

VILLAGE OF SUNBURY

DELAWARE COUNTY

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2013 AND DECEMBER 31, 2012

Varney, Fink & Associates, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Village Council
Village of Sunbury
9 East Granville Street
Sunbury, Ohio 43074

We have reviewed the *Independent Auditor's Report* of the Village of Sunbury, Delaware County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2012 through December 31, 2013. 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 Sunbury 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 16, 2014

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**VILLAGE OF SUNBURY, OHIO
DELAWARE COUNTY
FOR THE YEARS ENDED
DECEMBER 31, 2013 AND DECEMBER 31, 2012**

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INDEPENDENT AUDITOR'S REPORT

Village of Sunbury
Delaware County
9 East Granville Street
Sunbury, Ohio 43074

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Sunbury, Delaware County, (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no 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 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or changes in financial position 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 Sunbury, Delaware County as of December 31, 2013 and 2012, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2014, 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.

Varney, Fink & Associates

Varney, Fink & Associates, Inc.
Certified Public Accountants

August 18, 2014

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$256,245	\$0	\$0	\$0	\$256,245
Municipal Income Tax	2,229,119	0	0	0	2,229,119
Intergovernmental	133,605	200,438	0	0	334,043
Special Assessments	7,775	58,791	11,943	0	78,509
Fines, Licenses and Permits	417,766	27,919	0	0	445,685
Earnings on Investments	14,162	4,231	0	0	18,393
Miscellaneous	71,761	61,097	0	0	132,858
<i>Total Cash Receipts</i>	<u>3,130,433</u>	<u>352,476</u>	<u>11,943</u>	<u>0</u>	<u>3,494,852</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,055,543	0	0	0	1,055,543
Public Health Services	0	23,363	0	0	23,363
Leisure Time Activities	0	15,868	0	0	15,868
Community Environment	194,523	0	0	0	194,523
Transportation	519,169	0	0	0	519,169
General Government	620,603	2,365	0	0	622,968
Capital Outlay	170,773	18,264	0	0	189,037
Debt Service:					
Principal Retirement	1,226,100	1,237,300	5,800	0	2,469,200
Interest and Fiscal Charges	22,926	26,947	6,098	0	55,971
<i>Total Cash Disbursements</i>	<u>3,809,637</u>	<u>1,324,107</u>	<u>11,898</u>	<u>0</u>	<u>5,145,642</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(679,204)</u>	<u>(971,631)</u>	<u>45</u>	<u>0</u>	<u>(1,650,790)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	1,127,000	1,223,800	0	0	2,350,800
Premium and Accrued Interest on Debt	774	841	0	0	1,615
Transfers In	0	27,400	0	0	27,400
Transfers Out	(27,400)	0	0	0	(27,400)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,100,374</u>	<u>1,252,041</u>	<u>0</u>	<u>0</u>	<u>2,352,415</u>
<i>Net Change in Fund Cash Balances</i>	421,170	280,410	45	0	701,625
<i>Fund Cash Balances, January 1</i>	<u>2,675,840</u>	<u>1,188,210</u>	<u>1,319</u>	<u>76,928</u>	<u>3,942,297</u>
Fund Cash Balances, December 31					
Restricted	0	1,072,299	1,364	76,928	1,150,591
Committed	0	396,321	0	0	396,321
Assigned	67,136	0	0	0	67,136
Unassigned	3,029,874	0	0	0	3,029,874
<i>Fund Cash Balances, December 31</i>	<u>\$3,097,010</u>	<u>\$1,468,620</u>	<u>\$1,364</u>	<u>\$76,928</u>	<u>\$4,643,922</u>

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

**VILLAGE OF SUNBURY
DELAWARE 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, 2013**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$1,343,573		\$1,343,573
<i>Total Operating Cash Receipts</i>	<u>1,343,573</u>	<u>0</u>	<u>1,343,573</u>
Operating Cash Disbursements			
Personal Services	184,114	0	184,114
Employee Fringe Benefits	81,015	0	81,015
Contractual Services	145,423	0	145,423
Supplies and Materials	120,734	0	120,734
Other	1,220	0	1,220
<i>Total Operating Cash Disbursements</i>	<u>532,506</u>	<u>0</u>	<u>532,506</u>
<i>Operating Income</i>	<u>811,067</u>	<u>0</u>	<u>811,067</u>
Non-Operatings (Disbursements)			
Capital Outlay	(5,814)	0	(5,814)
Principal Retirement	(163,336)	0	(163,336)
Interest and Other Fiscal Charges	(276,283)	0	(276,283)
<i>Total Non-Operating (Disbursements)</i>	<u>(445,433)</u>	<u>0</u>	<u>(445,433)</u>
<i>Net Change in Fund Cash Balances</i>	365,634	0	365,634
<i>Fund Cash Balances, January 1</i>	<u>2,455,767</u>	<u>7,542</u>	<u>2,463,309</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,821,401</u>	<u>\$7,542</u>	<u>\$2,828,943</u>

