



Dave Yost • Auditor of State

VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/16	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type FYE 12/31/16	4
Notes to the Financial Statements FYE 12/31/16	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/15	13
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) – Fiduciary Fund Type FYE 12/31/15	14
Notes to the Financial Statements FYE 12/31/15	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
Schedule of Findings	25

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Port Washington
Tuscarawas County
107 East Main Street
P.O. Box 277
Port Washington, Ohio 43837

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 Port Washington, Tuscarawas County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015.

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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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, 2016 and 2015, or changes in financial position 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 Port Washington, Tuscarawas County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 May 22, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

May 24, 2017

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Taxes	\$26,028	\$10,942	\$0	\$36,970
Municipal Income Tax	114,717	0	0	114,717
Intergovernmental	21,258	24,322	0	45,580
Charges for Services	120	0	0	120
Fines, Licenses and Permits	8,548	0	0	8,548
Earnings on Investments	34	10	0	44
Miscellaneous	6,079	0	43,248	49,327
	<u>176,784</u>	<u>35,274</u>	<u>43,248</u>	<u>255,306</u>
<i>Total Cash Receipts</i>				
Cash Disbursements				
Current:				
Security of Persons & Property	35,999	2,442	0	38,441
Public Health Services	6,115	5,590	0	11,705
Leisure Time Activities	838	0	0	838
Community Environment	1,116	0	0	1,116
Transportation	0	8,418	0	8,418
General Government	66,020	117	0	66,137
Capital Outlay	0	0	47,047	47,047
<i>Total Cash Disbursements</i>	<u>110,088</u>	<u>16,567</u>	<u>47,047</u>	<u>173,702</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>66,696</u>	<u>18,707</u>	<u>(3,799)</u>	<u>81,604</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	1,333	0	0	1,333
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,333</u>	<u>0</u>	<u>0</u>	<u>1,333</u>
<i>Net Change in Fund Cash Balances</i>	<u>68,029</u>	<u>18,707</u>	<u>(3,799)</u>	<u>82,937</u>
<i>Fund Cash Balances, January 1</i>	<u>175,918</u>	<u>77,145</u>	<u>45,871</u>	<u>298,934</u>
Fund Cash Balances, December 31				
Restricted	0	95,852	42,072	137,924
Assigned	66,649	0	0	66,649
Unassigned (Deficit)	177,298	0	0	177,298
<i>Fund Cash Balances, December 31</i>	<u>\$243,947</u>	<u>\$95,852</u>	<u>\$42,072</u>	<u>\$381,871</u>

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

VILLAGE OF PORT WASHINGTON, TUSCARAWAS COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2016

	Agency
Operating Cash Receipts	
Fines, Licenses and Permits	\$12,123
<i>Total Operating Cash Receipts</i>	12,123
 Operating Cash Disbursements	
Contractual Services	11,692
<i>Total Operating Cash Disbursements</i>	11,692
 <i>Operating Income</i>	431
 <i>Fund Cash Balances, January 1</i>	39
 <i>Fund Cash Balances, December 31</i>	\$470

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

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Port Washington (the Village), Tuscarawas County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides park operations and police services. The Village contracts with Tri-County Joint Ambulance District for emergency and ambulance transport services and contracts with the Delaware Valley Joint Fire District for fire emergency and fire rescue services.

The Village participates in three jointly governed organizations. Note 9 will provide additional information for these entities. These organizations are:

Delaware Valley Joint Fire District (the District)

The District is as a body corporate and politic formed by the Village and Salem Township under Ohio Revised Code Section 505.371 to provide adequate and responsible fire emergency and fire rescue to all the people within the District.

Tri-County Ambulance District (the Ambulance District)

The Ambulance District is a body corporate and politic formed by the Village and several other political subdivisions under Ohio Revised Code Section 505.375 to provide emergency medical services.

Salem Township Union Cemetery (the Cemetery)

The Cemetery is as a body corporate and politic formed by the Village and Salem Township under Ohio Revised Code Section 759.341 to operate and maintain certain cemeteries.

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 the fiduciary fund type 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:

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Permissive Motor Vehicle License Fund - This fund receives levied vehicle registration taxes for planning, constructing, improving, maintaining and repairing public roads, highways, streets, and for the maintaining and repair of bridges and viaducts.

Cemetery Fund– This fund receives property tax money to maintain and operate the cemetery.

