,972</i>
<i>Fund Cash Balances, December 31</i>	<i>\$53,710</i>

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

VILLAGE OF SHERRODSVILLE
CARROLL COUNTY

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

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$8,501		\$8,501
Municipal Income Tax	18,110		18,110
Intergovernmental	29,152	\$12,634	41,786
Charges for Services	20,250		20,250
Fines, Licenses and Permits	742		742
Earnings on Investments	17	3	20
Miscellaneous	4,835		4,835
<i>Total Cash Receipts</i>	<u>81,607</u>	<u>12,637</u>	<u>94,244</u>
Cash Disbursements			
Current:			
Security of Persons and Property	39,667	503	40,170
Public Health Services	1,385		1,385
Leisure Time Activities	2,301		2,301
Basic Utility Services	12,882		12,882
Transportation	1,900	13,864	15,764
General Government	24,977		24,977
Debt Service:			
Principal Retirement	1,734	4,343	6,077
Interest and Fiscal Charges	184	506	690
<i>Total Cash Disbursements</i>	<u>85,030</u>	<u>19,216</u>	<u>104,246</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,423)</u>	<u>(6,579)</u>	<u>(10,002)</u>
Other Financing Receipts (Disbursements)			
Sale of Capital Assets	600	8,541	9,141
Other Financing Sources	392		392
Other Financing Uses	(3,419)	(467)	(3,886)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,427)</u>	<u>8,074</u>	<u>5,647</u>
Special Item	4,099		4,099
<i>Net Change in Fund Cash Balances</i>	<u>(1,751)</u>	<u>1,495</u>	<u>(256)</u>
<i>Fund Cash Balances, January 1</i>	<u>72,671</u>	<u>14,906</u>	<u>87,577</u>
Fund Cash Balances, December 31			
Restricted	0	16,401	16,401
Unassigned (Deficit)	70,920	0	70,920
<i>Fund Cash Balances, December 31</i>	<u><u>\$70,920</u></u>	<u><u>\$16,401</u></u>	<u><u>\$87,321</u></u>

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

**VILLAGE OF SHERRODSVILLE
CARROLL COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$102,962
<i>Total Operating Cash Receipts</i>	<i>102,962</i>
Operating Cash Disbursements	
Personal Services	38,190
Employee Fringe Benefits	4,589
Contractual Services	18,963
Supplies and Materials	61,266
<i>Total Operating Cash Disbursements</i>	<i>123,008</i>
<i>Operating Income (Loss)</i>	<i>(20,046)</i>
Non-Operating Receipts (Disbursements)	
Intergovernmental	165,774
Miscellaneous Receipts	5,933
Other Financing Sources	435
Other Financing Uses	(725)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>171,417</i>
<i>Net Change in Fund Cash Balances</i>	<i>151,371</i>
<i>Fund Cash Balances, January 1</i>	<i>71,601</i>
<i>Fund Cash Balances, December 31</i>	<i>\$222,972</i>

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

**VILLAGE OF SHERRODSVILLE
CARROLL COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Sherrodsville, Carroll County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street maintenance and repair service, fire protection, and ambulance services. The Village appropriates general fund money to support a volunteer fire department.

The Village participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Ohio Plan Risk Management provides property, fleet and liability insurance for government entities.

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

B. Accounting Basis

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

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

C. Deposits and Investments

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

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF SHERRODSVILLE
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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 Fund:

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

3. 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 Fund:

Emergency Medical Service Fund - This fund receives charges for ambulance service to cover the cost of providing such services.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. 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.

3. 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 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

**VILLAGE OF SHERRODSVILLE
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Nonspendable

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

2. 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.

3. 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.

4. 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.

5. 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.

G. Property, Plant, and Equipment

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

**VILLAGE OF SHERRODSVILLE
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. EQUITY IN POOLED 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:

	2015	2014
Demand deposits	\$124,330	\$310,293
Total deposits	124,330	310,293

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,562	\$63,561	(\$1)
Special Revenue	11,493	11,493	0
Enterprise	185,767	185,671	(96)
Total	\$260,822	\$260,725	(\$97)

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$67,000	\$69,846	(\$2,846)
Special Revenue	22,500	21,909	591
Enterprise	357,000	354,933	2,067
Total	\$446,500	\$446,688	(\$188)

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$83,985	\$86,698	\$2,713
Special Revenue	22,500	21,178	(1,322)
Enterprise	222,500	275,104	52,604
Total	\$328,985	\$382,980	\$53,995

**VILLAGE OF SHERRODSVILLE
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$107,598	\$88,449	\$19,149
Special Revenue	36,142	19,683	16,459
Enterprise	140,862	123,733	17,129
Total	\$284,602	\$231,865	\$52,737

4. PROPERTY TAX

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.

5. LOCAL INCOME TAX

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

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

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Citizens Bank (mower loan)	\$13,889	2.91%
Citizens Bank (fire truck loan)	\$3,220	4.12%
Total	\$17,109	

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

**VILLAGE OF SHERRODSVILLE
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

6. DEBT (Continued)

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

Year ending December 31:	Citizens Bank Mower	Citizens Bank Fire Truck
2016	\$4,849	\$1,918
2017	4,849	1,918
2018	4,849	1,439
Total	\$14,547	\$5,275

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

8. RISK MANAGEMENT

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

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.

VILLAGE OF SHERRODSVILLE
CARROLL COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

8. RISK MANAGEMENT (Continued)

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, 2015 and 2014.

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

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

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Dave Yost • Auditor of State

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

Village of Sherrodsville
Carroll County
P.O. Box 31
Sherrodsville, Ohio 44675

To 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 Sherrodsville, Carroll County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated November 10, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

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

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

November 10, 2016

**VILLAGE OF SHERRODSVILLE
CARROLL COUNTY**

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

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

FINDING NUMBER 2015-001

Significant Deficiency

Sound accounting practices require the Village to maintain an accounting system that enables them to identify, assemble, analyze, classify, record, and report all transactions. The Village Clerk/Treasurer did not correctly post all disbursements. This was attributed to not having procedures in place to help ensure they would abide by the adopted chart of accounts. The Clerk/Treasurer has agreed to and posted the following reclassifications, which are reflected in the accompanying financial statements.

2014 Reclassifications:

Fund	Reclassified from:	Amount	Reclassified to:
General	General Government Disbursement	\$1,734	Principal Disbursement
General	General Government Disbursement	184	Interest Disbursement
Street Maintenance and Repairs	Capital Outlay Disbursement	4,342	Principal Disbursement
Street Maintenance and Repairs	Other Financing Uses Disbursement	506	Interest Disbursement

2015 Reclassifications:

Fund	Reclassified from:	Amount	Reclassified to:
General	General Government Disbursement	\$1,893	Principal Disbursement
General	General Government Disbursement	270	Interest Disbursement
Street Maintenance and Repairs	Capital Outlay Disbursement	4,009	Principal Disbursement
Street Maintenance and Repairs	Capital Outlay Disbursement	594	Interest Disbursement

The Village did not have procedures in place to properly record the above items. Failure to consistently follow a uniform chart of accounts increases the possibility the Village will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to help enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure the financial activity of the Village is accurately recorded and reported.

No response was received from officials.

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Dave Yost • Auditor of State

VILLAGE OF SHERRODSVILLE

CARROLL 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
DECEMBER 22, 2016