



Dave Yost • Auditor of State



VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Roaming Shores  
Ashtabula County  
2500 Hayford Road, P.O. Box 237  
Roaming Shores, Ohio 44084

To the Mayor and 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 Roaming Shores, Ashtabula County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

### ***Management's Responsibility for the Financial Statements***

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, 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 Roaming Shores, Ashtabula County, as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 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

November 14, 2018

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY**

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

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$139,821	\$324,528	\$0	\$464,349
Intergovernmental	24,930	150,432		175,362
Fines, Licenses and Permits	7,859			7,859
Earnings on Investments	9,408	982		10,390
Miscellaneous	18,858	313		19,171
<i>Total Cash Receipts</i>	<u>200,876</u>	<u>476,255</u>	<u>0</u>	<u>677,131</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property		315,156		315,156
Public Health Services	32,393			32,393
Community Environment	8,877			8,877
Transportation		93,768		93,768
General Government	79,555			79,555
Capital Outlay		88,088		88,088
Debt Service:				
Principal Retirement		3,350	41,000	44,350
Interest and Fiscal Charges			25,734	25,734
<i>Total Cash Disbursements</i>	<u>120,825</u>	<u>500,362</u>	<u>66,734</u>	<u>687,921</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	80,051	(24,107)	(66,734)	(10,790)
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		164,903	55,000	219,903
Transfers Out	(205,000)	(14,903)		(219,903)
Advances In	100,000	16,000		116,000
Advances Out		(16,000)		(16,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(105,000)</u>	<u>150,000</u>	<u>55,000</u>	<u>100,000</u>
<i>Net Change in Fund Cash Balances</i>	(24,949)	125,893	(11,734)	89,210
<i>Fund Cash Balances, January 1</i>	<u>124,289</u>	<u>382,966</u>	<u>58,527</u>	<u>565,782</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		508,859	46,793	555,652
Assigned	47,620			47,620
Unassigned (Deficit)	51,720			51,720
<i>Fund Cash Balances, December 31</i>	<u>\$99,340</u>	<u>\$508,859</u>	<u>\$46,793</u>	<u>\$654,992</u>

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

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY**

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

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$1,038,215
Fees, Licenses and Permits	13,400
Miscellaneous	800
	1,052,415
<i>Total Operating Cash Receipts</i>	<u>1,052,415</u>
<b>Operating Cash Disbursements</b>	
Personal Services	302,943
Contractual Services	216,328
Supplies and Materials	285,210
	804,481
<i>Total Operating Cash Disbursements</i>	<u>804,481</u>
<i>Operating Income (Loss)</i>	<u>247,934</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	68,139
Intergovernmental	9,799
Sale of Notes	166,338
Capital Outlay	(204,994)
Principal Retirement	(196,096)
Interest and Other Fiscal Charges	(59,863)
Other Financing Sources	1,554
Other Financing Uses	(16,562)
	(231,685)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(231,685)</u>
<i>Income (Loss) before Transfers and Advances</i>	16,249
Transfers In	276,851
Transfers Out	(276,851)
Advances Out	(100,000)
	(83,751)
<i>Net Change in Fund Cash Balances</i>	<u>(83,751)</u>
<i>Fund Cash Balances, January 1</i>	990,167
<i>Fund Cash Balances, December 31</i>	<u>\$906,416</u>

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



**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Roaming Shores, Ashtabula County (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services, including maintenance of roads, police services and water and sewer utilities.

The Village participates in a public entity risk pool and is part of a Jointly Governed Organization. Notes 7 and 8 to the financial statements provides additional information for these entities. These organizations are:

**Public Entity Risk Pool:**

Ohio Government Risk Management Plan - Note 8

**Jointly Governed Organization:**

South Central Ambulance District (SCAD) - Note 9

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**D. Fund Accounting**

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

**1. General Fund**

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

VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017  
(Continued)

**2. Special Revenue Funds**

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

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

Recycling/Compost Fund – This fund was originally established to form a Recycling/Compost site.