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 had the following significant Capital Project Fund:

Capital Projects Fund – This fund receives miscellaneous revenue and previously received municipal income tax revenue to finance the maintenance of equipment, extension, enlargement and improvement of municipal services and facilities and capital improvements in the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court activity, which receives money into the fund from traffic ticket collections from monthly Mayor's Court.

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

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 2016 budgetary activity appears in Note 3.

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 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:

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.

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than 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 - Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$130,315	\$178,117	\$47,802
Special Revenue	33,528	35,274	1,746
Capital Projects	43,248	43,248	0
Fiduciary-Agency Fund-Not Budgeted			
Total	\$207,091	\$256,639	\$49,548

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$137,247	\$110,088	\$27,159
Special Revenue	39,724	16,567	23,157
Capital Projects	59,546	47,047	12,499
Fiduciary-Agency Fund-Not Budgeted			
Total	\$236,517	\$173,702	\$62,815

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments

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

	2016
Demand deposits	<u>\$382,341</u>
Total deposits	<u>382,341</u>
Total deposits and investments	<u><u>\$382,341</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Income Taxes

The Village levies a municipal income tax of one and half 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.

Note 6 - Risk Management

The Village 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.

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management (Continued)

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.

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 (the latest information available).

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

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Social Security

Village's Council members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Council members contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Note 8 – Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 9 – Jointly Governed Organizations

Delaware Valley Joint Fire District (the District)

The District provides fire protection services for the Village. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. The fifth member is appointed by one individual subdivision within the District on a two year rotational basis. Those subdivisions are Salem Township and the Village of Port Washington. The Village is not financially accountable for the District nor is the District financially dependent on the Village. The District serves as its own taxing and debt issuance authority. During 2016, no monies were paid to the District from the Village.

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – Jointly Governed Organizations (Continued)

Tri-County Ambulance District (the Ambulance District)

The Ambulance District provides emergency medical services for the Village. The Ambulance District is directed by an appointed six-member Board of Directors. One board member is appointed by each political subdivision within the Ambulance District. Those subdivisions are Oxford, Salem, Perry, and Washington Townships; and the Villages of Port Washington and Newcomerstown. The Ambulance District provides emergency medical services to citizens within those areas. During 2016, no monies were paid to the Ambulance District from the Village.

Salem Township Union Cemetery (the Cemetery)

The Cemetery was established to operate and maintain certain cemeteries. The Village and Salem Township established a three-member Board of Trustees to operate the Cemetery as allowed under Ohio Revised Code Section 759.36. The Cemetery serves as its own taxing and debt issuance authority. During 2016, the Village paid \$5,590 in total to the Cemetery.

Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2015

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Taxes	\$25,085	\$10,096	\$0	\$35,181
Municipal Income Tax	87,371	0	0	87,371
Intergovernmental	18,648	24,426	0	43,074
Charges for Services	195	0	0	195
Fines, Licenses and Permits	2,915	0	0	2,915
Earnings on Investments	27	11	0	38
Miscellaneous	1,620	0	52,250	53,870
<i>Total Cash Receipts</i>	<u>135,861</u>	<u>34,533</u>	<u>52,250</u>	<u>222,644</u>
Cash Disbursements				
Current:				
Security of Persons & Property	20,634	2,587	0	23,221
Public Health Services	349	5,494	0	5,843
Leisure Time Activities	2,009	0	0	2,009
Community Environment	981	0	0	981
Transportation	0	18,827	0	18,827
General Government	57,712	538	832	59,082
Capital Outlay	0	3,082	59,422	62,504
<i>Total Cash Disbursements</i>	<u>81,685</u>	<u>30,528</u>	<u>60,254</u>	<u>172,467</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>54,176</u>	<u>4,005</u>	<u>(8,004)</u>	<u>50,177</u>
<i>Fund Cash Balances, January 1</i>	<u>121,742</u>	<u>73,140</u>	<u>53,875</u>	<u>248,757</u>
Fund Cash Balances, December 31				
Restricted	0	77,145	45,871	123,016
Unassigned (Deficit)	175,918	0	0	175,918
<i>Fund Cash Balances, December 31</i>	<u>\$175,918</u>	<u>\$77,145</u>	<u>\$45,871</u>	<u>\$298,934</u>

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

VILLAGE OF PORT WASHINGTON, TUSCARAWAS COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2015

