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Certified Public Accountants, A.C.

**VILLAGE OF SUNBURY
DELAWARE COUNTY
Regular Audit**

For the Years Ended December 31, 2015 and 2014

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...“bringing more to the table”

Tax– Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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Members: American Institute of Certified Public Accountants

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- Association of Certified Anti - Money Laundering Specialists •



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 Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. 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

October 14, 2016

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VILLAGE OF SUNBURY
DELAWARE COUNTY

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INDEPENDENT AUDITOR'S REPORT

July 27, 2016

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 of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Sunbury**, Delaware County, (the Village) as of and for the years ended December 31, 2015 and 2014.

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 opinions.



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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, 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 Sunbury, Delaware County, as of December 31, 2015 and 2014, 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 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

**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, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 263,784	\$ -	\$ -	\$ -	\$ 263,784
Municipal Income Tax	2,419,341	-	-	-	2,419,341
Intergovernmental	117,022	210,175	-	-	327,197
Special Assessments	-	-	72,402	-	72,402
Charges for Services	-	37,659	-	-	37,659
Fines, Licenses and Permits	348,325	13,618	-	-	361,943
Earnings on Investments	14,258	4,259	-	-	18,517
Miscellaneous	64,630	24,398	-	-	89,028
<i>Total Cash Receipts</i>	<u>3,227,360</u>	<u>290,109</u>	<u>72,402</u>	<u>-</u>	<u>3,589,871</u>
Cash Disbursements					
Current:					
Security of Persons and Property	812,650	-	-	-	812,650
Public Health Services	-	43,397	-	-	43,397
Leisure Time Activities	-	17,988	-	-	17,988
Community Environment	131,983	-	-	-	131,983
Transportation	486,408	1,639	-	-	488,047
General Government	615,331	4,736	-	-	620,067
Capital Outlay	95,094	269,573	-	4,049	368,716
Debt Service:					
Principal Retirement	1,081,700	124,700	1,165,920	-	2,372,320
Interest and Fiscal Charges	13,441	4,953	64,224	-	82,618
Bond Issue Costs	56,432	6,240	56,703	-	119,375
<i>Total Cash Disbursements</i>	<u>3,293,039</u>	<u>473,226</u>	<u>1,286,847</u>	<u>4,049</u>	<u>5,057,161</u>
<i>Excess of Receipts Over Disbursements</i>	<u>(65,679)</u>	<u>(183,117)</u>	<u>(1,214,445)</u>	<u>(4,049)</u>	<u>(1,467,290)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds	1,040,000	115,000	1,045,000	-	2,200,000
Premium and Accrued Interest on Debt	1,629	57	8,010	-	9,696
Sale of Capital Assets	41,000	-	-	-	41,000
Transfers In	-	27,400	62,342	-	89,742
Transfers Out	(89,742)	-	-	-	(89,742)
Other Financing Sources	64,023	6,240	56,703	-	126,966
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,056,910</u>	<u>148,697</u>	<u>1,172,055</u>	<u>-</u>	<u>2,377,662</u>
<i>Net Change in Fund Cash Balances</i>	991,231	(34,420)	(42,390)	(4,049)	910,372
<i>Fund Cash Balances, January 1</i>	<u>3,613,273</u>	<u>1,430,241</u>	<u>269,553</u>	<u>76,928</u>	<u>5,389,995</u>
Fund Cash Balances, December 31					
Restricted	-	1,327,790	227,163	72,879	1,627,832
Committed	-	68,031	-	-	68,031
Assigned	22,882	-	-	-	22,882
Unassigned	4,581,622	-	-	-	4,581,622
<i>Fund Cash Balances, December 31</i>	<u>\$ 4,604,504</u>	<u>\$ 1,395,821</u>	<u>\$ 227,163</u>	<u>\$ 72,879</u>	<u>\$ 6,300,367</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, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 1,245,872	\$ -	\$ 1,245,872
<i>Total Operating Cash Receipts</i>	<u>1,245,872</u>	<u>-</u>	<u>1,245,872</u>
Operating Cash Disbursements			
Personal Services	193,578	-	193,578
Travel Transportation	64,883	-	64,883
Contractual Services	158,546	-	158,546
Supplies and Materials	135,303	-	135,303
<i>Total Operating Cash Disbursements</i>	<u>552,310</u>	<u>-</u>	<u>552,310</u>
