

VILLAGE OF PERRYSVILLE

ASHLAND COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2016 and 2015





Dave Yost • Auditor of State

Village Council
Village of Perrysville
PO Box 250
Perrysville, OH 44864

We have reviewed the *Independent Auditor's Report* of the Village of Perrysville, Ashland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Perrysville 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 10, 2017

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VILLAGE OF PERRYSVILLE
ASHLAND COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

Village of Perrysville
Ashland County
P.O. Box 250
Perrysville, OH 44864

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 Perrysville, Ashland County, (the Village) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

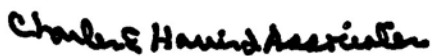
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2017, 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.



Charles E. Harris & Associates, Inc.
July 26, 2017

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY, OHIO

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
(REGULATORY CASH BASIS) ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2016**

	Governmental Fund Types		(Memorandum Only)
	General	Special Revenue	Total
RECEIPTS:			
Property and Other Local Taxes	\$ 23,655	\$ 6,310	\$ 29,965
Municipal Income Tax	198,889	-	198,889
Intergovernmental	37,370	29,791	67,161
Fines, Licenses and Permits	5,965	361	6,326
Earnings on Investments	777	36	813
Miscellaneous	15,910	92	16,002
Total Cash Receipts	282,566	36,590	319,156
DISBURSEMENTS:			
Current:			
Security of Persons and Property	82,338	-	82,338
Public Health Services	375	-	375
Leisure Time Activities	7,549	-	7,549
Transportation	32,141	18,655	50,796
General Government	143,238	-	143,238
Total Cash Disbursements	265,641	18,655	284,296
Cash Receipts Over/(Under) Cash Disbursements	16,925	17,935	34,860
Other Financing Sources (Uses):			
Advances-In	-	1,200	1,200
Advances-Out	(1,200)	-	(1,200)
Total Other Financing Sources (Uses)	(1,200)	1,200	-
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	15,725	19,135	34,860
Fund Cash Balance, January 1, 2016	276,625	43,471	320,096
Fund Cash Balances:			
Restricted	-	62,606	62,606
Assigned	81,858	-	81,858
Unassigned	210,492	-	210,492
Fund Cash Balance, December 31, 2016	\$ 292,350	\$ 62,606	\$ 354,956

See Accompanying Notes to the Financial Statements

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH
(REGULATORY CASH BASIS) ALL PROPRIETARY AND FIDUCIARY FUND TYPES
For the Year Ended December 31, 2016**

	Proprietary Fund Type	Fiduciary Fund Type	(Memorandum Only) Total
	Enterprise	Agency	
OPERATING CASH RECEIPTS:			
Charges for Services	\$ 248,777	-	\$ 248,777
Total Operating Cash Receipts	248,777	-	248,777
OPERATING CASH DISBURSEMENTS			
Personal Services	66,644	-	66,644
Employee Fringe Benefits	18,800	-	18,800
Contractual Services	25,665	-	25,665
Supplies and Materials	92,612	-	92,612
Total Operating Cash Disbursements	203,721	-	203,721
Operating Income (Loss)	45,056	-	45,056
NON OPERATING CASH RECEIPTS/ (DISBURSEMENTS)			
Mayor's Court Collections	-	\$ 9,947	9,947
Mayor's Court Disbursements	-	(9,619)	(9,619)
Special Assessments	1,335	-	1,335
Miscellaneous	482	-	482
Debt Service:			
Retirement of Principal	(35,409)	-	(35,409)
Interest and Fiscal Charges	(3,207)	-	(3,207)
Total Non Operating Cash Receipts/ (Disbursements)	(36,799)	328	(36,471)
Net Income (Loss)	8,257	328	8,585
Fund Cash Balance, January 1, 2016	186,156	564	186,720
Fund Cash Balance, December 31, 2016	\$ 194,413	\$ 892	\$ 195,305

See Accompanying Notes to the Financial Statements

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY, OHIO

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
(REGULATORY CASH BASIS) ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2015**

