

VILLAGE OF BOWERSTON
AUDIT REPORT
JANUARY 1, 2015 - DECEMBER 31, 2016

Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701



Dave Yost • Auditor of State

Village Council
Village of Bowerston
205 Water Alley
Bowerston, Ohio 44695

We have reviewed the *Independent Auditor's Report* of the Village of Bowerston, Harrison County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2015 through December 31, 2016. 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 Bowerston is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 23, 2017

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**VILLAGE OF BOWERSTON
HARRISON COUNTY
JANUARY 1, 2015 - DECEMBER 31, 2016**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Village of Bowerston
Harrison County
205 Water Alley
Bowerston, Ohio 44695

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Bowerston, Harrison County, as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility For the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be 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 permitted 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 of Bowerston as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Bowerston, Harrison County as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 8, 2017, on our consideration of the Village of Bowerston'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.

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 8, 2017

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Taxes	\$ 6,831	\$ 8,950	\$ -	\$ -	\$ 15,781
Municipal Income Tax	54,427	-	-	6,024	60,451
Intergovernmental	19,827	13,598	-	-	33,425
Charges for Services	-	1,100	-	-	1,100
Fines, Licenses, Permits	871	-	-	-	871
Earnings on Investments	101	3	-	-	104
Miscellaneous	6,186	-	-	-	6,186
Total Cash Receipts	88,243	23,651	-	6,024	117,918
Cash Disbursements:					
Current:					
Security of Persons and Property	12,954	-	-	-	12,954
Leisure Time Activities	5,330	2,203	-	-	7,533
Basic Utility Services	827	-	-	-	827
Transportation	-	3,095	-	-	3,095
General Government	75,128	11,241	-	-	86,369
Capital Outlay	-	-	-	584	584
Total Cash Disbursements	94,239	16,539	-	584	111,362
Excess of Receipts Over/(Under) Disbursements	(5,996)	7,112	-	5,440	6,556
Other Cash Financing Sources (Uses)					
Transfers Out	(6,000)	-	-	-	(6,000)
Total Other Cash Financing Sources (Uses)	(6,000)	-	-	-	(6,000)
Special Item					
Extraordinary Item	49,207	-	-	-	49,207
Net Change in Fund Cash Balance	37,211	7,112	-	5,440	49,763
Fund Cash Balances, January 1	218,866	26,107	7,750	41,120	293,843
Fund Cash Balances, December 31					
Restricted	-	33,219	7,750	46,560	87,529
Assigned	94,802	-	-	-	94,802
Unassigned (Deficit)	161,275	-	-	-	161,275
Fund Cash Balances, December 31	\$ 256,077	\$ 33,219	\$ 7,750	\$ 46,560	\$ 343,606

See notes to financial statements.

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

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

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Taxes	\$ 6,580	\$ 8,228	\$ -	\$ -	\$ 14,808
Municipal Income Tax	44,574	-	-	4,953	49,527
Intergovernmental	28,647	14,039	-	-	42,686
Charges for Services	-	1,300	-	-	1,300
Fines, Licenses, Permits	810	-	-	-	810
Earnings on Investments	104	3	-	-	107
Miscellaneous	5,466	-	-	-	5,466
Total Cash Receipts	<u>86,181</u>	<u>23,570</u>	<u>-</u>	<u>4,953</u>	<u>114,704</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	8,980	-	-	-	8,980
Public Health Services	350	-	-	-	350
Leisure Time Activities	4,650	3,623	-	-	8,273
Community Environment	236	-	-	-	236
Basic Utility Services	2,558	-	-	-	2,558
Transportation	-	3,805	-	-	3,805
General Government	81,997	13,923	-	-	95,920
Total Cash Disbursements	<u>98,771</u>	<u>21,351</u>	<u>-</u>	<u>-</u>	<u>120,122</u>
Excess of Receipts Over/(Under) Disbursements	(12,590)	2,219	-	4,953	(5,418)
Other Cash Financing Sources (Uses)					
Transfers Out	(45,185)	-	-	-	(45,185)
Total Other Cash Financing Sources (Uses)	<u>(45,185)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,185)</u>
Special Item					
Extraordinary Item	78,488	-	-	-	78,488
Net Change in Fund Cash Balance	20,713	2,219	-	4,953	27,885
Fund Cash Balances, January 1	<u>198,153</u>	<u>23,888</u>	<u>7,750</u>	<u>36,167</u>	<u>265,958</u>
Fund Cash Balances, December 31					
Restricted	-	26,107	7,750	41,120	74,977
Unassigned (Deficit)	218,866	-	-	-	218,866
Fund Cash Balances, December 31	<u>\$ 218,866</u>	<u>\$ 26,107</u>	<u>\$ 7,750</u>	<u>\$ 41,120</u>	<u>\$ 293,843</u>