<i>Operating Income</i>	<u>693,562</u>	<u>-</u>	<u>693,562</u>
Non-Operating Receipts (Disbursements)			
Capital Outlay	(57,010)	-	(57,010)
Principal Retirement	(177,172)	-	(177,172)
Interest and Other Fiscal Charges	(262,447)	-	(262,447)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(496,629)</u>	<u>-</u>	<u>(496,629)</u>
<i>Net Change in Fund Cash Balances</i>	196,933	-	196,933
<i>Fund Cash Balances, January 1</i>	<u>3,001,321</u>	<u>7,542</u>	<u>3,008,863</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,198,254</u>	<u>\$ 7,542</u>	<u>\$ 3,205,796</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, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 237,419	\$ -	\$ -	\$ -	\$ 237,419
Municipal Income Tax	2,421,641	-	-	-	2,421,641
Intergovernmental	120,400	205,063	-	166,540	492,003
Special Assessments	-	-	146,057	-	146,057
Charges for Services	-	34,652	-	-	34,652
Fines, Licenses and Permits	281,029	39,531	-	-	320,560
Earnings on Investments	8,645	2,582	-	-	11,227
Miscellaneous	47,173	15,567	-	-	62,740
<i>Total Cash Receipts</i>	<u>3,116,307</u>	<u>297,395</u>	<u>146,057</u>	<u>166,540</u>	<u>3,726,299</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,003,304	11,860	-	-	1,015,164
Public Health Services	-	16,194	-	-	16,194
Leisure Time Activities	-	9,629	-	-	9,629
Community Environment	115,190	-	-	-	115,190
Transportation	575,520	-	-	-	575,520
General Government	691,110	2,523	-	-	693,633
Capital Outlay	126,478	135,496	-	166,540	428,514
Debt Service:					
Principal Retirement	1,127,000	129,200	1,107,300	-	2,363,500
Interest and Fiscal Charges	15,453	5,391	20,936	-	41,780
<i>Total Cash Disbursements</i>	<u>3,654,055</u>	<u>310,293</u>	<u>1,128,236</u>	<u>166,540</u>	<u>5,259,124</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(537,748)</u>	<u>(12,898)</u>	<u>(982,179)</u>	<u>-</u>	<u>(1,532,825)</u>
Other Financing Receipts					
Sale of Notes	1,081,700	117,900	1,077,800	-	2,277,400
Premium and Accrued Interest on Debt	711	78	709	-	1,498
Transfers In	-	27,400	1,000	-	28,400
Transfers Out	(28,400)	-	-	-	(28,400)
<i>Total Other Financing Receipts</i>	<u>1,054,011</u>	<u>145,378</u>	<u>1,079,509</u>	<u>-</u>	<u>2,278,898</u>
<i>Net Change in Fund Cash Balances</i>	<u>516,263</u>	<u>132,480</u>	<u>97,330</u>	<u>-</u>	<u>746,073</u>
<i>Fund Cash Balances, January 1 (Restated, See Note 12)</i>	<u>3,097,010</u>	<u>1,297,761</u>	<u>172,223</u>	<u>76,928</u>	<u>4,643,922</u>
Fund Cash Balances, December 31					
Restricted	-	1,366,807	269,553	76,928	1,713,288
Committed	-	63,434	-	-	63,434
Assigned	53,578	-	-	-	53,578
Unassigned	3,559,695	-	-	-	3,559,695
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,613,273</u>	<u>\$ 1,430,241</u>	<u>\$ 269,553</u>	<u>\$ 76,928</u>	<u>\$ 5,389,995</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, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Private Purpose Trust	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 1,225,081	\$ -	\$ 1,225,081
<i>Total Operating Cash Receipts</i>	<u>1,225,081</u>	<u>-</u>	<u>1,225,081</u>
Operating Cash Disbursements			
Personal Services	192,596	-	192,596
Travel Transportation	72,547	-	72,547
Contractual Services	158,337	-	158,337
Supplies and Materials	143,256	-	143,256
Claims	314	-	314
<i>Total Operating Cash Disbursements</i>	<u>567,050</u>	<u>-</u>	<u>567,050</u>
<i>Operating Income</i>	<u>658,031</u>	<u>-</u>	<u>658,031</u>
Non-Operating Receipts (Disbursements)			
Capital Outlay	(34,217)	-	(34,217)
Principal Retirement	(174,386)	-	(174,386)
Interest and Other Fiscal Charges	(269,508)	-	(269,508)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(478,111)</u>	<u>-</u>	<u>(478,111)</u>
<i>Net Change in Fund Cash Balances</i>	179,920	-	179,920
<i>Fund Cash Balances, January 1</i>	<u>2,821,401</u>	<u>7,542</u>	<u>2,828,943</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,001,321</u>	<u>\$ 7,542</u>	<u>\$ 3,008,863</u>

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of 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.

The Village participates in a joint venture and a jointly governed organization. Notes 9 and 10 to the financial statements provide additional information for these organizations. The organizations are:

Big Walnut Board of Education:

Joint venture to develop an elementary school and adjacent community park.