	Governmental Fund Types		(Memorandum Only)
	General	Special Revenue	Total
RECEIPTS:			
Property and Other Local Taxes	\$ 19,411	\$ 3,049	\$ 22,460
Municipal Income Tax	167,812	-	167,812
Intergovernmental	30,033	32,358	62,391
Fines, Licenses and Permits	2,886	185	3,071
Earnings on Investments	248	45	293
Miscellaneous	31,989	-	31,989
Total Cash Receipts	252,379	35,637	288,016
DISBURSEMENTS:			
Current:			
Security of Persons and Property	85,265	-	85,265
Public Health Services	146	-	146
Leisure Time Activities	6,290	-	6,290
Transportation	10,364	39,203	49,567
General Government	104,539	-	104,539
Capital Outlay	73,260	-	73,260
Total Cash Disbursements	279,864	39,203	319,067
Cash Receipts Over/(Under) Cash Disbursements	(27,485)	(3,566)	(31,051)
Fund Cash Balance, January 1, 2015 - Restated (See Note 12)	304,110	47,037	351,147
Fund Cash Balances:			
Restricted	-	43,471	43,471
Assigned	92,905	-	92,905
Unassigned	183,720	-	183,720
Fund Cash Balance, December 31, 2015	\$ 276,625	\$ 43,471	\$ 320,096

See Accompanying Notes to the Financial Statements

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY, OHIO

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
(REGULATORY CASH BASIS) ALL PROPRIETARY AND FIDUCIARY FUND TYPES
For the Year Ended December 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	(Memorandum Only) Total
	Enterprise	Agency	
OPERATING CASH RECEIPTS:			
Charges for Services	\$ 209,763	-	\$ 209,763
Total Operating Cash Receipts	209,763	-	209,763
OPERATING CASH DISBURSEMENTS			
Personal Services	75,385	-	75,385
Employee Fringe Benefits	18,269	-	18,269
Contractual Services	34,253	-	34,253
Supplies and Materials	59,037	-	59,037
Other	17	-	17
Total Operating Cash Disbursements	186,961	-	186,961
Operating Income (Loss)	22,802	-	22,802
NON OPERATING CASH RECEIPTS/ (DISBURSEMENTS)			
Mayor's Court Collections	-	\$ 5,011	5,011
Mayor's Court Disbursements	-	(4,748)	(4,748)
Proceeds from Loan	232,845	-	232,845
Intergovernmental	14,683	-	14,683
Miscellaneous	300	-	300
Capital Outlay	(202,666)	-	(202,666)
Debt Service:			
Retirement of Principal	(50,198)	-	(50,198)
Interest and Fiscal Charges	(2,587)	-	(2,587)
Total Non Operating Cash Receipts/ (Disbursements)	(7,623)	263	(7,360)
Net Income (Loss)	15,179	263	15,442
Fund Cash Balance, January 1, 2015	170,977	301	171,278
Fund Cash Balance, December 31, 2015	\$ 186,156	\$ 564	\$ 186,720

See Accompanying Notes to the Financial Statements

Village of Perrysville, Ohio
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 1 - Reporting Entity

The Village of Perrysville (the Village), Ashland County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street repair and maintenance, park operations and water and sewer utilities to the residents of the Village. The Green-Perrysville Joint Fire District provides fire protection services to the Village residents. The Village contracts with the Ashland County Sheriff's Department to provide security of persons and property.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, a public entity risk pool. Note 7 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Village of Perrysville, Ohio
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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 has no trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for Mayor's Court fines.

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

Village of Perrysville, Ohio
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

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 values common stock at fair value when donated. The investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

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

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.

Fund Balance

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

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

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

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. The Village may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Village of Perrysville, Ohio
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 2 - Summary of Significant Accounting Policies (continued)

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$22,491 for the year ended December 31, 2015.

Note 4 - Budgetary Activity

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$202,516	\$282,566	\$80,050
Special Revenue	38,094	36,590	(1,504)
Enterprise	261,600	250,594	(11,006)

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$295,421	\$265,641	\$29,780
Special Revenue	32,700	18,655	14,045
Enterprise	286,122	242,337	43,785

Village of Perrysville, Ohio
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 4 - Budgetary Activity (continued)

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$204,052	\$252,379	\$48,327
Special Revenue	41,400	35,637	(5,763)
Enterprise	452,175	457,591	5,416

2015 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$257,373	\$279,864	(\$22,491)
Special Revenue	40,760	39,203	1,557
Enterprise	485,665	442,412	43,253

Note 5 – 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:

	2016	2015
Demand deposits	\$372,070	\$279,941
Total deposits	372,070	279,941
Investments:		
STAR Ohio	172,657	221,341
Common stock (at donated value, fair value was \$15,723 at December 31, 2016)	5,534	5,534
Total investments	178,191	226,875
Total deposits and investments	\$550,261	\$506,816

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 are not evidenced by securities that exist in physical or book-entry form. The Village values common stock at fair value when donated.