	Agency
Operating Cash Receipts	
Fines, Licenses and Permits	\$3,995
<i>Total Operating Cash Receipts</i>	3,995
 Operating Cash Disbursements	
Contractual Services	3,956
<i>Total Operating Cash Disbursements</i>	3,956
 <i>Operating Income</i>	39
 <i>Fund Cash Balances, January 1</i>	0
 <i>Fund Cash Balances, December 31</i>	\$39

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

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting Entity

The Village of Port Washington (the Village), Tuscarawas County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides park operations and police services. The Village contracts with Tri-County Joint Ambulance District for emergency and ambulance transport services and contracts with the Delaware Valley Joint Fire District for fire emergency and fire rescue services.

The Village participates in three jointly governed organizations. Note 9 will provide additional information for these entities. These organizations are:

Delaware Valley Joint Fire District (the District)

The District is as a body corporate and politic formed by the Village and Salem Township under Ohio Revised Code Section 505.371 to provide adequate and responsible fire emergency and fire rescue to all the people within the District.

Tri-County Ambulance District (the Ambulance District)

The Ambulance District is a body corporate and politic formed by the Village and several other political subdivisions under Ohio Revised Code Section 505.375 to provide emergency medical services.

Salem Township Union Cemetery (the Cemetery)

The Cemetery is as a body corporate and politic formed by the Village and Salem Township under Ohio Revised Code Section 759.341 to operate and maintain certain cemeteries.

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 the fiduciary fund type 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.

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Permissive Motor Vehicle License Fund - This fund receives levied vehicle registration taxes for planning, constructing, improving maintaining and repairing public roads, highways, streets, and for the maintaining and repair of bridges and viaducts.

Cemetery Fund – This fund receives property tax money to maintain and operate the cemetery.

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 had the following significant Capital Project Fund:

Capital Projects Fund – This fund receives miscellaneous revenue and previously received municipal income tax revenue to finance the maintenance of equipment, extension, enlargement and improvement of municipal services and facilities and capital improvements in the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court activity, which receives money from traffic ticket collections from monthly Mayor's Court. This fund was approved in November 2015.

Basis of Accounting

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

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Unencumbered appropriations lapse at year end.

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

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

A summary of 2015 budgetary activity appears in Note 3.

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 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:

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.

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

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,577	\$135,861	\$82,284
Special Revenue	41,246	34,533	(6,713)
Capital Projects	52,250	52,250	0
Fiduciary - Agency Fund - Not Budgeted			
Total	\$147,073	\$222,644	\$75,571

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$179,930	\$83,439	\$96,491
Special Revenue	115,297	30,649	84,648
Capital Projects	101,511	60,254	41,257
Fiduciary - Agency Fund - Not Budgeted			
Total	\$396,738	\$174,342	\$222,396

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 4 – Deposits and Investments

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

	2015
Demand deposits	<u>\$298,973</u>
Total deposits	<u>298,973</u>
Total deposits and investments	<u><u>\$298,973</u></u>

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Income Taxes

The Village levies a municipal income tax of one and half 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.

Note 6 - Risk Management

The Village 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.

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 6 - Risk Management (Continued)

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.

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	<u>(9,112,030)</u>	<u>(8,942,504)</u>
Members' Equity	\$5,531,637	\$5,887,681

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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, 2015.

Social Security

Village's Council members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Council members contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

Note 8 –Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 9 – Jointly Governed Organizations

Delaware Valley Joint Fire District (the District)

The District provides fire protection services for the Village. A five-member Board of Trustees governs the District. Each political subdivision within the District appoints two members. The fifth member is appointed by one individual subdivision within the District on a two year rotational basis. Those subdivisions are Salem Township and the Village of Port Washington. The Village is not financially accountable for the District nor is the District financially dependent on the Village. The District serves as its own taxing and debt issuance authority. During 2015, no monies were paid to the District from the Village.

Village of Port Washington, Ohio
Tuscarawas County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 9 – Jointly Governed Organizations (Continued)

Tri-County Ambulance District (the Ambulance District)

The Ambulance District provides emergency medical services for the Village. The Ambulance District is directed by an appointed six-member Board of Directors. One board member is appointed by each political subdivision within the Ambulance District. Those subdivisions are Oxford, Salem, Perry, and Washington Townships; and the Villages of Port Washington and Newcomerstown. The Ambulance District provides emergency medical services to citizens within those areas. During 2015, no monies were paid to the Ambulance District from the Village.