The B.S.T. &G. Joint Fire District:

Jointly governed organization made up of Berkshire Township, Village of Sunbury, and Trenton Township to provide fire protection and rescue services.

The Village participates in the Ohio Plan, a 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.

B. Accounting Basis

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

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

C. Deposits and Investments

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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

1. General Fund

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

2. Special Revenue Funds

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

Street Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Sunbury Mills Plaza TIF – This Tax Increment Financing (TIF) fund receives TIF revenues relating to the Sunbury Mills Plaza to pay for the related debt costs associated with this project.

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 Fund:

Capital Projects Fund – This fund accounts for various receipts associated with capital expenditures of the Village.

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.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village's private purpose trust fund accounts for donations designated for maintenance of cemetery plots.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Village did not encumber all commitments as 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 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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.

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Village maintains a deposit and investment 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:

	2015	2014
Demand Deposits	\$ 3,766,316	\$ 2,761,531
Certificates of Deposit	2,573,822	2,560,073
Total Deposits	6,340,138	5,321,604
STAR Ohio	3,166,023	3,077,252
Total Investments	3,166,023	3,077,252
Total Deposits and Investments	\$ 9,506,161	\$ 8,398,856

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,469,563	\$ 4,374,012	\$ (95,551)
Special Revenue	368,000	438,806	70,806
Debt Service	1,217,892	1,244,457	26,565
Enterprise	1,000,000	1,245,872	245,872
Total	\$ 7,055,455	\$ 7,303,147	\$ 247,692

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,612,054	\$ 3,384,716	\$ 1,227,338
Special Revenue	825,404	473,437	351,967
Debt Service	1,262,023	1,286,847	(24,824)
Capital Projects	76,928	4,049	72,879
Enterprise	1,730,573	1,048,939	681,634
Total	\$ 8,506,982	\$ 6,197,988	\$ 2,308,994

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,344,719	\$ 4,198,718	\$ (146,001)
Special Revenue	368,000	442,773	74,773
Debt Service	1,182,000	1,225,566	43,566
Capital Projects	166,540	166,540	-
Enterprise	1,000,000	1,225,081	225,081
Total	\$ 7,061,259	\$ 7,258,678	\$ 197,419

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 4,156,925	\$ 3,736,034	\$ 420,891
Special Revenue	928,936	312,305	616,631
Debt Service	1,164,780	1,128,236	36,544
Capital Projects	242,540	166,540	76,000
Enterprise	1,669,480	1,049,215	620,265
Total	\$ 8,162,661	\$ 4,125,770	\$ 1,770,331

Contrary to Ohio law, expenditures exceeded appropriations in the SHOWA TIF and SB Mead Plaza TIF Funds in 2015.

4. PROPERTY TAX

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

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one (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.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Cemetery Land Acquisition Bonds	\$ 92,600	3.50%
General Obligation Capital Facility Bonds	35,480	4.50%
OWDA #4068	6,177,098	4.16%
Various Purpose Bonds, Series 2015	2,200,000	6.00%
Total	\$ 8,505,178	

Notes outstanding as of December 31, 2013 were rolled over into bond anticipation notes in 2014 and then rolled over into the Various Purpose Bonds, Series 2015.

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

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, 2015 is \$5,498.

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 and payments are made from the Sewer Fund.

The Various Purpose Bonds, Series 2015 is in relation to the refunding of various bond anticipation notes issued in prior years to payoff general obligation notes consisting of Park Land Bonds, Town Hall Square Streetscape Bonds, Kintner Parkway Bonds, Sunbury Plaza I Bonds and Sunbury Plaza II Bonds. Payments are made annually with the last maturity occurring in 2028. Bond payments are made from a debt service fund.

Amortization of the Village's debt principal and interest is scheduled as follows:

Year ending December 31:	Cemetery Land Acquisition Bonds	General Obligation Capital Facility Bonds	OWDA #4068 Loan	Various Purpose Bonds, Series 2015	Totals
2016	\$ 10,241	\$ 3,625	\$ 437,481	\$ 322,000	\$ 773,347
2017	10,296	3,625	437,482	310,600	762,003
2018	10,241	3,650	437,481	309,200	760,572
2019	10,278	3,640	437,482	302,200	753,600
2020	10,305	3,656	437,481	304,900	756,342
2021-2025	51,563	18,393	2,187,405	1,207,300	3,464,661
2026-2030	10,247	11,101	2,187,410	231,000	2,439,758
2031-2035	-	-	2,187,405	-	2,187,405
2036-2037	-	-	656,223	-	656,223
Total	\$ 113,171	\$ 47,690	\$ 9,405,850	\$ 2,987,200	\$ 12,553,911

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

7. RETIREMENT SYSTEMS

The Village's certified full-time Police Officers belong to the Ohio 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 plan. The Ohio Revised Code prescribes these plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 1, 2014 – June 30, 2014, OP&F participants contributed 10.75% of their wages. For July 1, 2014 – June 30, 2015, OP&F participants contributed 11.5% of their wages. For July 1, 2015 – December 31, 2015, OP&F participants contributed 12.25% of their wages. For 2014 and 2015, the Village contributed to OP&F an amount equal to 19.5% of full time police members' wages. For 2015 and 2014, OPERS members contributed 10.0% of their gross salaries, and the Village contributed an amount equaling 14.0% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

8. RISK MANAGEMENT

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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014 (the latest information available).

