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**VILLAGE OF WINDHAM
PORTAGE COUNTY
Regular Audit
For the Year Ended December 31, 2014**

www.perrycpas.com

...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Village Council
Village of Windham
9621 East Center Street
Windham, Ohio 44288

We have reviewed the *Independent Auditor's Report* of the Village of Windham, Portage County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 3, 2015

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VILLAGE OF WINDHAM
PORTAGE COUNTY

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INDEPENDENT AUDITOR'S REPORT

August 21, 2015

Village of Windham
Portage County
9621 East Center Street
Windham, Ohio 44288

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Windham**, Portage County, (the Village) as of and for the year ended December 31, 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting the 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 statement in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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



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

As described in Note 1B of the financial statements, the Village prepared the 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 the 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, 2014, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Windham, Portage County, as of December 31, 2014, and its combined cash receipts and disbursements for the year 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 72,327	\$ -	\$ 72,327
Municipal Income Tax	561,268	-	561,268
Intergovernmental	92,369	91,267	183,636
Charges for Services	-	13,248	13,248
Fines, Licenses and Permits	43,495	-	43,495
Earnings on Investments	259	4	263
Miscellaneous	47,841	2,000	49,841
	<u>817,559</u>	<u>106,519</u>	<u>924,078</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
Security of Persons and Property	384,162	5,748	389,910
Leisure Time Activities	931	-	931
Community Environment	-	7,340	7,340
Basic Utility Services	1,322	-	1,322
Transportation	29,378	76,906	106,284
General Government	171,300	-	171,300
Debt Service:			
Principal Retirement	12,244	2,500	14,744
Interest and Fiscal Charges	2,436	-	2,436
	<u>601,773</u>	<u>92,494</u>	<u>694,267</u>
<i>Total Cash Disbursements</i>			
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>215,786</u>	<u>14,025</u>	<u>229,811</u>
Other Financing Receipts:			
Other Financing Uses	19,409	-	19,409
	<u>19,409</u>	<u>-</u>	<u>19,409</u>
<i>Total Other Financing Receipts (Disbursements)</i>			
<i>Net Change in Fund Cash Balances</i>	235,195	14,025	249,220
<i>Fund Cash Balances, January 1</i>	<u>176,717</u>	<u>47,407</u>	<u>224,124</u>
Fund Cash Balances, December 31			
Restricted	-	61,432	61,432
Unassigned	411,912	-	411,912
	<u>411,912</u>	<u>61,432</u>	<u>473,344</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 411,912</u>	<u>\$ 61,432</u>	<u>\$ 473,344</u>

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts			
Charges for Services	\$ 813,206	\$ -	\$ 813,206
Miscellaneous	180	-	180
<i>Total Operating Cash Receipts</i>	<u>813,386</u>	<u>-</u>	<u>813,386</u>
Operating Cash Disbursements			
Personal Services	213,886	-	213,886
Employee Fringe Benefits	49,743	-	49,743
Contractual Services	168,083	-	168,083
Supplies and Materials	286,888	-	286,888
Other	607	-	607
<i>Total Operating Cash Disbursements</i>	<u>719,207</u>	<u>-</u>	<u>719,207</u>
<i>Operating Income</i>	<u>94,179</u>	<u>-</u>	<u>94,179</u>
Non-Operating Receipts (Disbursements)			
Earnings on investments	75	-	75
Miscellaneous	50	-	50
Capital Outlay	(3,893)	-	(3,893)
Principal Retirement	(90,346)	-	(90,346)
Interest and Fiscal Charges	(66,492)	-	(66,492)
Other Financing Sources	2,021	-	2,021
Other Financing Uses	(10)	-	(10)
<i>Total Non-Operating (Disbursements)</i>	<u>(158,595)</u>	<u>-</u>	<u>(158,595)</u>
<i>(Loss) before Transfers</i>	<u>(64,416)</u>	<u>-</u>	<u>(64,416)</u>
Transfer-In	144,094	-	144,094
Transfer-Out	(144,094)	-	(144,094)
<i>Net Change in Fund Cash Balances</i>	<u>(64,416)</u>	<u>-</u>	<u>(64,416)</u>
<i>Fund Cash Balances, January 1</i>	<u>998,340</u>	<u>536</u>	<u>998,876</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 933,924</u>	<u>\$ 536</u>	<u>\$ 934,460</u>

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Windham, Portage County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations and police services.

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

Public Entity Risk Pool:

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) 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 Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

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

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

C. Deposits and Investments

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

The Village invests all available funds in a checking account and savings accounts.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

3. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

4. Fiduciary Funds

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for unclaimed monies held on behalf of individuals whom they have not been able to locate.

VILLAGE OF WINDHAM
PORTAGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

A summary of 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

VILLAGE OF WINDHAM
PORTAGE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (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 deposits at December 31 was as follows:

	2014
Demand Deposits	\$ 1,280,918
Other time deposits (savings account)	126,886
Total Deposits	<u>\$ 1,407,804</u>

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2014 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 684,190	\$ 836,968	\$ 152,778
Special Revenue	123,577	106,519	(17,058)
Enterprise	1,223,844	959,626	(264,218)
Total	\$ 2,031,611	\$ 1,903,113	\$ (128,498)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 701,341	\$ 604,569	\$ 96,772
Special Revenue	146,542	92,494	54,048
Enterprise	1,806,672	1,024,042	782,630
Total	\$ 2,654,555	\$ 1,721,105	\$ 933,450

4. PROPERTY TAX

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

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.

