



Dave Yost • Auditor of State

**VILLAGE OF PERRY
LAKE COUNTY
TABLE OF CONTENTS**

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types For year ended December 31, 2016.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type For year ended December 31, 2016.....	4
Notes to the 2016 Financial Statements.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types For year ended December 31, 2015.....	15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Fiduciary Fund Type For year ended December 31, 2015.....	16
Notes to the 2015 Financial Statements.....	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27
Schedule of Findings	29
Summary Schedule of Prior Audit Findings (Prepared by Management)	30

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Perry
Lake County
3758 Center Road, P.O. Box 100
Perry, Ohio 44081

To the Village Council and Mayor:

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 Village of Perry, Lake County, Ohio (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 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 such 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 (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, 2016 and 2015, and the respective changes in financial position 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 cash balances, receipts and disbursements by fund type, and related notes of Village of Perry, Lake County as of December 31, 2016 and 2015, 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 August 21, 2018, 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.



Dave Yost
Auditor of State
Columbus, Ohio

August 21, 2018

Village of Perry
Lake County, Ohio
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$66,528	\$0	\$0	\$0	\$66,528
Municipal Income Tax	816,421				816,421
Intergovernmental	124,063	83,684			207,747
Special Assessments	3,286	38,922			42,208
Charges for Services	86,693	80,479			167,172
Fines, Licenses and Permits	24,532	1,232			25,764
Earnings on Investments	1,269	6			1,275
Miscellaneous	27,187	14,843			42,030
<i>Total Cash Receipts</i>	<u>1,149,979</u>	<u>219,166</u>	<u>0</u>	<u>0</u>	<u>1,369,145</u>
Cash Disbursements					
Current:					
Security of Persons & Property	424,488	126,415			550,903
Public Health Services	6,451				6,451
Leisure Time Activities	23,559	4,597			28,156
Community Environment	6,785				6,785
Transportation	168,643	86,478			255,121
General Government	268,946	1,000			269,946
Capital Outlay	62,017			12,821	74,838
Debt Service:					
Principal Retirement	11,090		14,813		25,903
Interest and Fiscal Charges	95				95
<i>Total Cash Disbursements</i>	<u>972,074</u>	<u>218,490</u>	<u>14,813</u>	<u>12,821</u>	<u>1,218,198</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>177,905</u>	<u>676</u>	<u>(14,813)</u>	<u>(12,821)</u>	<u>150,947</u>
Other Financing Receipts (Disbursements)					
Transfers In		216,000	14,813		230,813
Transfers Out	(230,813)				(230,813)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(230,813)</u>	<u>216,000</u>	<u>14,813</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(52,908)</u>	<u>216,676</u>	<u>0</u>	<u>(12,821)</u>	<u>150,947</u>
<i>Fund Cash Balances, January 1</i>	<u>500,805</u>	<u>138,511</u>	<u>0</u>	<u>14,630</u>	<u>653,946</u>
Fund Cash Balances, December 31					
Restricted		353,405		1,809	355,214
Committed		1,782			1,782
Assigned	267,649				267,649
Unassigned (Deficit)	180,248				180,248
<i>Fund Cash Balances, December 31</i>	<u>\$447,897</u>	<u>\$355,187</u>	<u>\$0</u>	<u>\$1,809</u>	<u>\$804,893</u>

See accompanying notes to the basic financial statements

Village of Perry
Lake County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2016

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
Fines and Costs	\$38,005
<i>Total Operating Cash Receipts</i>	38,005
 Operating Cash Disbursements	
Jedd distributions	403,736
Court distributions	35,875
<i>Total Operating Cash Disbursements</i>	439,611
<i>Operating Income (Loss)</i>	(401,606)
 Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	403,736
<i>Total Non-Operating Receipts (Disbursements)</i>	403,736
<i>Net Change in Fund Cash Balances</i>	2,130
<i>Fund Cash Balances, January 1</i>	7,470
<i>Fund Cash Balances, December 31</i>	\$9,600

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

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Perry (the Village), Lake 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 government including maintenance of roads, zoning and police services. The Village contracts with the Lake County Sheriff's department to provide dispatching for the police department for the security of persons and property. The Village is a member of the Perry Joint Fire District to receive EMS and fire protection services.

Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in jointly governed organizations, and a public entity risk pool. Notes 6 and 11 to the financial statements provides additional information for these entities.

Public Entity Risk Pool:

Public Entities Risk Pool of Ohio – Note 6

Joint Governed Organizations:

Perry Joint Economic Development District – Note 11

Perry Joint Fire District – Note 12

Northeast Ohio Public Energy Council (NOPEC) – Note 11

Perry Area Recreation Board- Note 11

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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and 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.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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.