See notes to financial statements.

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	Enterprise Fund	
	2016	2015
Operating Cash Receipts:		
Charges for Services	\$ 166,809	\$ 142,558
Total Operating Cash Receipts:	166,809	142,558
 Operating Cash Disbursements:		
Personal Services	37,159	32,722
Contractual Services	4,022	4,775
Supplies and Materials	30,773	34,934
Capital Outlay	15,385	41,874
Total Operating Cash Disbursements	87,339	114,305
 Operating Income	79,470	28,253
 Non-Operating Receipts/(Disbursements)		
Special Assessments	228	122
Principal Retirement	(32,978)	(31,777)
Interest and Other Fiscal Charges	(11,900)	(12,728)
Total Non-Operating Receipts/(Disbursements)	(44,650)	(44,383)
 Income (Loss) before Capital Contributions, Special Item Extraordinary Item, Transfers and Advances	34,820	(16,130)
 Transfers In	6,000	45,185
 Net Change in Cash Fund Balance	40,820	29,055
 Fund Cash Balances, January 1	102,851	73,796
 Fund Cash Balances, December 31	\$ 143,671	\$ 102,851

See notes to financial statements.

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

1. REPORTING ENTITY

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Bowerston, Harrison County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, including water and sewer utilities, park operations, street repair and maintenance. The Village contracts with Bowerston Volunteer Fire Department to provide fire protection services.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

Governmental Funds

General Fund

The General fund is the operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds.

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

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Debt Service Fund – This fund is used to accumulate resources and make payments on outstanding debt of the Village.

Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

Capital Improvement Fund – This fund receives up to but does not exceed 10 percent of the municipal income tax and intergovernmental revenue to construct and /or repair the Village streets.

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered 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.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code 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 117-2-03(D) permit.

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2016 and 2015 budgetary activity appears in Note 4.

Deposits and Investments

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

Property, Plant, and Equipment

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Accumulated Leave

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

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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

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

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

Assigned – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than 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 ordinance, or by State Statute.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 (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 classification could be used.

3. COMPLIANCE

Contrary to Ohio Revised Code Section 5705.41 (D), the Village had expenditures made prior to certification on 7% of disbursements tested.

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

4. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2016 and 2015 is as follows:

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 56,952	\$ 137,450	\$ 80,498
Special Revenue	23,171	23,651	480
Capital Projects	6,000	6,024	24
Enterprise	183,000	173,037	(9,963)
Total	<u>\$ 269,123</u>	<u>\$ 340,162</u>	<u>\$ 71,039</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 161,414	\$ 100,239	\$ 61,175
Special Revenue	23,967	16,539	7,428
Capital Projects	12,935	584	12,351
Enterprise	185,434	132,217	53,217
Total	<u>\$ 383,750</u>	<u>\$ 249,579</u>	<u>\$ 134,171</u>

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 162,302	\$ 164,669	\$ 2,367
Special Revenue	23,171	23,570	399
Capital Projects	6,200	4,953	(1,247)
Enterprise	222,185	187,865	(34,320)
Total	<u>\$ 413,858</u>	<u>\$ 381,057</u>	<u>\$ (32,801)</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 198,618	\$ 143,956	\$ 54,662
Special Revenue	26,467	21,351	5,116
Capital Projects	12,935	-	12,935
Enterprise	194,485	158,810	35,675
Total	<u>\$ 432,505</u>	<u>\$ 324,117</u>	<u>\$ 108,388</u>

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

5. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2016</u>	<u>2015</u>
Demand Deposits	\$ 397,348	\$ 306,765
Certificates of Deposit	89,929	89,929
Total Deposits	<u>\$ 487,277</u>	<u>\$ 396,694</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institutions public entity deposit pool.

6. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

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

7. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.0 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

All sum collected were receipted into the General Fund with the following exceptions:

Capital Projects Fund may receive up to but not exceed 10% of the tax collected.

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

8. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village pays the State Workers' Compensation System a premium based on a rate of per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	2015	2014
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Retained Earnings	\$ 5,531,637	\$ 5,887,681

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

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

9. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant's gross salaries. The Village has paid all contributions required through December 31, 2016.

10. POSTEMPLOYMENT BENEFITS

OPERS offers 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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

11. DEBT

Debt outstanding at December 31, 2016 was as follows:

	2016 Principal	%
FHA Mortgage Revenue Bonds	\$ 154,000	5.00
OWDA 4622	68,869	4.32
OPWC CT38I	2,177	0.00
Total	\$ 225,046	

The FHA Sanitary Sewer System Mortgage Revenue Bonds were issued for the construction of a new sanitary sewer system. The original amount was \$600,000 dated March 1, 1981. These bonds are redeemed at a rate of approximately \$35,500, including interest, paid annually over 40 years. The bonds are collateralized by sewer receipts and paid from the sewer fund.

The Ohio water Development Authority (OWDA) loan relates to a Water Treatment Plant upgrade including filter, valve and piping replacement. The original loan was for \$103,526 dated October 26, 2006 at 4.32% interest for 20 years. The loan will be repaid in semiannual payments of \$3,907 starting January 1, 2008. The Village has agreed to raise rates to cover the payments of the debt and its paid from the Enterprise Debt Service Fund.

The Ohio Public Works Commission (OPWC) loan relates to a Water Treatment Plant upgrade. The original loan was for \$21,774 dated July 6, 2007 at 0% interest for 10 years. The loan will be repaid in semiannual payments of \$1,089 starting July 1, 2008. The Village taxing authority collateralizes the OPWC Loan and is repaid from the Enterprise Debt Service Fund.

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

11. DEBT (Continued)

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

<u>Year</u>	<u>Revenue Bonds</u>	<u>OWDA 4622</u>	<u>OPWC CT38I</u>
2017	\$ 35,700	\$ 2,177	\$ 7,716
2018	35,300	-	7,732
2019	35,850	-	7,749
2020	35,300	-	7,766
2021	35,700	-	7,785
2022-2026	-	-	39,229
2027-2031	-	-	7,913
Total	<u>\$ 177,850</u>	<u>\$ 2,177</u>	<u>\$ 85,890</u>

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Village of Bowerston
Harrison County
205 Water Alley
Bowerston, Ohio 44695

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Bowerston, Harrison County as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated June 8, 2017, 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 Village of Bowerston'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 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.

Our consideration of internal control was for the limited purpose described in the first 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider Finding 2016-001 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Village of Bowerston'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 was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
June 8, 2017

**VILLAGE OF BOWERSTON
HARRISON COUNTY**

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

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

FINDING NUMBER 2016-001

Significant Deficiency

All public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transaction, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

As a result of audit procedures, errors were noted that required reclassification and adjustments to the financial statement as follows:

- \$3,742 was reclassified from Extraordinary Item to Miscellaneous Receipts in the General Fund in 2015 for insurance proceeds.
- An adjustment of \$834 was made to reduced Property and Other Local Taxes in the General Fund and increase Property and Other Local Taxes in the Parks and Recreation Fund in 2015 for incorrectly posting the real estate tax money received.
- In 2016, Principal Retirement was reduced to \$32,978 and Interest and Other Fiscal Charges were increased to \$11,900 which was a change of \$1,309 to properly state principal and interest payments.
- In 2015, a reclassification from Principal Retirement of \$25,631 was made to Capital Outlay due to an incorrect posting.

Sound financial reporting is the responsibility of the Village and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures to identify and correct errors and omissions. In addition, the Village should review the financial statements and notes prior to submission for audit.

Client Response: We received no response from client.

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Dave Yost • Auditor of State

VILLAGE OF BOWERSTON

HARRISON 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
SEPTEMBER 5, 2017