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$244,189	\$0	\$0	\$0	\$244,189
Municipal Income Tax	1,976,949	0	0	0	1,976,949
Intergovernmental	174,719	218,470	0	0	393,189
Special Assessments	1,418	59,939	12,388	0	73,745
Charges for Services	0	35,572	0	0	35,572
Fines, Licenses and Permits	274,401	27,692	0	0	302,093
Earnings on Investments	22,787	6,682	0	0	29,469
Miscellaneous	49,981	48,184	0	0	98,165
<i>Total Cash Receipts</i>	<u>2,744,444</u>	<u>396,539</u>	<u>12,388</u>	<u>0</u>	<u>3,153,371</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,081,403	0	0	0	1,081,403
Public Health Services	0	17,369	0	0	17,369
Leisure Time Activities	0	41,734	0	0	41,734
Community Environment	109,817	0	0	0	109,817
Transportation	499,088	0	0	0	499,088
General Government	604,874	723	0	0	605,597
Capital Outlay	0	81,192	0	0	81,192
Debt Service:					
Principal Retirement	1,268,500	1,241,200	5,600	0	2,515,300
Interest and Fiscal Charges	26,956	30,390	6,350	0	63,696
<i>Total Cash Disbursements</i>	<u>3,590,638</u>	<u>1,412,608</u>	<u>11,950</u>	<u>0</u>	<u>5,015,196</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(846,194)</u>	<u>(1,016,069)</u>	<u>438</u>	<u>0</u>	<u>(1,861,825)</u>
Other Financing Receipts (Disbursements)					
Sale of Notes	1,226,100	1,231,000	0	0	2,457,100
Premium and Accrued Interest on Debt	1,080	1,085	0	0	2,165
Transfers In	32,751	25,000	0	0	57,751
Transfers Out	(57,751)	0	0	0	(57,751)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,202,180</u>	<u>1,257,085</u>	<u>0</u>	<u>0</u>	<u>2,459,265</u>
<i>Net Change in Fund Cash Balances</i>	355,986	241,016	438	0	597,440
<i>Fund Cash Balances, January 1</i>	<u>2,319,854</u>	<u>947,194</u>	<u>881</u>	<u>76,928</u>	<u>3,344,857</u>
Fund Cash Balances, December 31					
Restricted	0	849,788	1,319	76,928	928,035
Committed	0	338,422	0	0	338,422
Assigned	36,099	0	0	0	36,099
Unassigned	2,639,741	0	0	0	2,639,741
<i>Fund Cash Balances, December 31</i>	<u>\$2,675,840</u>	<u>\$1,188,210</u>	<u>\$1,319</u>	<u>\$76,928</u>	<u>\$3,942,297</u>

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

**VILLAGE OF SUNBURY
DELAWARE 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, 2012**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Investment Trust	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$1,004,321	\$0	\$1,004,321
Miscellaneous	1,784	0	1,784
<i>Total Operating Cash Receipts</i>	<u>1,006,105</u>	<u>0</u>	<u>1,006,105</u>
Operating Cash Disbursements			
Personal Services	204,236	0	204,236
Employee Fringe Benefits	106,288	0	106,288
Contractual Services	141,505	0	141,505
Supplies and Materials	111,519	0	111,519
<i>Total Operating Cash Disbursements</i>	<u>563,548</u>	<u>0</u>	<u>563,548</u>
<i>Operating Income</i>	<u>442,557</u>	<u>0</u>	<u>442,557</u>
Non-Operating (Disbursements)			
Capital Outlay	(152,244)	0	(152,244)
Principal Retirement	(197,909)	0	(197,909)
Interest and Other Fiscal Charges	(285,358)	0	(285,358)
<i>Total Non-Operating (Disbursements)</i>	<u>(635,511)</u>	<u>0</u>	<u>(635,511)</u>
<i>(Loss) before Transfers</i>	(192,954)	0	(192,954)
Transfers In	32,751	0	32,751
Transfers Out	(32,751)	0	(32,751)
<i>Net Change in Fund Cash Balances</i>	(192,954)	0	(192,954)
<i>Fund Cash Balances, January 1</i>	<u>2,648,721</u>	<u>7,542</u>	<u>2,656,263</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,455,767</u></u>	<u><u>\$7,542</u></u>	<u><u>\$2,463,309</u></u>

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

Note 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 Sunbury, Delaware County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides police protection, parks and recreation, building inspection, street maintenance and repairs and sewer.

B. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The primary government of the Village of Sunbury provides the following services to its citizens: police protection, parks and recreation, building inspection, street maintenance and repairs and sewer. Council has direct responsibility for these services.

C. Joint Ventures, Jointly Governed Organizations

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in joint venture and a jointly governed organization. Notes 10 and 11 to the financial statements provides additional information for these entities.

These organizations are:

Big Walnut Board of Education:

(Development of an elementary school and adjacent community park. A Joint Venture)

The B.S.T. &G. Joint Fire District protection and rescue services:

(The Berkshire Township, the Village of Sunbury, Trenton Township, is the B.S.T. &G. Joint Fire District.)

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

D. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**THE VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

E. Deposits and Investments

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

The Village records Money market mutual funds (including STAR Ohio) at share values from the mutual funds report.

F. 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 Funds:

Street Fund - This street fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for constructing, maintaining, and repairing Village streets.

Sunbury Mills Plaza TIF - This Tax Increment Financing (TIF) fund accounts for project receipts and disbursements and subsequent TIF accounting through the life of this TIF.

3. Debt Service Funds

These funds account for and report financial resources that are accumulated to pay principal and interest on debt. The Village had one debt service fund to account for debt service on bonds.

4. 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 funds:

Capital Projects Fund - This fund accounts for capital expenditures of the Village.

**THE VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. Enterprise Funds

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

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

6. Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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. The Village's private purpose trust fund accounts for donations designated for maintenance of cemetery plots.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village does not have any agency funds.

G. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**THE VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

H. 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.

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.

I. 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.

**THE VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

J. Accumulated Leave

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

Note 2 – Equity in Pooled Deposits and Investments

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

	2013	2012
Demand deposits	\$2,929,920	\$2,751,841
Certificates of deposit	2,551,561	2,537,918
Total deposits	5,481,481	5,289,759
STAR Ohio	1,991,384	1,115,847
Total deposits and investments	\$7,472,865	\$6,405,606

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

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,570,302	\$4,258,207	\$687,905
Special Revenue	1,544,000	1,604,517	60,517
Debt Service	12,000	11,943	(57)
Enterprise	1,000,000	1,343,573	343,573
Total	\$6,126,302	\$7,218,240	\$1,091,938

**THE VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,204,887	\$3,904,173	\$300,714
Special Revenue	1,919,491	1,484,365	435,126
Debt Service	11,898	11,898	0
Capital Projects	70,000	0	70,000
Enterprise	1,630,519	977,939	652,580
Total	\$7,836,795	\$6,378,375	\$1,458,420

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$3,547,745	\$4,004,375	\$456,630
Special Revenue	1,600,950	1,653,624	52,674
Debt Service	12,000	12,388	388
Enterprise	1,177,060	1,038,856	(138,204)
Total	\$6,337,755	\$6,709,243	\$371,488

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,035,871	\$3,684,488	\$351,383
Special Revenue	1,672,364	1,412,608	259,756
Debt Service	11,950	11,950	0
Enterprise	1,726,116	1,231,810	494,306
Fiduciary	7,542	0	7,542
Total	\$7,453,843	\$6,340,856	\$1,112,987

Note 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.

**THE VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

Note 5 – 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.

Note 6 – Debt

Debt outstanding at December 31, 2013 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Cemetery Land Acquisition Bonds	\$106,000	3.50%
General Obligation Capital Facility Bonds	\$129,700	4.5%
General Obligation Notes	\$2,350,800	1.375%
Ohio Water Development Authority Loan	\$6,520,107	4.16%
Ohio Public Works Commission	\$8,549	0%
Total	<u>\$9,115,156</u>	

The notes issued originally in 2007 were used for various governmental and business-type activities. All note proceeds had been spent or rolled over into subsequent bond anticipation notes at December 31, 2013.

All of the notes are bond anticipation notes, are backed by the full faith and credit of the Village, and mature within one year of issuance.

The Capital Facility Bonds mature December 1, 2028 and will be repaid with special assessment taxes. Annual debt service requirements range from \$12,750 to 12,850. Bond covenants required the Village to establish a debt service fund. The balance in the fund at December 31, 2013 is \$1,364.