Salem Township Union Cemetery (the Cemetery)

The Cemetery was established to operate and maintain certain cemeteries. The Village and Salem Township established a three-member Board of Trustees to operate the Cemetery as allowed under Ohio Revised Code Section 759.36. The Cemetery serves as its own taxing and debt issuance authority. During 2015, the Village paid \$5,493 in total to the Cemetery.



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 Port Washington
Tuscarawas County
107 East Main Street
P.O. Box 277
Port Washington, Ohio 43837

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 Port Washington, Tuscarawas County, Ohio (the Village), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 24, 2017 wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

May 24, 2017

**VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

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

FINDING NUMBER 2016-001

Material Weakness

The Village should maintain an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements in accordance with the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D).

As a result of audit procedures performed, errors were noted in the Village's financial statements that required audit adjustments and reclassifications as follows:

- The Village improperly accounted for various capital projects within the General Fund instead of the Capital Projects Fund throughout 2016 and 2015.
 - The Village received \$2,218 from the Delaware Valley Joint Fire District and disbursed \$12,404 relating to the Village Hall Building Addition project expenses in 2016. These posting errors also resulted in a \$10,186 overstatement and understatement of year-end fund balance in the Capital Projects Fund and General Fund, respectively;
 - The Village received \$26,400 from the Reeves Foundation and \$14,630 from the Blair E. & Ann L. Zimmerman Foundation Trust for the building improvements made to the Historical Society/ Old Town Hall Building Project during 2016. Additionally, \$34,643 in disbursements were made in 2016 relating the Historical Society/ Old Town Hall Building Project. These posing errors also resulted in a \$6,387 overstatement and understatement of year-end fund balance in the General Fund and Capital Projects Fund, respectively;
 - In 2015, the Village received \$50,000 from the Reeves Foundation and disbursed \$47,636 relating to the Village Hall Building Addition project. The Reeves Foundation receipt was missclassified as Intergovernmental Revenue instead of Miscellaneous Revenue. Additionally, the errors, resulted in a \$2,364 overstatement and understatement of year-end fund balance in the General Fund and Capital Projects Fund, respectively;
 - In 2015, the Village purchased a utility building to be placed at the Village baseball fields for the Port Washington Baseball League to utilize. In order to "off-set" the costs of purchasing the building, the Port Washington Baseball League paid \$2,250 to the Village. The posting error also resulted in a \$2,250 overstatement and understatement of year-end fund balance in the General Fund and Capital Projects Fund, respectively;
- For 2015, the Village directly reported \$3,995 in Mayor's Court revenue within the General Fund instead of presenting the activity within the Mayor's Court Agency Fund. In addition to the understatement of activity in the Agency Fund, \$1,170 of the \$3,995 was required to be remitted to the State of Ohio and Tuscarawas County for their portions of court fines collected by the Village. These remittances were reported in the General Fund instead of the Mayor's Court Agency Fund;
- Permissive Licenses Tax revenue in the amount of \$6,127 and \$5,451 were classified as Intergovernmental Revenue instead of Property and Other Taxes for 2016 and 2015, respectively;

VILLAGE OF PORT WASHINGTON
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2016-001 (Continued)

Material Weakness (Continued)

- Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows: GASB Cod. 1800.173-176 requires funds without external or internal constraints to report Assigned fund balances for amounts encumbered or set aside to cover the excess of subsequent year appropriations exceeding estimated revenue. The following inaccurate reporting of fund balance was noted prior to the effect of any audit adjustments:
 - The General Fund's year end cash balance was utilized to cover the deficiency of subsequent year appropriations exceeding estimated revenue at the end of 2016 in the amount of \$66,649. However, this amount was reported as Unassigned instead of Assigned.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The financial statements and accounting system have been adjusted accordingly.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Officials' Response: The Village is in agreement with the noted finding # 2016-001 and will take the necessary steps in correcting any future postings for capital projects. The Village has made the requested fund adjustments for year 2015 & 2016 involving the improper postings for the said capital project transactions and Mayor's Court Agency Fund. The Village will classify future Permissive License Tax Revenue under Property and Other Taxes as noted. In the future, the Village will also classify the General Fund accordingly as Assigned & Unassigned as noted.



Dave Yost • Auditor of State

VILLAGE OF PORT WASHINGTON

TUSCARAWAS 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
JUNE 6, 2017