



***VILLAGE OF CEDARVILLE
GREENE COUNTY***

Regular Audit

**For the Years Ended
December 31, 2014 and 2013**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Village Council
Village of Cedarville
PO Box 51
152 W. Cedar Street

We have reviewed the *Independent Auditor's Report* of the Village of Cedarville, Greene County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2013 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 Cedarville is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 1, 2015

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VILLAGE OF CEDARVILLE, GREENE COUNTY

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Independent Auditor's Report

Village of Cedarville
Greene County
P.O. Box 51
Cedarville, OH 45314

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Cedarville, Greene County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013.

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 permit; this responsibility includes designing, implementing, and maintaining internal control relevant to the 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 statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal controls 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 opinion.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D), which is an accounting basis other than accounting principles generally accepted in the United States of America, 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, 2014 and 2013, 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 Cedarville, Greene County as of December 31, 2014 and 2013, 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 permits, 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 22, 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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

June 22, 2015

VILLAGE OF CEDARVILLE, GREENE COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2014

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Property and Other Local Taxes	\$60,834	\$0	\$60,834
Municipal Income Tax	524,311	0	524,311
Intergovernmental	44,720	64,059	108,779
Charges for Service	13,665	0	13,665
Fines, Licenses, and Permits	12,092	0	12,092
Earnings on Investments	35	8	43
Miscellaneous	46,902	2,236	49,138
Total Cash Receipts	702,559	66,303	768,862
<u>Cash Disbursements:</u>			
<i>Current:</i>			
General Government	336,891	0	336,891
Security of Persons and Property	402,605	0	402,605
Public Health Services	2,513	0	2,513
Leisure Time Activities	25,353	0	25,353
Community Environment	7,286	0	7,286
Basis Utility Services	1,004	0	1,004
Transportation	10,120	69,468	79,588
Capital Outlay	215	0	215
Total Cash Disbursements	785,987	69,468	855,455
Cash Receipts Over(Under) Cash Disbursements	(83,428)	(3,165)	(86,593)
<u>Other Financing Sources:</u>			
Sale of Capital Assets	500	0	500
Total Other Financing Sources	500	0	500
Excess of Cash Receipts and Other Financing Sources Over(Under) Cash Disbursements	(82,928)	(3,165)	(86,093)
Fund Cash Balances, January 1	291,946	105,607	397,553
Restricted	0	102,442	102,442
Committed	143,625	0	143,625
Assigned	11,557	0	11,557
Unassigned	53,836	0	53,836
Fund Cash Balances, December 31	\$209,018	\$102,442	\$311,460

See accompanying notes to the financial statements.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types
For the Year Ended December 31, 2014

	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$129,327
Miscellaneous	618
	129,945
Total Operating Cash Receipts	129,945
<u>Operating Cash Disbursements:</u>	
Personal Services	22,705
Employee Fringe Benefits	3,340
Contractual Services	100,387
Supplies and Materials	4,341
	130,773
Total Operating Cash Disbursements	130,773
Operating Income	(828)
Fund Cash Balances, January 1	48,294
<i>Fund Cash Balances, December 31</i>	\$47,466

See accompanying notes to the financial statements.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2013

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Property and Other Local Taxes	\$59,248	\$0	\$59,248
Municipal Income Tax	551,305	0	551,305
Intergovernmental	46,486	86,411	132,897
Charges for Service	5,605	0	5,605
Fines, Licenses, and Permits	13,377	0	13,377
Earnings on Investments	128	30	158
Miscellaneous	122,965	3,952	126,917
Total Cash Receipts	799,114	90,393	889,507
<u>Cash Disbursements:</u>			
<i>Current:</i>			
General Government	367,789	0	367,789
Security of Persons and Property	411,980	0	411,980
Public Health Services	2,098	0	2,098
Leisure Time Activities	22,229	0	22,229
Community Environment	7,917	0	7,917
Basis Utility Services	1,983	0	1,983
Transportation	27,728	91,064	118,792
Capital Outlay	32,731	25,000	57,731
Total Cash Disbursements	874,455	116,064	990,519
Cash Receipts Over(Under) Cash Disbursements	(75,341)	(25,671)	(101,012)
<u>Other Financing Sources:</u>			
Sale of Capital Assets	576	0	576
Advance In	23,260	23,260	46,520
Advance Out	(23,260)	(23,260)	(46,520)
Total Other Financing Sources	576	0	576
Excess of Cash Receipts and Other Financing Sources Over(Under) Cash Disbursements	(74,765)	(25,671)	(100,436)
Fund Cash Balances, January 1	366,711	131,278	497,989
Restricted	0	105,607	105,607
Committed	147,147	0	147,147
Assigned	6,849	0	6,849
Unassigned	137,950	0	137,950
Fund Cash Balances, December 31	\$291,946	\$105,607	\$397,553