Commemorative Garden – This fund was established to accept contributions to purchase plantings in the Village Hall gardens to remember loved ones.

Police Levy Fund - This fund receives funding from the passage of the Police Levies which is collected thru the County Real Estate taxes.

**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:

General Obligation Bond Fund – This fund is used to accumulate resources for payment of the loan for the original purchase of the water and sewer system.

Village Hall Debt Fund – This fund is used to accumulate resources for payment of the construction of the Village Hall.

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility

Lift Station Improvement Project - This fund was established to receive funding from zero percent loans and grants to pay for improvements to various sewer lift station located throughout the Village.

VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017  
(Continued)

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. 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 also approve estimated resources.

**3. Encumbrances**

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

A summary of 2017 budgetary activity appears in Note 2,

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

Council can *commit* amounts via formal action (ordinance/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.

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017  
(Continued)**

**4. Assigned**

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

**5. Unassigned**

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

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

**G. Property, Plant and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS**

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

	2017
Demand deposits	\$25,010
Other time deposits (savings and NOW accounts)	349,250
Total deposits	374,260
STAR Ohio	1,187,148
Total investments	1,187,148
Total deposits and investments	\$1,561,408

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$183,150	\$300,876	\$117,726
Special Revenue	\$457,800	\$657,158	\$199,358
Debt Service	\$80,000	\$55,000	(\$25,000)
Enterprise	\$1,414,964	\$1,575,096	\$160,132
Total	\$2,135,914	\$2,588,130	\$452,216

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$232,620	\$325,825	(\$93,205)
Special Revenue	\$612,700	\$531,265	\$81,435
Debt Service	\$67,000	\$66,734	\$266
Enterprise	\$1,889,776	\$1,658,847	\$230,929
Total	\$2,802,096	\$2,582,671	\$219,425

**4. PROPERTY TAX**

Property taxes are reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. If the property owner elects to make semiannual payments, the first half is due February 17, with the second half payment is due the following July 20.

Unpaid Public utilities are also taxed on 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.

**5. DEBT**

Debt outstanding at December 31, 2017 is as follows:

	Principal	Interest Rate
Berkadia - Water System Revenue Bond	\$226,000	7.13%
Berkadia - Wastewater Revenue Bond	276,000	7.13%
Andover Bank -Village Hall (GOB)	479,000	4.95%
OWDA - 3986 Waterline	118,004	4.51%
OWDA - 3377 Sewer plant expansion	437,043	4.61%
OPWC - Moringstar Dr. 1&2	53,764	0.00%
OPWC - Watermeter	121,008	0.00%
OPWC - Lift Stations	580,942	0.00%
	\$2,291,761	

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017  
(Continued)**

***Amortization***

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

	General <u>Obligation Bonds</u>	Revenue <u>Bonds</u>	OWDA <u>Loans</u>	OPWC <u>Loans</u>
2018	\$63,760	\$93,768	\$128,646	\$43,539
2019	61,780	93,635	128,646	43,539
2020	59,834	93,218	128,646	43,539
2021	57,820	94,054	128,646	43,539
2022	55,840	94,456	74,899	43,539
2023-2027	249,520	187,240	31,721	217,695
2028-2032	84,947	-	-	217,695
2033-2037	-	-	-	102,629
	<u>\$633,501</u>	<u>\$656,371</u>	<u>\$621,204</u>	<u>\$755,714</u>

The Berkadia Revenue Bonds were originally issued by United States Administration Farmers Home Loan for the purpose of purchasing the water/sewer system from the original developer of the community in 1979. The 1985 Revenue Bonds will be paid in annual installments over 40 years and cannot be repaid prior to the maturity date. The Bonds are to be secured by mortgaging all the properties of the Village used in and directly connected with the operation of the Utility.

The Ohio Water Development Authority (OWDA) loan #3377 was taken out to pay for the needed expansion of the sewer treatment plant. The loan will be paid in semi-annual installments over 20 years. The Village is required to adjust rates and charges for the services and facilities of its sanitary sewer in the amounts sufficient to pay these bonds. Water and sewer receipts collateralize these loans. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

The OWDA loans # 3986 relates to the re-routing of the water line which traveled through the earthen dam which contains the water for Lake Roaming Rock. It is a 20 year loan at 4.51% interest, payable in semi-installments. Water receipts also collateralize this loan. The Village has agreed to set utility rates sufficient to cover debt service requirements.