Village of Perrysville, Ohio
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 6 – Taxes

Property Taxes

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

Income Taxes

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

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

Note 7 - Risk Management

Risk Pool Membership

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

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

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

Village of Perrysville, Ohio
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 7 - Risk Management (continued)

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

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

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

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

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

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Social Security

Several Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Village of Perrysville, Ohio
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 9 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

Note 10 – Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan - CT57E	\$ 1,319	0.00%
Anticipation Notes	29,070	3.75%
Ohio Water Development Authority Loan - 3931	52,484	0.00%
Ohio Water Development Authority Loan - 6305	55,692	2.00%
Ohio Water Development Authority Loan - 6932	227,467	0.57%
Total	<u>\$ 366,032</u>	

The Village borrowed \$3,300 from the Ohio Public Works Commission in 2005 [CT57E] to be repaid in semiannual installments, with no interest, out of the Sewer Fund.

The Village obtained Revenue and Bond anticipation notes from Farmers & Savings Bank for the purpose of improving the Village’s water system, sewer system, and streets as needed for a major employer of the Village. The street improvement and sewer system notes were originally issued in 1995 in the amounts of \$200,000 and \$115,000, respectively, and the water system note was originally issued in 1996 in the amount of \$635,000. The renewal of this note was on March 3, 2014 in the amount of \$61,310 at 3.75% interest rate.

The Village borrowed \$125,963 in 2006 from the Ohio Water Development Authority [OWDA], project loan number 3931, to be repaid in annual installments of \$6,998 at zero percent interest out of the Water Fund.

OWDA approved a loan for the Village sewer system improvement project in late 2012, project loan number 6305, with a maximum of \$64,832 for the construction portion of the project at an interest rate of 2%. The Village’s outstanding loan amount includes \$528 of capitalized interest as of December 31, 2016.

OWDA approved a loan for the Village water storage tank project in 2016; project loan number 6932, with a maximum of \$245,575 at an interest rate of .57%. No amortization schedule has been finalized by OWDA as of December 31, 2016. The Village’s outstanding loan amount includes \$427 of capitalized interest as of December 31, 2016.

Village of Perrysville, Ohio
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 10 – Debt (continued)

Amortization of the above debt is scheduled as follows:

Year ending Decemebr 31:	OPWC Loan - CT57E		
	Principal	Interest	Total
2017	\$ 165	\$ -	\$ 165
2018	165	-	165
2019	165	-	165
2020	165	-	165
2021	165	-	165
2022-2024	494	-	494
Total	<u>\$1,319</u>	<u>\$ -</u>	<u>\$1,319</u>

Year ending Decemebr 31:	Anticipation Note		
	Principal	Interest	Total
2017	\$ 12,611	\$ 875	\$ 13,486
2018	13,093	393	13,486
2019	3,366	21	3,387
Total	<u>\$29,070</u>	<u>\$1,289</u>	<u>\$30,359</u>

Year ending Decemebr 31:	OWDA Loan - 3931		
	Principal	Interest	Total
2017	\$ 6,998	\$ -	\$ 6,998
2018	6,998	-	6,998
2019	6,998	-	6,998
2020	6,998	-	6,998
2021	6,998	-	6,998
2022-2024	17,494	-	17,494
Total	<u>\$52,484</u>	<u>\$ -</u>	<u>\$52,484</u>

Year ending Decemebr 31:	OWDA Loan - 6305		
	Principal	Interest	Total
2017	\$ 2,780	\$ 1,100	\$ 3,880
2018	2,836	1,044	3,880
2019	2,893	987	3,880
2020	2,951	929	3,880
2021	3,011	869	3,880
2022-2026	15,986	3,414	19,400
2027-2031	17,660	1,740	19,400
2032-2033	7,575	185	7,760
Total	<u>\$55,692</u>	<u>\$10,268</u>	<u>\$65,960</u>

Village of Perrysville, Ohio
Ashland County
Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 11 – Contingent Liabilities

The Village may be a defendant in lawsuits. Although management cannot presently determine the outcome of any lawsuit, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 12 – Prior Period Adjustment

During the audit, it was noted that the Village has unrestricted donated stock from a prior year that is not included on the bank reconciliation or the fund balance. This resulted in the understatement of the fund balance of the Village.