Street Lighting Fund - This fund receives property assessment money for constructing, maintaining, repairing and operating Village street light.

School Resource Officer (SRO) - This fund receives money transfer from General Fund and Perry Local School to provide two police officers in the school.

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 Funds:

Debt Service - This fund received proceeds from the financing agreement with the Perry Joint Economic Development District (JEDD) and is used to make debt payments.

Debt Service – Center Rd. This fund receives money from the General Fund to make debt payments for the Center Rd. reconstruction improvements.

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

Capital Project Fund – This fund receives transfers from the General Fund for capital projects.

Capital Equipment Fund - This fund received transfer from the General Fund for capital equipment purchased by 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 funds account for Mayor's Court and JEDD Income Tax. The Mayor's Court Fund holds deposits which consist of mayor's court fines and fees. A portion of these revenues are paid to the Village's General Fund and the remainder is remitted to the State of Ohio and Painesville Municipal Court. The JEDD Income Tax Fund receives income tax revenue collected from the Regional Income Tax Agency received by the Village of Perry that belongs to the JEDD.

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 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).

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 fund or function level of control and appropriations may not exceed estimated resources. The 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 carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting

A summary of 2016 budgetary activity appears in Note 3.

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.

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.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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.

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.

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 - Budgetary Activity

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,084,057	\$1,149,979	\$65,922
Special Revenue	424,480	435,166	10,686
Debt Service	17,313	14,813	(2,500)
Capital Projects	0	0	0
Total	\$1,525,850	\$1,599,958	\$74,108

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,338,229	\$1,202,887	\$135,342
Special Revenue	467,700	218,490	249,210
Debt Service	17,313	14,813	2,500
Capital Projects	14,629	12,821	1,808
Total	\$1,837,871	\$1,449,011	\$388,860

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – 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:

	<u>2016</u>
Demand deposits	\$62,884
Andover Money Market	346,294
Erie Bank Money Market	<u>386,132</u>
Total deposits	<u>795,310</u>
STAR Ohio	19,183
Total investments	<u>19,183</u>
Total deposits and investments	<u><u>\$814,493</u></u>

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

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

Note 5 – 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 2 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 estimate taxes quarterly and file a declaration annually.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management

Risk Pool Membership

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

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Government's share of these unpaid claims collectible in future years is approximately \$18,000

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

2016 Contributions to PEP
\$28,927

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Full-time and Part-time 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. 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.

All Village part-time police officers are excluded from OP&F.

Ohio Police and Fire Retirement System

Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages respectively. The Village has paid all contributions required through December 31, 2016.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 10 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Public Works Issue II Loan	\$135,438	0%
Ohio Public Works -Center Rd. Reconstruction	\$97,500	0%
Total	\$232,938	

The Ohio Public Works Commission (OPWC) Loan is related to water, sanitary and storm sewer line improvements. This no-interest loan was issued in 2006. In the amount of \$246,250, and will be repaid in semi-annually installments of \$6,156 over 20 years. The first payment was due January 1, 2008.

The Ohio Public Works Commission (OPWC) Loan is related to Center Road reconstruction improvements. This no-interest loan was issued in 2015. In the amount of \$100,000; and will be repaid in semi-annually installments of \$2,500 over 20 years. The first payment was due July 1, 2016.

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

	OPWC Water- Sewer Loan	OPWC- Center Road Loan
Year ending December 31:		
2017	12,313	5,000
2018	12,313	5,000
2019	12,313	5,000
2020	12,313	5,000
2021	12,313	5,000
2022-2026	61,565	25,000
2027-2031	12,308	25,000
2031-3036	0	22,500
Total	\$135,438	\$97,500

Note 11–Jointly Governed Organizations

Perry Joint Economic Development District

The Perry Joint Economic Development District was incorporated on August 25, 2000, under the authority of the Ohio Revised Code Section 715.72 through 715.83. The District was comprised of Perry Township and the Village of Perry. On September 12, 2002, the North Perry Village became a member of the District. The District operates under an appointed five-member Board of Directors established in accordance with Ohio Revised Code Section 715.78(A). The District was formed to advance, encourage and promote the industrial, economic, commercial and civic development of the area.