The Andover Bank General Obligation Bonds Series 2009 \$500,000 and Series B (2010) 300,000 were issued for the construction of the Village Hall. They are 20 year bonds which are repaid bi-annually. The Village's taxing authority collateralizes General Obligation Bonds.

The OPWC Morningstar Phase I Loans were received in 2013 for improvements for draining along Morningstar Roadway. The Morningstar Phase II \$17,119 loan was received during the audit period. Both are 20 year 0% interest loan which is repaid bi-annually. The street fund receipts are used to collateralize this loan.

The OWPC loans were issued for improvements to various lifts stations and for the purchase of new water meter reading equipment. These are 20 year 0% loans which are repaid bi-annually. The utility rates are set sufficiently to cover the debt service requirements.

The General Fund on October 16, 2018 issued manuscript debt in the amount of \$100,000 bearing an interest rate of 3.24% payable over ten years in equal installments. The issue was purchased by the Sewer Reserve fund. The specific purpose of the proceeds was to repay the Street Construction Maintenance and Repair Fund for improper transfers made to the Village Hall Debt Service Fund see Finding 2017-001.

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 1 through December 31, 2017, OP&F participants contributed 12.25% of their wages. For 2017, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2017, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**7. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017, OP&F contributes 0.5 percent to fund these benefits.

**8. RISK MANAGEMENT**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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

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

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2017  
(Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

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

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. JOINTLY GOVERNED ORGANIZATION**

The constitution and laws of the State of Ohio establish the rights and privileges of the South Central Ambulance District, Ashtabula County (the District), as a body corporate and politic. Eleven Board members govern the District. Each political subdivision with the District appoints one member. Those subdivisions are Colebrook Township, Dorset Township, Hartsgrove Township, Lenox Township, Morgan Township, New Lyme Township, Orwell Township, Rome Township, Orwell Village, Rock Creek Village, and Roaming Shores Village, in Ashtabula County. The District provides ambulance services within the District and by contract to areas outside the District.

Financial information can be obtained by contacting Shaun Buehner, Director, 3100 US Highway 6 Rome, Ohio 44085.



**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY**

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

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$135,919	\$315,860	\$0	\$451,779
Intergovernmental	25,261	136,442		161,703
Fines, Licenses and Permits	7,108			7,108
Earnings on Investments	3,728	834		4,562
Miscellaneous	10,556	6,525		17,081
<i>Total Cash Receipts</i>	<u>182,572</u>	<u>459,661</u>	<u>0</u>	<u>642,233</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property		268,988		268,988
Public Health Services	31,952			31,952
Community Environment	8,954			8,954
Transportation		33,310		33,310
General Government	80,099			80,099
Capital Outlay		177,388		177,388
Debt Service:				
Principal Retirement		2,500	64,461	66,961
Interest and Fiscal Charges			29,329	29,329
<i>Total Cash Disbursements</i>	<u>121,005</u>	<u>482,186</u>	<u>93,790</u>	<u>696,981</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	61,567	(22,525)	(93,790)	(54,748)
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In			55,000	55,000
Transfers Out	(30,000)	(25,000)		(55,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,000)</u>	<u>(25,000)</u>	<u>55,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	31,567	(47,525)	(38,790)	(54,748)
<i>Fund Cash Balances, January 1</i>	<u>92,722</u>	<u>430,491</u>	<u>97,317</u>	<u>620,530</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		382,966	58,527	441,493
Assigned	52,620			52,620
Unassigned (Deficit)	71,669			71,669
<i>Fund Cash Balances, December 31</i>	<u><u>\$124,289</u></u>	<u><u>\$382,966</u></u>	<u><u>\$58,527</u></u>	<u><u>\$565,782</u></u>