See accompanying notes to the financial statements.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types
For the Year Ended December 31, 2013

	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$127,521
Miscellaneous	350
	127,871
Total Operating Cash Receipts	127,871
<u>Operating Cash Disbursements:</u>	
Personal Services	21,399
Employee Fringe Benefits	3,855
Contractual Services	98,952
Supplies and Materials	3,085
	127,291
Total Operating Cash Disbursements	127,291
Operating Income (Loss)	580
Fund Cash Balances, January 1	47,714
<i>Fund Cash Balances, December 31</i>	\$48,294

See accompanying notes to the financial statements.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 1 – Reporting Entity

The Village of Cedarville, Greene County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council and a publicly elected Mayor.

The Village provides general government services, maintenance of Village roads, park maintenance and police protection. The Village contracts with Rumpke to provide refuse service.

The Village participates in Public Entities Pool of Ohio (PEP), a public entity risk-sharing pool. Note 7 to the financial statements provide additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

A. Basis of Accounting

The Village's financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

B. 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:

General Fund: The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

Special Revenue Funds: These funds are used to account for proceeds from specific sources (other than trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair (SCMR) Fund – This fund receives gasoline tax and motor vehicle license tax for constructing, maintaining and repairing Village streets.

State Highway Fund – This fund receives gasoline tax and motor vehicle license tax for constructing, maintaining and repairing state highways within the Village.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 2 – Summary of Significant Accounting Policies (continued)

Enterprise Funds: These funds are used to account for any activities for which a fee is charged to external users for goods or services. The Village has the following significant Enterprise Fund:

Refuse Fund - This fund receives charges for services from residents to cover refuse collection costs.

C. Budgetary Process

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

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

A summary of 2014 and 2013 budgetary activity appears in Note 4.

D. Fund Balances

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

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

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 2 – Summary of Significant Accounting Policies (continued)

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.

E. Property, Plant and Equipment

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

F. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

Note 3 – Cash and Investments

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2014	December 31, 2013
Demand Deposits	\$273,905	\$360,833
Money Market Account Deposit	85,021	85,014
Total	<u>\$358,926</u>	<u>\$445,847</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 4 – Budgetary Basis of Accounting

The Village’s budgetary activity for the years ending December 31, 2014 and December 31, 2013 was as follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$1,340,368	\$703,059	(\$637,309)
Special Revenue	179,493	66,303	(113,190)
Enterprise	176,998	129,945	(47,053)
<i>Total</i>	<u>\$1,696,859</u>	<u>\$899,307</u>	<u>(\$797,552)</u>

2014 Budgeted vs. Actual Budgetary Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,514,401	\$785,987	\$728,414
Special Revenue	280,733	69,468	211,265
Enterprise	200,760	130,773	69,987
<i>Total</i>	<u>\$1,995,894</u>	<u>\$986,228</u>	<u>\$1,009,666</u>

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 4 – Budgetary Basis of Accounting - (Continued)

2013 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$1,426,175	\$799,690	(\$626,485)
Special Revenue	230,856	90,393	(140,463)
Enterprise	170,886	127,871	(43,015)
<i>Total</i>	\$1,827,917	\$1,017,954	(\$809,963)

2013 Budgeted vs. Actual Budgetary Disbursements

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,719,149	\$874,455	\$844,694
Special Revenue	328,741	116,064	212,677
Capital Projects	238,082	0	238,082
Enterprise	198,513	127,291	71,222
<i>Total</i>	\$2,484,485	\$1,117,810	\$1,366,675

Note 5- Property Taxes

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 6- Local Income Tax

The Village levies a municipal income tax of one 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 and file a declaration annually. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 7 – Retirement Systems

The Village’s certified 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 2014 and 2013 OP&F participants contributed 11.5 and 10.75, respectively, of their wages and both years the Village contributed an amount equal to 19.5% of full-time police members’ wages. For 2014 and 2013, the OPERS member contributed 10% of gross salary and the Village contributed an amount equaling 14% of the participant’s gross salary. The Village has paid all contributions required through December 31, 2014.