Perry Joint Fire District

The Perry Joint Fire District was created on September 27, 2002, by a joint resolution passed by Perry Township, Village of Perry and North Perry Village. This District is directed by an appointed six-member Board of Councils. Two board members are appointed by each political subdivision within the District of which one member is required to be an elected official from each entity. The District provides fire protection and rescue services within the District.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Northeast Ohio Public Energy Council (NOPEC)

The Village is a member of the Northeast Ohio Public Energy Council (“NOPEC”), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity and/or natural gas on behalf of their citizens. The intent of NOPEC is provide electricity and/or natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and/or natural gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each County then elect one person to serve on the eight-member NOPEC Board of Directors. The Board of Directors oversees and manages the operation of the aggregation program. The degree of control exercised by a participating government is limited to its representation in the General Assembly and on the Board of Director. The Village did not contribute to NOPEC in 2016. Financial information can be obtained by contacting NOPEC, 31320 Solon Road, Solon, Ohio 44139.

Perry Area Recreation Board

The Village participates on the Perry Area Recreation Board along with North Perry Village, Perry Township and Perry Local Schools to provide recreational opportunities for their citizens.

Note 12 – Subsequent Events

The Auditor of State is currently conducting an investigation related to the Village. As of the date of this report, the investigation is ongoing. Depending on the outcome, the results of the investigation may be reported at a later date.

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Village of Perry
Lake County, Ohio
Combined Statement of Receipts, Disbursements and
Changes in Fund Balances (Regulatory 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	\$66,225	\$0	\$0	\$0	\$66,225
Municipal Income Tax	726,242				726,242
Intergovernmental	127,278	298,429			425,707
Special Assessments	1,208	40,388			41,596
Charges for Services	91,009	79,999			171,008
Fines, Licenses and Permits	29,348	1,988			31,336
Earnings on Investments	926	10			936
Miscellaneous	24,736	6,069			30,805
Total Cash Receipts	1,066,972	426,883	0	0	1,493,855
Cash Disbursements					
Current:					
Security of Persons & Property	460,280	130,890			591,170
Public Health Services	11,831				11,831
Leisure Time Activities	18,401	2,801			21,202
Community Environment	5,721				5,721
Transportation	142,622	419,749			562,371
General Government	213,991	6,000			219,991
Capital Outlay		2,606		34,806	37,412
Debt Service:					
Principal Retirement	5,808		12,313		18,121
Interest and Fiscal Charges	464				464
Total Cash Disbursements	859,118	562,046	12,313	34,806	1,468,283
Excess of Receipts Over (Under) Disbursements	207,854	(135,163)	(12,313)	(34,806)	25,572
Other Financing Receipts (Disbursements)					
Transfers In		139,491	12,313		151,804
Transfers Out	(151,804)				(151,804)
Total Other Financing Receipts (Disbursements)	(151,804)	139,491	12,313	0	0
Net Change in Fund Cash Balances	56,050	4,328	0	(34,806)	25,572
Fund Cash Balances, January 1	444,755	134,183	0	49,436	628,374
Fund Cash Balances, December 31					
Restricted		135,910		14,630	150,540
Committed		2,601			2,601
Assigned	317,632				317,632
Unassigned (Deficit)	183,173				183,173
Fund Cash Balances, December 31	\$500,805	\$138,511	\$0	\$14,630	\$653,946

See accompanying notes to the basic financial statements

Village of Perry
Lake County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2015

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
Fines, Forfeitures and Costs	\$31,200
<i>Total Operating Cash Receipts</i>	31,200
 Operating Cash Disbursements	
Jedd distributions	225,817
Court distributions	27,970
	253,787
<i>Total Operating Cash Disbursements</i>	253,787
<i>Operating Income (Loss)</i>	<i>(222,587)</i>
 Non-Operating Receipts (Disbursements)	
Property and Other Local Taxes	225,817
	225,817
<i>Total Non-Operating Receipts (Disbursements)</i>	225,817
 <i>Net Change in Fund Cash Balances</i>	3,230
 <i>Fund Cash Balances, January 1</i>	4,240
 <i>Fund Cash Balances, December 31</i>	\$7,470

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

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 - Reporting Entity

The Village of Perry (the Village), Lake 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 government including maintenance of roads, zoning and police services. The Village contracts with the Lake County Sheriff's department to provide dispatching for the police department for the security of persons and property. The Village is a member of the Perry Joint Fire District to receive EMS and fire protection services.

Public Entity Risk Pools and Jointly Governed Organizations.

The Village participates in jointly governed organizations, and a public entity risk pool. Notes 6, and 11 to the financial statements provides additional information for these entities.

Public Entity Risk Pool:

Public Entities Risk Pool of Ohio – Note 6

Joint Governed Organizations:

Perry Joint Economic Development District – Note 11

Perry Joint Fire District – Note 12

Northeast Ohio Public Energy Council (NOPEC) – Note 11

Perry Area Recreation Board- Note 11

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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary and 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.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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.