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

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$1,034,994
Fees, Licenses and Permits	14,105
Miscellaneous	700
	<u>1,049,799</u>
<i>Total Operating Cash Receipts</i>	<u>1,049,799</u>
<b>Operating Cash Disbursements</b>	
Personal Services	303,669
Contractual Services	200,985
Supplies and Materials	288,382
Other - Capital Outlay	216,260
	<u>1,009,296</u>
<i>Total Operating Cash Disbursements</i>	<u>1,009,296</u>
<i>Operating Income (Loss)</i>	<u>40,503</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Property and Other Local Taxes	66,225
Intergovernmental	11,856
Sale of Notes	130,595
Miscellaneous Receipts	601
Principal Retirement	(176,494)
Interest and Other Fiscal Charges	(66,608)
Other Financing Sources	2,499
	<u>2,499</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(31,326)</u>
<i>Income (Loss) before Transfers</i>	9,177
Transfers In	276,738
Transfers Out	(276,738)
	<u>(276,738)</u>
<i>Net Change in Fund Cash Balances</i>	9,177
<i>Fund Cash Balances, January 1</i>	<u>980,990</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$990,167</u></u>

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

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Roaming Shores, Ashtabula County (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services, including maintenance of roads, police services and water and sewer utilities.

The Village participates in a public entity risk pool and is part of a Jointly Governed Organization. Notes 7 and 8 to the financial statements provides additional information for these entities. These organizations are:

**Public Entity Risk Pool:**

Ohio Government Risk Management Plan - Note 8

**Jointly Governed Organization:**

South Central Ambulance District (SCAD) - Note 9

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**D. Fund Accounting**

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

**1. General Fund**

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

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016  
(CONTINUED)**

**2. Special Revenue Funds**

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

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

Recycling/Compost Fund – This fund was originally established to form a Recycling/Compost site.

Commemorative Garden – This fund was established to accept contributions to purchase plantings in the Village Hall gardens to remember loved ones.

Police Levy Fund - This fund receives funding from the passage of the Police Levies which is collected thru the County Real Estate taxes.

**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:

General Obligation Bond Fund – This fund is used to accumulate resources for payment of the loan for the original purchase of the water and sewer system.

Village Hall Debt Fund – This fund is used to accumulate resources for payment of the construction of the Village Hall.

**5. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility

Lift Station Improvement Project - This fund was established to receive funding from zero percent loans and grants to pay for improvements to various sewer lift station located throughout the Village.

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016  
(CONTINUED)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. 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 also approve estimated resources.

**3. Encumbrances**

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

A summary of 2016 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

Council can *commit* amounts via formal action (ordinance/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.

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016  
(CONTINUED)**

**4. Assigned**

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

**5. Unassigned**

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

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

**G. Property, Plant and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS**

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

	2016
Demand deposits	\$485,099
Total deposits	485,099
STAR Ohio	1,070,850
Total investments	1,070,850
Total deposits and investments	\$1,555,949

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016  
(CONTINUED)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$193,250	\$182,572	(\$10,678)
Special Revenue	\$456,000	\$459,661	\$3,661
Debt Service	\$103,000	\$55,000	(\$48,000)
Enterprise	\$1,403,764	\$1,538,313	\$134,549
Total	\$2,156,014	\$2,235,546	\$79,532

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$213,620	\$151,005	\$62,615
Special Revenue	\$757,000	\$507,186	\$249,814
Debt Service	\$124,000	\$93,790	\$30,210
Enterprise	\$1,954,500	\$1,529,136	\$425,364
Total	\$3,049,120	\$2,281,117	\$768,003

**4. PROPERTY TAX**

Property taxes are reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. If the property owner elects to make semiannual payments, the first half is due February 17, with the second half payment is due the following July 20.

Unpaid Public utilities are also taxed on 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.