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

8. RISK MANAGEMENT (Continued)

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

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

9. 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.

10. 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.

11. CONTINGENT LIABILITIES

The Village participates in several state assisted grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Village believes that disallowed claims, if any, will not have a material adverse effect on the Village's financial condition.

12. RESTATEMENT

The restatement is due to the SHOWA TIF Fund and SB Mead Plaza TIF Fund being recorded as Special Revenue Funds; however are more appropriately recorded as Debt Service Funds. These funds are presented as Debt Service Funds in 2015 and 2014.

	Special Revenue Fund	Debt Service Fund
Fund Balance at December 31, 2013	\$ 1,468,620	\$ 1,364
Change in Fund Balance	(170,859)	170,859
Adjusted Fund Balance at January 1, 2014	\$ 1,297,761	\$ 172,223



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Marietta, OH 45750
740.373.0056

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Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

July 27, 2016

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

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Sunbury**, Delaware County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated July 27, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.



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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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as items 2015-002 and 2015-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 27, 2016.

Village's Response to Findings

The Village's response to the findings identified in our audit is described in the accompanying schedule of audit 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.



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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Material Weakness

Posting Receipts, Disbursements and Fund Balance Classification

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2015 and 2014, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- Prior audit adjustments were not made to the accounting system;
- A transfer was incorrectly recorded to correct a prior period error that should have been corrected by making a fund balance adjustment;
- Revenues in the Impact Fee Funds were improperly classified as charges for services in 2015 and special assessments in 2014 instead of Fines, Licenses, Permits;
- Donations to the Cemetery Fund were improperly classified as Other Financing Sources instead of Miscellaneous in 2015 and 2014;
- Street Fund Intergovernmental revenue was improperly classified as Property and Other Local Taxes in 2014;
- Police Bicycle Fund was improperly classified as a Permanent Fund instead of a Special Revenue Fund in 2015 and 2014;
- All fund balances were improperly classified as Unassigned in 2015 and 2014;
- TIF Revenue was improperly classified as Property and Other Local Taxes instead of Special Assessments in 2014;
- The sale of property was improperly recorded in the Capital Projects Fund instead of the General Fund (fund that originally purchased the property);
- Bond and bond anticipation notes proceeds in 2015 and 2014, respectively, and related debt service payments were not recorded in a Debt Service Fund (this change was not made to the financial statements; see Finding 2015-002);
- All activity relating to the Sale of Bonds was not recorded.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications (except as noted above).

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

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Management's Response – The Fiscal Officer will do research to determine proper posting of revenue and expenses.

VILLAGE OF SUNBURY
DELAWARE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-002

Material Weakness/Noncompliance

Ohio Rev. Code Section 5705.09 requires, in part, each subdivision to establish a bond retirement fund for the retirement of serial bonds, notes or certificates of indebtedness.

During 2015, the Village issued a bond refunding and did not record the activity in a debt service fund to account for the bond proceeds or the retirement of the bond and anticipation notes. During 2014, the Village issued bond anticipation notes to retire general obligation notes and did not record the activity in a debt service fund.

We recommend the Village establish a debt service fund to account for all bond activity. New funds established should be approved by Village Council and documented in the minutes.

Management's Response – A bond retirement fund has been set up.

FINDING NUMBER 2015-003

Noncompliance

Ohio Revised Code, § 5705.41(B), provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated. In 2015, we noted expenditures exceeding appropriations in the SHOWA TIF Fund and SB Mead Plaza TIF Fund due to not properly appropriating all activity relating to the Sale of Bonds.

We recommend the Fiscal Officer and Council review and amend appropriations whenever necessary to help reduce the possibility of expenditures exceeding appropriations, provided sufficient resources are available.

Management's Response – This will be correct in the future.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Financial Statement Errors	No	Repeated as Finding 2015-001
2013-002	Improper Expenditures out of Impact Fees Funds	Yes	N/A
2013-003	ORC 5705.14(D) – Unallowable Transfer	Yes	N/A



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
NOVEMBER 10, 2016