



Dave Yost • Auditor of State

VILLAGE OF NEW WESTON
DARKE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of New Weston
Darke County
P.O. Box 2A
New Weston, Ohio 45348

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 New Weston, Darke 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 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.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of New Weston, Darke County as of December 31, 2016 and 2015, 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 January 11, 2018, 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

January 11, 2018

**VILLAGE OF NEW WESTON, OHIO
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$5,316	\$1,829		\$7,145
Intergovernmental	18,614	50,062		68,676
Special Assessments			\$26,595	26,595
Miscellaneous	340	62		402
Total Cash Receipts	<u>24,270</u>	<u>51,953</u>	<u>26,595</u>	<u>102,818</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	6,369	1,787		8,156
Public Health Services	600			600
Leisure Time Activities	2,079			2,079
Basic Utility Services	12,187			12,187
Transportation	349	98,438		98,787
General Government	12,556	42		12,598
Capital Outlay	1,289			1,289
Debt Service:				
Principal Retirement		3,750	26,595	30,345
Total Cash Disbursements	<u>35,429</u>	<u>104,017</u>	<u>26,595</u>	<u>166,041</u>
Excess of Receipts (Under) Disbursements	<u>(11,159)</u>	<u>(52,064)</u>	<u>0</u>	<u>(63,223)</u>
Fund Cash Balances, January 1	<u>21,184</u>	<u>176,599</u>		<u>197,783</u>
Fund Cash Balances, December 31:				
Restricted	0	124,535	0	124,535
Assigned	10,025	0	0	10,025
Fund Cash Balances, December 31	<u>\$10,025</u>	<u>\$124,535</u>	<u>\$0</u>	<u>\$134,560</u>

See accompanying notes to the basic financial statements.

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**VILLAGE OF NEW WESTON, OHIO
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. REPORTING ENTITY

The Village of New Weston (the Village), Darke 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 general government services, including park operations. The Village contracts with the Darke County Sheriff's department to provide security of persons and property. The Village contracts with the Burkettsville Community Fire Department to receive fire protection services and the Ansonia Area Local Rescue for ambulance services.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. 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:

1. 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.

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 - 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.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Debt Service Fund - The Village has one debt service fund which is used to collect special assessments in order to repay the sanitary sewer loan.

**VILLAGE OF NEW WESTON, OHIO
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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.

D. 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 carried over, and need not be re-appropriated. There were no outstanding encumbrances at year end.

A summary of 2016 budgetary activity appears in Note 3.

E. 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.

F. 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.

**VILLAGE OF NEW WESTON, OHIO
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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:

Non-spendable - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

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

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

Un-assigned - Un-assigned 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.

3. BUDGETARY ACTIVITY

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

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,700	\$24,270	(\$7,430)
Special Revenue	12,950	51,953	39,003
Debt Service	26,595	26,595	0
Total	\$71,245	\$102,818	\$31,573

**VILLAGE OF NEW WESTON, OHIO
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,494	\$35,429	\$20,065
Special Revenue	186,253	104,017	82,236
Debt Service	26,595	26,595	0
Total	\$268,342	\$166,041	\$102,301

4. DEPOSITS AND INVESTMENTS

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

	2016
Demand deposits	\$134,560
Total deposits	\$134,560

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

5. TAXES

Property Taxes

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

Public utilities are also taxed on personal and real property located within the Village.

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

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF NEW WESTON, OHIO
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

7. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The Village's Deputy Clerk is the only employee that belongs 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.

B. Social Security

Remaining Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees 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.

8. DEBT

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$29,996	0%
Ohio Water Development Authority Loan	226,054	0%
Total	\$256,050	

The Ohio Water Development Authority (OWDA) loan relates to a sanitary sewer project the Ohio Environmental Protection Agency mandated. This is a joint sewer project with the Village of Burkettsville. In 2004, the Village obtained a loan in the amount of \$531,892 for the sewer project. The Village will repay the loan in semiannual installments of \$13,297 over 20 years.

The Ohio Public Works Commission (OPWC) Loan relates to the Village's Main Street Reconstruction Project. In 2004, the Village obtained a loan in the amount of \$74,990 for the project. The Village will repay the loan in semiannual installments of \$1,875 over 20 years.