**5. DEBT**

Debt outstanding at December 31, 2016 is as follows:

	Principal	Interest Rate
Berkadia - Water System Revenue Bond	\$250,000	7.13%
Berkadia - Wastewater Revenue Bond	306,000	7.13%
Andover Bank -Village Hall (GOB)	520,000	4.95%
OWDA - 3986 Waterline	133,310	4.51%
OWDA - 3377 Sewer plant expansion	523,649	4.61%
OPWC - Moringstar Dr. 1&2	40,000	0.00%
OPWC - Watermeter	128,571	0.00%
OPWC - Lift Stations	613,564	0.00%
	\$2,515,093	

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016  
(CONTINUED)**

***Amortization***

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

	General Obligation Bonds	Revenue Bonds	OWDA Loans	OPWC Loans
2017	\$68,816	\$94,249	\$128,646	\$42,683
2018	63,760	93,768	128,646	42,683
2019	61,780	93,635	128,646	42,683
2020	59,834	93,218	128,646	42,683
2021	57,820	94,054	128,646	42,683
2022-2026	259,420	281,696	106,620	213,415
2027-2031	130,887	-	-	213,415
2032-2036	-	-	-	141,888
	\$702,317	\$750,620	\$749,850	\$782,133

The Berkadia Revenue Bonds were originally issued by United States Administration Farmers Home Loan for the purpose of purchasing the water/sewer system from the original developer of the community in 1979. The 1985 Revenue Bonds will be paid in annual installments over 40 years and cannot be repaid prior to the maturity date. The Bonds are to be secured by mortgaging all the properties of the Village used in and directly connected with the operation of the Utility.

The OWDA loan #3377 was taken out to pay for the needed expansion of the sewer treatment plant. This is a 20 year loan at 4.51% interest, payable in semi-installments until 2022. The Village is required to adjust rates and charges for the services and facilities of its sanitary sewer in the amounts sufficient to pay these bonds. Water and sewer receipts collateralize these loans. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

The OWDA loans # 3986 relates to the re-routing of the water line which traveled through the earthen dam which contains the water for Lake Roaming Rock. It is a 20 year loan at 4.51% interest, payable in semi-installments until 2024. Water receipts also collateralize this loan.

The Andover Bank General Obligation Bonds Series 2009 \$500,000 and Series B (2010) 300,000 were issued for the construction of the Village Hall. They are 20 year bonds which are repaid bi-annually. The Village's taxing authority collateralizes General Obligation Bonds.

The OPWC Morningstar Phase I Loan was for improvements for draining along Morningstar Roadway. It is a 20 year 0% interest loan which is repaid bi-annually. The street fund receipts are used to collateralize this loan.

The OWPC loans were issued for improvements to various lifts stations and for the purchase of new water meter reading equipment. These are 20 year 0% loans which are repaid bi-annually. The utility rates are set sufficiently to cover the debt service requirements.



**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016  
(CONTINUED)**

**6. RETIREMENT SYSTEMS**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 1 through December 31, 2016, OP&F participants contributed 12.25% of their wages. For 2016, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2016, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**7. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, OP&F contributes 0.5 percent to fund these benefits.

**8. RISK MANAGEMENT**

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

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

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

*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.

**VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016  
(CONTINUED)**

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

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

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. JOINTLY GOVERNED ORGANIZATION**

The constitution and laws of the State of Ohio establish the rights and privileges of the South Central Ambulance District, Ashtabula County (the District), as a body corporate and politic. Eleven Board members govern the District. Each political subdivision with the District appoints one member. Those subdivisions are Colebrook Township, Dorset Township, Hartsgrove Township, Lenox Township, Morgan Township, New Lyme Township, Orwell Township, Rome Township, Orwell Village, Rock Creek Village, and Roaming Shores Village, in Ashtabula County. The District provides ambulance services within the District and by contract to areas outside the District.

Financial information can be obtained by contacting Shaun Buehner, Director, 3100 US Highway 6 Rome, Ohio 44085.



# 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 Roaming Shores  
Ashtabula County  
2500 Hayford Road, P.O. Box 237  
Roaming Shores, Ohio 44084

To the Mayor and 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 Roaming Shores, Ashtabula County, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated November 14, 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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2017-001 and 2017-002.