The Cemetery Land Acquisition Bonds mature December 1, 2026 and will be repaid with income from receipts and other receipts lawfully available for such payment. Annual debt service payments range from \$10,240 to \$16,362.

The Ohio Water Development Authority (OWDA) loan relates to the wastewater treatment plant improvements. The loan matures January 1, 2037 and will be repaid in semiannual installments. The loan is secured by sewer receipts.

The Ohio Public Works Commission (OPWC) loan relates to capital improvements of the sewer plants. The loan matures January 2014. The loan is secured by sewer receipts.

The Village has agreed to set utility rates sufficient to cover OWDA, and OPWC debt service requirements.

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

**THE VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

Year ending December 31:	OPWC		Capital Facility	Cemetery Land Acquisition
	Loan	OWDA Loan	Bonds	Bonds
2014	\$8,549	\$437,481	\$11,937	\$10,310
2015	0	437,482	11,962	10,279
2016	0	437,481	11,974	10,241
2017	0	437,482	11,973	10,296
2018	0	437,481	12,058	10,241
2019-2023	0	2,187,407	60,477	51,355
2024-2028	0	2,187,407	61,051	30,837
2029-2033	0	2,187,407	0	0
2034-2037	0	1,531,185	0	0
Total	<u>\$8,549</u>	<u>\$10,280,813</u>	<u>\$181,432</u>	<u>\$133,559</u>

Note 7 – Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For January-June 30, 2013 and 2012, OP&F participants contributed 10% of their wages and 10.75% July 1-December 2013. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. For 2013 and 2012, OPERS members contributed 10% and 10%, respectively, of their gross salaries and the Village contributed an amount equaling \$75,532 (10%) and \$76,705 (10%), respectively, of participants’ gross salaries. The Village has paid all contributions required through December 31, 2013.

Note 8 – Risk Management

Risk Pool Membership

Effective March 1, 2010, the Village belonged to the Ohio Plan Risk Management, Inc. (the “Plan”), an unincorporated nonprofit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 774 Ohio governments (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member’s deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 41.5% or \$103,750 casualty losses November 1, 2011 through October 31, 2012; 50% or \$250,000 casualty losses November 1, 2012 through December 31, 2013; 41.5% or \$103,750 casualty losses after November 1, 2011, and the lesser of 10% or \$100,000 of property losses.

**THE VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

Individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Note 9 – Contingent Liabilities

The Village is not a defendant in any lawsuits and there are no 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.

Note 10 – Joint Ventures

The Village of Sunbury Community Park Joint Venture is a jointly governed organization between the Big Walnut Board of Education and the Village of Sunbury. The joint venture agreement was entered into for the purpose of development of an elementary school and an adjacent community park. The legislative and advisory body is made up of one member appointed by the school, one member appointed by the Village and an agreed upon third member. The Village committed 21 acres of the development for the school and park and the district has committed \$1.4 million to development of the park. Both the elementary school and park are under construction and nearing completion.

Note 11 – Jointly Governed Organizations

The Berkshire Township, the Village of Sunbury, Trenton Township, and the Village of Galena appoint one member to the Board of Trustees of the B.S.T. &G. Joint Fire District. The B.S.T. &G. Joint Fire District provides fire protection and rescue services within the District.

Note 12 – Subsequent Events

Ordinance 2014-02 was passed on February 5, 2014 authorizing the issuance and sale of notes with the maximum principal amount of \$2,277,400 in anticipation of bonds for sanitary sewer improvements and street improvements.

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

Village of Sunbury
Delaware County
9 East Granville Street
Sunbury, Ohio 43074

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 Sunbury, Delaware County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 18, 2014 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but no 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 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 2013-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2013-002 and 2013-003.

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.

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.

Varney, Fink & Associates

Varney, Fink & Associates, Inc.
Certified Public Accountants

August 18, 2014

**VILLAGE OF SUNBURY
DELAWARE COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Several reclassifications were posted to the Village's December 31, 2013 and 2012 financial statements to accurately reflect account balances. These adjustments and reclassifications ranged from \$709 to \$1,227,180. Below are descriptions of the errors included on the financial statements provided by the client.