Note 8 – Risk Management

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

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

Then Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2014 and 2013 (the latest information available):

	<u>2014</u>	<u>2013</u>
Assets	\$35,402,177	\$34,411,883
Liabilities	<u>(12,363,257)</u>	<u>(12,760,194)</u>
Net Assets - Unrestricted	<u>\$23,038,920</u>	<u>\$21,651,689</u>

VILLAGE OF CEDARVILLE, GREENE COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

Note 8 – Risk Management - (Continued)

The Casualty Coverage assets and retained earnings above include approximately \$10.8 million of unpaid claims to be billed to approximately 488 member governments in the future, as of December 31, 2014. PEP will collect these amounts in future annual contributions billings when PEP'S related liabilities are due for payment. The District's share of these unpaid claims is approximately \$38,606.

The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York Risk Pooling Services, Inc. (YORK). APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2014 the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The Board of Directors and YORK periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards***

Village Council
Village of Cedarville, Greene County
P.O. Box 51
Cedarville, OH 45314

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 Cedarville, Greene County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated June 22, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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.

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 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 combination of internal control deficiencies resulting in a reasonable possibility that internal control prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material misstatement, yet important enough to merit attention by those charged with governance. We consider finding 2014-002 described in the accompanying Schedule of Findings to be a material weakness.

Village Council
Village of Cedarville, Greene County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*

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 grants, 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 one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2014-001.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

June 22, 2015

VILLAGE OF CEDARVILLE, GREENE COUNTY
Schedule of Findings
For the Years Ended December 31, 2014 and 2013

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

Finding Number 2014-001

Certification of Expenditures - Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Section 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure was otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate - The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Schedule of Findings
For the Years Ended December 31, 2014 and 2013

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

Finding Number 2014-001 (continued)

The Village failed to properly certify 12 out of 50 (24%) in 2014 and 6 out of 50 (12%) in 2013 expenditures tested.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used, if applicable.

We recommend that no orders involving the expenditure of money be made unless the Fiscal Officer has certified that the amount required has been lawfully appropriated and is in the treasury or in the process of collection.

Officials' Response

The Village has reviewed the finding and agrees to work at correcting.

Finding Number 2014-002

Financial Record Keeping - Material Weakness

Ohio Rev. Code Section 733.28, provides, in part, that the Village Fiscal Officer shall keep the books of the Village and exhibit accurate statements of all monies received and expended.

The Village did not properly post the following transactions to the proper account codes, and therefore reported materially incorrect account classifications in the Village's annual financial report:

Item	Amount	Fund Type	Proper Classification	Reported As
2014				
Amount Received from Another Government	\$4,618	General	Intergovernmental Revenue	Property Tax Revenue
2013				
2 nd Half Tax Settlement Sheet	2,706	General	Property Tax Revenue	Intergovernmental Revenue

The Village corrected the accompanying financial statements.

VILLAGE OF CEDARVILLE, GREENE COUNTY
Schedule of Findings
For the Years Ended December 31, 2014 and 2013

Finding Number 2014-002 (continued)

Failure to properly post transactions resulted in transactions being inaccurately classified in the annual report and inaccurate fund balances. The Fiscal Officer agreed to reclassifications to correctly report the above items, and the reclassifications were posted to the accompanying financial statements. The Fiscal Officer should review the chart of accounts in the Ohio Village Handbook to assure that items are being posted to the proper funds and account codes.

Officials' Response

The Village has reviewed the finding and agrees to work at correcting.

VILLAGE OF CEDARVILLE, GREENE COUNTY

Schedule of Prior Audit Findings

For the Years Ended December 31, 2014 and 2013

Finding Number	Description	Status	Comments
	<i>Government Auditing Standards:</i>		
2013-001	Certification of Expenditures – failure to properly certify the availability of funds.	Not Corrected	Reissued as Finding 2014-001
2013-002	Financial Record Keeping - audit adjustments were made to correct the Financial Statements.	Not Corrected	Reissued as Finding 2014-002



Dave Yost • Auditor of State

VILLAGE OF CEDARVILLE

GREENE 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 8, 2015**