Amortization

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

Year ending December 31:	OWDA Loan	OPWC Loan	Total
2017	\$26,595	\$3,750	\$30,345
2018	26,595	3,750	30,345
2019	26,595	3,750	30,345
2020	26,595	3,750	30,345
2021	26,595	3,750	30,345
2022-2026	93,079	11,246	104,325
Total	\$226,054	\$29,996	\$256,050

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**VILLAGE OF NEW WESTON, OHIO
DARKE COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$5,321	\$1,851		\$7,172
Intergovernmental	17,130	12,673		29,803
Special Assessments			\$26,595	26,595
Miscellaneous	151	59		210
Total Cash Receipts	<u>22,602</u>	<u>14,583</u>	<u>26,595</u>	<u>63,780</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	6,583	2,021		8,604
Public Health Services	542			542
Leisure Time Activities	4,478			4,478
Basic Utility Services	10,360			10,360
Transportation	2,090	4,000		6,090
General Government	15,181	41		15,222
Debt Service:				
Principal Retirement		3,750	26,595	30,345
Total Cash Disbursements	<u>39,234</u>	<u>9,812</u>	<u>26,595</u>	<u>75,641</u>
Excess of Receipts Over (Under) Disbursements	<u>(16,632)</u>	<u>4,771</u>	<u>0</u>	<u>(11,861)</u>
Fund Cash Balances, January 1	<u>37,816</u>	<u>171,828</u>		<u>209,644</u>
Fund Cash Balances, December 31:				
Restricted	0	176,599	0	176,599
Assigned	21,184	0	0	21,184
Fund Cash Balances, December 31	<u>\$21,184</u>	<u>\$176,599</u>	<u>\$0</u>	<u>\$197,783</u>

See accompanying notes to the basic financial statements.

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**VILLAGE OF NEW WESTON, OHIO
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1. REPORTING ENTITY

The Village of New Weston (the Village), Darke 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 general government services, including park operations. The Village contracts with the Darke County Sheriff's department to provide security of persons and property. The Village contracts with the Burkettsville Community Fire Department to receive fire protection services and the Ansonia Area Local Rescue for ambulance services.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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.

B. 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:

1. 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.

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 - 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.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Debt Service Fund - The Village has one debt service fund which is used to collect special assessments in order to repay the sanitary sewer loan.

**VILLAGE OF NEW WESTON, OHIO
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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.

D. 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, 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 carried over, and need not be re-appropriated. There were no outstanding encumbrances at year end.

A summary of 2015 budgetary activity appears in Note 3.

E. 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.

F. 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.

G. 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 NEW WESTON, OHIO
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-spendable - The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

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

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

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

Un-assigned – Un-assigned 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.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,900	\$22,602	(\$11,298)
Special Revenue	12,850	14,583	1,733
Debt Service	26,595	26,595	
Total	<u>\$73,345</u>	<u>\$63,780</u>	<u>(\$9,565)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,716	\$39,234	\$32,482
Special Revenue	184,677	9,812	174,865
Debt Service	26,595	26,595	
Total	<u>\$282,988</u>	<u>\$75,641</u>	<u>\$207,347</u>

**VILLAGE OF NEW WESTON, OHIO
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

4. DEPOSITS AND INVESTMENTS

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

	<u>2015</u>
Demand deposits	<u>\$197,783</u>
Total deposits	<u><u>\$197,783</u></u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

5. TAXES

Property Taxes

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

Public utilities are also taxed on personal and real property located within the Village.

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

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

7. DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

**VILLAGE OF NEW WESTON, OHIO
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Continued)**

7. DEFINED BENEFIT PENSION PLANS (Continued)

B. Social Security

Remaining Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees 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.

8. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$33,746	0%
Ohio Water Development Authority Loan	252,648	0%
Total	\$286,394	

The Ohio Water Development Authority (OWDA) loan relates to a sanitary sewer project the Ohio Environmental Protection Agency mandated. This is a joint sewer project with the Village of Burkettsville. In 2004, the Village obtained a loan in the amount of \$531,892 for the sewer project. The Village will repay the loan in semiannual installments of \$13,297 over 20 years.

The Ohio Public Works Commission (OPWC) Loan relates to the Village's Main Street Reconstruction Project. In 2004, the Village obtained a loan in the amount of \$74,990 for the project. The Village will repay the loan in semiannual installments of \$1,875 over 20 years.

Amortization

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

Year ending December 31:	OWDA Loan	OPWC Loan	Total
2016	\$26,595	\$3,750	\$30,345
2017	26,595	3,750	30,345
2018	26,595	3,750	30,345
2019	26,595	3,750	30,345
2020	26,595	3,750	30,345
2021-2025	119,673	14,996	134,669
Total	\$252,648	\$33,746	\$286,394

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

Village of New Weston
Darke County
P.O. Box 2A
New Weston, Ohio 45348

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 New Weston, Darke County, (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 January 11, 2018, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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*.