5. INCOME TAX

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

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

6. DEBT

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Mortgage Revenue Bonds	\$ 1,205,900	4.3% to 6.5%
Ohio Public Works Commission CG32P	47,500	0%
Kansas State Bank	60,467	4.69%
Cortland Bank	109,526	2.75%
Total	<u>\$ 1,423,393</u>	

In 1987, \$965,000 of Mortgage Revenue Bonds were issued by the United States Department of Agriculture (USDA) for waterworks system improvements. Property and revenue of the utility facilities have been pledged to pay these bonds. The Village has agreed to set utility rates sufficient to cover these USDA Mortgage Revenue service requirements.

In 2005, the Village began the East Center Street Sewer Expansion Project in which they have borrowed a total amount of \$705,000 from the Ohio Water Development Authority (OWDA). As of December 31, 2006, the Village had received the \$705,000. In 2007, the United States Department of Agriculture (USDA) issued bonds for the Village in the amount of \$705,000 to pay the OWDA loan in full during 2007. The Village has agreed to set utility rates sufficient to cover these USDA bond service requirements.

As required by the mortgage revenue bond covenants, the Village has established and funded two debt service reserve funds, included within the enterprise fund as the water debt service reserve fund and sewer debt service reserve.

The Ohio Public Works Commission (OPWC) loan relates to the resurfacing of Village roads. The original loan was for \$50,000. The loan will be repaid in semi-annual installments of \$2,500, including interest, over 10 years.

The Kansas State Bank loan relates to acquisition of new Water Meters. The original loan was for \$192,766. The loan will be repaid in monthly installments of \$4,447, including interest, over 4 years.

The Cortland Bank loan relates to the new administration building. The original loan was for \$300,850. During 2013, \$251,700 was disbursed and \$125,850 was paid. The balance as of December 31, 2013 was \$125,850. The loan will be repaid in monthly installments of \$1,631. This loan was not finalized as of December 31, 2014.

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

6. DEBT (Continued)

Year ending December 31:	USDA	OPWC	Kansas State
	Mortgage Revenue Bonds		
2015	\$ 98,991	\$ 5,000	\$ 53,362
2016	99,266	5,000	8,894
2017	98,732	5,000	-
2018	98,601	5,000	-
2019	98,592	5,000	-
2020-2024	493,770	22,500	-
2025-2029	308,219	-	-
2030-2034	184,970	-	-
2035-2039	184,470	-	-
2040-2044	184,010	-	-
2045-2047	73,808	-	-
Total	\$ 1,923,429	\$ 47,500	\$ 62,256

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2014, 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, 2014.

8. RISK MANAGEMENT

Risk Pool Membership

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

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

8. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

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, except OPRM retains 41.5% (effective November 1, 2011) 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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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

9. CONTINGENT LIABILITIES

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

10. REVOLVING LOAN FUND BALANCE CLASSIFICATION

For fiscal year 2014, the Village reclassified its Revolving Loan Fund (Fund 2903). The Revolving Loan Fund maintains monies which the Ohio Department of Development (ODOD) has determined to be "Found Money". ODOD has provided Council permission to use these monies in any way Council deems appropriate. Therefore, these monies are not restricted to use in any way. Council has determined to maintain these monies in the original Special Revenue Fund separate from the General Fund so they can aid other funds as they deem necessary. Council has reclassified these monies for reporting purposes only as they have determined to maintain these monies in Fund 2903. The classification of this fund balance is presented in the General Fund balance as Unassigned in the amount of \$38,107.

11. TRANSFERS

Fund	Transfer - In	Transfer - Out
Water Operating	\$ -	\$ (86,681)
Sewer Operating	-	(57,413)
Water Debt	60,000	-
Water Debt Service	26,681	-
Sewer Debt	27,012	-
Sewer Debt Service	26,681	-
Sewer Debt Service Reserve	3,720	-
	\$ 144,094	\$ (144,094)

During 2014 transfers were made from the Water Operating and Sewer Operating Funds to pay debt service payments and fund reserve accounts. These transfers were deemed allowable and in compliance with the Ohio Revised Code.



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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**

August 21, 2015

Village of Windham
Portage County
9621 East Center Street
Windham, Ohio 44288

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 **Village of Windham**, Portage County, (the Village) as of and for the year ended December 31, 2014, and the related notes to the financial statements and have issued our report thereon dated August 21, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of audit findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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. We consider finding 2014-001 described in the accompanying schedule of audit findings to be a material weakness.



... "bringing more to the table"

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll
Litigation Support - Financial Investigations

Members: American Institute of Certified Public Accountants

- Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
- Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

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

Entity's Response to Findings

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

Purpose of this Report

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



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

VILLAGE OF WINDHAM
PORTAGE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

FINDING NUMBER 2014-001

Material Weakness

Posting Receipts and Fund Balances

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2014, several receipts were not posted into accurate classifications based on the source of the receipt. The following posting errors were noted:

- Rental receipts were recorded as Other Financing Sources instead of Miscellaneous receipts;
- Miscellaneous and Intergovernmental receipts were recorded as Other Financing Sources
- Outstanding encumbrances for the General Fund were not classified as assigned

Not posting revenues accurately resulted in the financial statements requiring several reclassifications. The accompanying financial statements reflect all reclassifications except the assigned fund balance in the general fund, since the amount was immaterial.

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

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and Ohio Administration Code for guidance to determine the proper establishment of receipt accounts and posting of receipts.

Management's Response – The Village will make every effort to ensure that receipts are recorded according to state requirements.

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Dave Yost • Auditor of State

VILLAGE OF WINDHAM

PORTAGE 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 15, 2015**