	General <u>Fund</u>
General Fund balance - December 31, 2014	\$ 298,576
Adjustments:	
Donated Stock (Fair Value at date of donation)	<u>5,534</u>
Restated General Fund Balance - January 1, 2015	<u><u>\$ 304,110</u></u>

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Village of Perrysville
Ashland County
P.O. Box 250
Perrysville, OH 44864

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 cash balances, receipts, and disbursements by fund type of the Village of Perrysville, Ashland County (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated July 26, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2016-001 and 2016-003 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2016-002 described in the accompanying schedule of findings to be a significant deficiency.

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 2016-002 and 2016-004.

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 26, 2017.

Entity's Responses 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.



Charles E. Harris and Associates, Inc.

July 26, 2017

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY
SCHEDULE OF FINDINGS
December 31, 2016 and 2015

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

Finding Number 2016-001 – Material Weakness

During 2015 and 2016, the Village erroneously recorded numerous transactions. The more significant adjustments are as follows:

- During 2015 and 2016, Homestead and Rollback receipts were misclassified as Property Taxes revenue and Municipal Income Tax instead of Intergovernmental revenue.
- During 2015, the Village continued to draw down on several OWDA loans. As a result, amounts were paid directly to contractors, and the Village did not account for these funds in their accounting system as Proceeds from Loan and Capital Outlay. Further, an additional amount was incorrectly recorded as Special Assessments rather than Proceeds from Loan.
- During 2016, the Village paid the remaining balance on an OWDA loan with proceeds of a new OWDA loan. However, they did not record the payoff of the note and the proceeds of the new note as Principal Retirement and Proceeds from Loans.
- During 2016 and 2015, the Village did not properly show all Mayor's Court activity on the financial statements. The Village only recorded the revenue amounts that were remitted to the Village in the General Fund and the Mayor's Court Computer Fund. They did not show the actual receipts and disbursement through the Mayor's Court Agency Fund as required.
- During 2015, the Proceeds of Loan and corresponding Capital Outlay related to the water tank project were recorded in the General Fund instead of the Water Operating fund, as required.
- During 2016 and 2015, Gasoline Tax and Motor Vehicle License Tax were recorded in the General Fund instead of the being allocated 92.5% to Street, Construction, Maintenance and Repair fund and 7.5% to State Highway fund, as required by state statute.
- During 2015, numerous Municipal Income Tax receipts were booked as Charges for Services in the Water and Sewer funds rather than as Income Taxes in the General Fund.
- During 2015, some OWDA loan proceeds were recorded as Miscellaneous revenue in the General Fund instead of Proceeds of Loan in the Water Fund. Further, the corresponding expense was recorded as Other Financing Uses in the General Fund instead of Capital Outlay in the Water Fund.
- During 2016 and 2015, three of the four semi-annual real estate tax settlement receipts were booked at the net amount instead of being booked at the gross amount with a corresponding entry to record the tax collection fees (General Government).
- During 2015, debt service payments were not properly allocated between principal and interest.

Adjustments were made in the financial statements and the Village's records to reflect the proper presentation.

The Village Officers' Handbook and the UAN accounting system provide suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Village with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY
SCHEDULE OF FINDINGS - continued
December 31, 2016 and 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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Finding Number: 2016-001 – Material Weakness (continued)

We recommend that the Village refer to the Village Officer's Handbook and UAN accounting system, as well as guidance provided by the Auditor of State, to properly classify its transactions. We also recommend the Fiscal Officer review all reports compiled by UAN to ensure their accuracy.