***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 report is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

November 14, 2018

VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016

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

1. Improper Transfer of Funds

<i>Finding Number</i>	2017-001
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NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Constitution, Article XII, § 5a requires that all moneys derived from the specified fees, excises and license or fuel taxes be expended only for statutory highway purposes, the state enforcement of traffic laws and the hospitalization of certain persons injured in motor vehicle accidents. Further, Ohio Rev. Code § 5705.14 does not permit Transfers out of the Street Construction Maintenance and Repair fund and Ohio Rev. Code § 5735.27 does not permit expenditures for debt service for the construction of a Village Hall.

The Village transferred \$25,000 in 2016 and 2017 from the Street Construction Maintenance and Repair (SCM&R) to the Debt Service Fund to retire Village Hall construction debt in violation of above-mentioned requirements. We, also, found the Village had transferred an additional \$150,000; \$25,000 per year for the years 2010 through 2015, to the Village Hall Debt Service Fund. The Village has corrected the accounting records and Financial statements for 2016 and 2017 by eliminating the transfers out of the SCM&R fund. For the years 2010 through 2015 the Village borrowed \$100,000 on October 16, 2018 and transferred \$150,000 to repay the SCM&R Fund from the General Fund.

Making improper transfers or expenditures can lead to financial statement misstatements and legal noncompliance that may go undetected.

We recommend that the Village officials refer to statutory requirements and legal counsel, the Village Officer's Handbook and AOS bulletins when making transfers to ensure they are permitted.

**Official's Response:** We did not receive a response from Officials to this finding.

VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(CONTINUED)

2. Financial Reporting

<i>Finding Number</i>	2017-002
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NONCOMPLIANCE AND MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were noted and corrected in the accounting records and financial statements by management:

- In 2017 the Village posted receipts totaling \$68,139 to Water fund-Operating revenue-Charges for Services instead of Water fund-Non-operating revenue - Real Estate Taxes.
- In 2016 the Village posted tax levy revenue totaling \$66,225 to the Water fund-Operating revenue - Charges for Services instead of Water fund-Non-operating revenue Real Estate Taxes.
- In 2017 the Village posted \$82,989 as an assigned fund balance instead of a restricted fund balance for the Debt Service Fund. The Village also did not classify as an assign fund balance \$47,620 in the General Fund for subsequent appropriations exceeding estimated revenues.
- In 2016 the Village posted \$69,723 as an assigned fund balance instead of a restricted fund balance for the Debt Service Fund. The Village also did not classify as an assign fund balance \$52,620 in the General Fund for subsequent appropriations exceeding estimated revenues.

Ohio Rev. Code § 5705.10(D) provides that, except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The following errors were noted and corrected in the accounting records and financial statements by management:

- In 2017 the Village posted \$50,425 to Capital Outlay in the Sewer Reserve Fund instead of \$7,568 Redemption of Principal in the Water Debt Service Fund and \$42,857 in Redemption of Principal in the Sewer Debt Service Fund. The Village also posted \$2,666 to Interest & Other Fiscal Charges in the Sewer Debt Service Fund instead of Water Debt Service Fund.
- In 2016 the Village posted \$11,182 to Redemption of Principal in the Sewer Debt Service Fund instead of Water Debt Service Fund.

VILLAGE OF ROAMING SHORES  
ASHTABULA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016  
(CONTINUED)

<i>Finding Number</i>	2017-002
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**Financial Reporting (Continued)**

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

The Fiscal Officer should use the Government Accounting Solutions Accounting Software Manual, the Village Officer's Handbook and any other applicable guidance from the Auditor of State's Office as sources of information regarding the proper recording of transactions. Additionally, the Village Council should review monthly financial reports and cash reconciliations presented by the Fiscal Officer for changes in anticipated revenue and for accuracy and completeness of expenditures and transfers. Discrepancies should be investigated and corrected in a timely manner.

**Official's Response:** We did not receive a response from Officials to this finding.

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# Dave Yost • Auditor of State

**VILLAGE OF ROAMING SHORES**

**ASHTABULA COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 4, 2018**