1. Interest and fiscal charges were not properly classified
2. Sale of notes and premium on notes were not properly classified.
3. Special assessments, intergovernmental receipts, income tax receipts were not properly classified.
4. Capital outlay expenditures were not properly classified.
5. Expenditures were paid out of improper funds.
6. Transfers were not allowed per ORC 5705.14(D)

The adjustments and reclassifications identified during the audit should be reviewed by the fiscal officer to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Village should adopt policies and procedures, including a final review of the financial statements and note disclosures by the fiscal officer and governing board, to identify and correct errors and omissions.

Official's Response:

Fiscal Officer is working to complete year-end classifications accurately.

FINDING NUMBER 2013-002

Noncompliance

Village Ordinance 2004-1, Section 963.05(b)(1) addresses the use of development impact fees. Development impact fee funds may be used only for:

- A. Public facility expenditures;

- B. The payment of principal, interest, and the financing costs on contracts, bonds, notes, or other obligations issued by or on behalf of the Village to finance public facilities;
- C. Financing of refunds as set forth in Section 963.05(d);
- D. Financing of reimbursements as set forth in Section 963.04(e); or
- E. Financing the costs of updating this chapter.

Section 963.02 defines the following:

(X) Public Facilities – non-site related capital improvements, including buildings, equipment, and land, that provide a roughly proportionate benefit to new development. Public facilities are nonrecurring and are treated as capitalized expenses according to generally accepted government accounting principles. Public Facilities do not include costs associated with the operation, repair, or maintenance of public facilities.

(V) Police Facilities – public facilities, including headquarters, land acquisition, auxiliary buildings, vehicles, and equipment that provide law enforcement services capacity to new development.

The Village recorded the following expenditures in the Impact Fee Funds:

The Village recorded an expenditure of \$25,000 in the Impact Fee Municipal fund for a bucket utility truck. The truck was purchased originally in 2011 and paid for out of the Street Fund. The purchase of the truck does not qualify as a public facility as defined above.

The Village purchased two police cruisers and related equipment in 2012. One of the cruisers was a replacement cruiser and was paid for out of the General Fund. The other cruiser and related equipment totaling \$35,929.46 was paid out of the Impact Fee Police fund. Council did authorize the purchase of the police cruiser with impact fee funds.

The Village purchased on-officer video cameras and relating equipment totaling \$3,997.86 in 2013 and recorded the expenditure in the Impact Fee Police fund.

The Village purchased property within the Village for \$23,896.03 in 2013 and recorded the expenditure in the Impact Fee Municipal Fund.

Other than the police cruiser, we did not notice authorization or identification by Council as required by Section 963.05(c) of any other expenditures with impact fees. Also, the Fiscal Officer did not prepare a report as required by Section 963.05(b)(1) that would demonstrate impact fees were being used to finance public facility capacity that provides or will provide benefits to new development that are roughly proportionate to the impact of the development. Since this was not done we recommend the purchases other than the police cruiser be moved to an appropriate fund. The costs for the bucket utility truck should be left in the Street Fund. The purchase of the on-officer video cameras and related equipment, and the property purchased should be purchased out of the General Fund.

The Village has moved the questioned expenditures to appropriate funds.

Official's Response:

Policies and procedures have been implemented to correct.

FINDING NUMBER 2013-003

Noncompliance

Ohio Revised Code Section 5705.14 (D) states “The unexpended balance in any special fund, other than an improvement fund, existing in accordance with division (D), (F), or (G) of section 5705.09 or section 5705.12 of the Revised Code, may be transferred to the general fund or to the sinking fund or bond retirement fund after the termination of the activity, service, or other undertaking for which such special fund existed, but only after the payment of all obligations incurred and payable from such special fund.”

Divisions (D), (F), and (G) of section 5705.09 address a special fund for each special levy, a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose, and a special fund for each public utility operated by a subdivision respectively.

In 2013, the Village transferred remaining monies from the Cemetery Bequest Fund to the General Fund in the amount of \$7,542. This was done by Ordinance and referred to ORC 5705.14(D). However, the Cemetery Bequest Fund is a trust fund and ORC 5705.14(D) does not authorize a transfer from trust funds as listed in Section 5705.09(H).

The Village has moved the funds back to the Cemetery Bequest Fund and the financial statements have been adjusted accordingly.

Official's Response:

The funds from the Cemetery Bequest Fund will be moved back from the Cemetery Fund while we wait to get the final process to permanently move the funds to the Cemetery Fund.

**VILLAGE OF SUNBURY
DELAWARE COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2011-001	Financial Statement adjustments and reclassifications	No	Partial corrected. Reissued as finding 2013-001



Dave Yost • Auditor of State

VILLAGE OF SUNBURY

DELAWARE 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 30, 2014**