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 style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

January 11, 2018

**VILLAGE OF NEW WESTON
DARKE COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

MATERIAL WEAKNESS

The Village presented its 2016 and 2015 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. The following errors noted in the Village's financial statements were determined to be qualitatively or quantitatively material and required audit adjustments to properly present the Village's financial activity:

- In 2016, the Village did not record the Community Development Block Grant on-behalf receipts and related disbursement for the street resurfacing project; this caused an understatement of receipts and disbursements in the Street Construction, Maintenance and Repair Fund (Special Revenue Fund) of \$40,000.
- In 2016, the Village classified Street Construction Maintenance and Repair Fund, State Highway Fund, and Permissive License Tax Fund (all Special Revenue Funds) intergovernmental receipts as property tax receipts and fines, licenses, and permit receipts. Property tax receipts were overstated by \$6,655; fines, license, and permit receipts were overstated by \$1,798; and intergovernmental receipts were understated by \$8,453 in the Street Construction Maintenance and Repair Fund. Property tax receipts were overstated by \$540; fines, licenses, and permit receipts were overstated by \$146; and intergovernmental receipts were understated by \$686 in the State Highway Fund. Fines, licenses, and permit receipts were overstated and intergovernmental receipts were understated by \$923 in the Permissive License Tax Fund.
- In 2015, the Village classified Street Construction Maintenance and Repair Fund, State Highway Fund, and Permissive License Tax Fund (all Special Revenue Funds) intergovernmental receipts as property tax receipts and fines, licenses, and permit receipts. Property tax receipts were overstated by \$5,985; fines, license, and permit receipts were overstated by \$1,789; and intergovernmental receipts were understated by \$7,774 in the Street Construction Maintenance and Repair Fund. Property tax receipts were overstated by \$485; fines, licenses, and permit receipts were overstated by \$145; and intergovernmental receipts were understated by \$630 in the State Highway Fund. Fines, licenses, and permit receipts were overstated and intergovernmental receipts were understated by \$973 in the Permissive License Tax Fund.
- Governmental Accounting Standards Board (GASB) Statement Number 54 (GASB Codification 1800) was not accurately applied when classifying the December 31, 2016 and 2015 fund balances. These misclassifications are noted below:
 - The Village failed to properly classify the amount by which appropriations exceeded estimated receipts for the subsequent fiscal year for the General Fund. For both 2016 and 2015 appropriations exceeded estimated receipts in the subsequent year. As such these amounts should have been reported as assigned fund balance of \$10,025 and \$21,184, respectively, rather than unassigned fund balance in the General Fund.
 - **GASB Statement 54, paragraph 8 (GASB Codification 1800.168)** states, in part, that fund balance should be reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Village's Special Revenue Fund balances met this classification; however, all Special Revenue Fund balances were classified as unassigned for 2016 and 2015. Therefore, Special Revenue Fund unassigned fund balance was overstated and restricted fund balance was understated by \$124,535 and \$176,599, respectively.
- In 2015, the Village did not post December 2015 Special Revenue Fund receipts totaling \$686 until January 2016; as a result, the 2015 Special Revenue Fund intergovernmental receipts and December 31 fund balance were understated by \$686, while the 2016 Special Revenue Fund intergovernmental receipts and January 1 fund balance were overstated by the same amount.

**FINDING NUMBER 2016-001
(Continued)**

- In 2015, the Village classified park grant receipts of \$2,610 as General Fund miscellaneous receipts rather than intergovernmental receipts in the Park Grant Fund (Special Revenue Fund). Therefore, General Fund miscellaneous receipts and December 31 fund balance were overstated by \$2,610 and Park Grant Fund intergovernmental receipts and December 31 fund balance were understated by \$2,610. Fund balances in the Village's accounting records have been adjusted to correct these errors.

We also noted the following errors on the 2016 and 2015 financial statements that did not require adjustment as they were not material:

- In 2016, the Village overstated General Fund property tax receipts by \$950, and understated General Fund intergovernmental receipts by the same amount. Also, the Village overstated Fire Levy Fund (Special Revenue Fund) property tax receipts by \$278, and understated Fire Levy Fund intergovernmental receipts by the same amount.
- In 2015, the Village overstated General Fund property tax receipts by \$964, and understated General Fund intergovernmental receipts by the same amount. Also, the Village overstated Fire Levy Fund (Special Revenue Fund) property tax receipts by \$284, and understated Fire Levy Fund intergovernmental receipts by the same amount.

The Village should use due care in preparation of the annual report and should also obtain assistance in determination of proper posting when necessary to provide accurate financial information. The Village should implement control procedures related to recording of Village financial activity to verify that all financial activity is recorded correctly. The Village should utilize the Village Officer's Handbook to aid in recording financial activity. The Village should review the requirements noted in GASB 54 and Auditor of State Bulletin 2011-004. Failure to properly record financial activity could result in inaccurate financial statements, future audit adjustments, and decisions made by the Village Council based on inaccurate financial information.

Official's Response:

The Village did not provide a response to this finding.



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VILLAGE OF NEW WESTON

DARKE 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
FEBRUARY 6, 2018