Management Response:

See Corrective Action Plan

Finding Number 2016-002 – Noncompliance and Significant Deficiency

Ohio Administrative Code 117-2-02(C)(1) states in part: all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

Permanent appropriations plus amendments, as documented in the minute records and subsequently filed with the County Auditor, did not agree to the Village's computer system within several funds during the audit period. Further, amended Certificates of Estimated Resources did not agree to the Village's computer system within several funds during the audit period.

The Fiscal Officer should post amendments to appropriations upon 1) approval by Council per the minute records, and 2) receipt of the Certificate from the County Auditor that 'Appropriations did not Exceed Estimated Resources'. This may help ensure accurate information pertaining to the appropriations are recorded and reflected in budgetary reports so Council can properly monitor budgetary activity.

Further, the Fiscal Officer should post amendments to estimated resources when a new amended Certificate of Estimated Resources is requested and received from the County Auditor.

To enhance the Village's controls over budgetary processes, we recommend the original appropriations ordinance and budgeted revenue amounts be amended through Council ordinance/resolution and/or an amended Certificate of Estimated Resources to account for any budgetary adjustments throughout the fiscal year. The Village should not enter any appropriation or revenue budget amendments into the UAN system until they are formally approved by Village Council. Once this occurs, appropriation and revenue budget adjustments should be corrected in UAN to reflect the most recent information.

Management Response:

See Corrective Action Plan

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY
SCHEDULE OF FINDINGS - continued
December 31, 2016 and 2015

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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Finding Number: 2016-003 – Material Weakness

Cash Reconciliations

A bank to book reconciliation should be performed monthly and reviewed and approved by an individual with appropriate fiscal authority. The reconciliation of the Village's bank accounts with its cash ledgers is a necessary control procedure to adequately safeguard cash and to provide an accurate financial picture of the Village. As part of the bank reconciliation, all differences between the balance appearing on the financial statements and the balance of cash according to the Village's records should be accounted for.

The Village's bank accounts and fund balances were not reconciled during 2016 and 2015. The Village Fiscal Officer hired an external consultant with governmental experience to perform a proof-of-cash reconciliation for the two year audit period. Upon conclusion of the reconciliations being performed, the Village's books were understated each year. These adjustments were posted to the Village's financial accounting system and to the audited financial statements.

We recommend the Village implement procedures to help ensure that bank statements are reconciled to the Village's books in a timely manner. We further recommend the bank reconciliations be presented to the Finance Committee so they can sign off on them and present to the entire Council for approval on a monthly basis within the minute records. All reconciling amounts should be easily identifiable and explained.

Management Response:

See Corrective Action Plan

Finding Number: 2016-004 – Noncompliance

Disbursements Exceeding Appropriations

Ohio Revised Code Section 5705.41(B) requires that budgetary disbursements shall not exceed appropriations. In 2015, budgetary disbursements exceeded appropriation authority in the General Fund by \$22,491.

We recommend that the Village monitor its budget closely to prevent disbursements from exceeding appropriations.

Management Response:

See Corrective Action Plan

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2016 and 2015

FINDING NUMBER	FUNDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2014-001	Material Weakness – Audit Adjustments and Reclassifications: Various errors were noted in financial statements that required audit adjustments and reclassifications.	Not Corrected	Repeated as Finding 2016-001
2014-002	Significant Deficiency and Non-Compliance – Contrary to Ohio Administrative Code 117-2-02(C)(1), improper posting of budgetary information.	Not Corrected	Repeated as Finding 2016-002

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**CORRECTIVE ACTION PLAN
December 31, 2016 and 2015**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	The Fiscal Officer will use the Village Officer's Handbook to insure that transactions are classified correctly.	Immediately	Jackie Holland, Fiscal Officer
2016-002	The Fiscal Officer will become better educated on appropriation procedures, Amended Certificate procedures and properly entering budgetary information into UAN.	Immediately	Jackie Holland, Fiscal Officer
2016-003	The Fiscal Officer will implement procedures to reconcile bank statements in a timely manner, have them signed by the finance committee and present them monthly to council.	Immediately	Jackie Holland, Fiscal Officer
2016-004	The Fiscal Officer will closely monitor the budget to insure that disbursements do not exceed appropriations.	Immediately	Jackie Holland, Fiscal Officer

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Dave Yost • Auditor of State

VILLAGE OF PERRYSVILLE

ASHLAND 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
OCTOBER 24, 2017