Street Lighting Fund - This fund receives property assessment money for constructing, maintaining, repairing and operating Village street light.

School Resource Officer (SRO) - This fund receives money transfer from General Fund and Perry Local School to provide two police officers in the school.

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 Funds:

Debt Service - This fund received proceeds from the financing agreement with the Perry Joint Economic Development District (JEDD) and is used to make debt payments.

Debt Service – Center Rd. This fund receives money from the General Fund to make debt payments for the Center Rd. reconstruction improvements.

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

Capital Project Fund – This fund receives transfers from the General Fund for capital projects.

Capital Equipment Fund - This fund received transfer from the General Fund for capital equipment purchased by 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 funds account for Mayor's Court and JEDD Income Tax. The Mayor's Court Fund holds deposits which consist of mayor's court fines and fees. A portion of these revenues are paid to the Village's General Fund and the remainder is remitted to the State of Ohio and Painesville Municipal Court. The JEDD Income Tax Fund receives income tax revenue collected from the Regional Income Tax Agency received by the Village of Perry that belongs to the JEDD.

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 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).

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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 fund or function level of control and appropriations may not exceed estimated resources. The 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 carried over, and need not be reappropriated. The Village did not use the encumbrance method of accounting.

A summary of 2015 budgetary activity appears in Note 3.

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.

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.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

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.

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.

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 - Budgetary Activity

Budgetary activity for the year ending 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$833,240	\$1,066,972	\$233,732
Special Revenue	549,418	566,374	16,956
Debt Service	12,313	12,313	0
Total	\$1,394,971	\$1,645,659	\$250,688

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,143,291	\$1,010,922	\$132,369
Special Revenue	595,042	562,046	32,996
Debt Service	12,313	12,313	0
Capital Projects	45,000	34,806	10,194
Total	\$1,795,646	\$1,620,087	\$175,559

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 4 – 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:

	<u>2015</u>
Demand deposits	\$109,804
Andover Bank Money Market	1,000
Huntigton Bank	146,170
Lake Natl. Bank Money Market	<u>385,362</u>
Total deposits	<u>642,336</u>
STAR Ohio investment	<u>19,080</u>
Total deposits and investments	<u><u>\$661,416</u></u>

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

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

Note 5 – 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 2 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 estimate taxes quarterly and file a declaration annually.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 6 - Risk Management

Risk Pool Membership

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

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs (if material).

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Village.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015.

	2015
Assets	\$38,307,677
Liabilities	<u>(12,759,127)</u>
Net Position	<u>\$25,548,550</u>

At December 31, 2015, respectively, the liabilities above include approximately \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$18,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

2015 Contributions to PEP
\$28,275

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Full-time and Part-time 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. 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, 2015.

All Village part-time police officers are excluded from OP&F.

Ohio Police and Fire Retirement System

Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages respectively. The Village has paid all contributions required through December 31, 2015.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 10 – Debt

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Ohio Public Works Issue II Loan	\$135,438	0%

The Ohio Public Works Issue II Loan is related to water, sanitary and storm sewer line improvements. This no-interest loan was issued in 2006. In the amount of \$246,250, and will be repaid in semi-annually installments of \$6,156 over 20 years. The first payment was due January 1, 2008.

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

Year ending December 31:	OPWC Water- Sewer Loan
2016	\$12,313
2017	12,313
2018	12,313
2019	12,313
2020	12,313
2021	12,313
2022-2026	61,565
2027-2031	12,307
Total	\$147,750

Note 11 –Jointly Governed Organizations

Perry Joint Economic Development District

The Perry Joint Economic Development District was incorporated on August 25, 2000, under the authority of the Ohio Revised Code Section 715.72 through 715.83. The District was comprised of Perry Township and the Village of Perry. On September 12, 2002, the North Perry Village became a member of the District. The District operates under an appointed five-member Board of Directors established in accordance with Ohio Revised Code Section 715.78(A). The District was formed to advance, encourage and promote the industrial, economic, commercial and civic development of the area.

Perry Joint Fire District

The Perry Joint Fire District was created on September 27, 2002, by a joint resolution passed by Perry Township, Village of Perry and North Perry Village. This District is directed by an appointed six-member Board of Councils. Two board members are appointed by each political subdivision within the District of which one member is required to be an elected official from each entity. The District provides fire protection and rescue services within the District.

Village of Perry, Ohio
Lake County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Northeast Ohio Public Energy Council (NOPEC)

The Village is a member of the Northeast Ohio Public Energy Council (“NOPEC”), a jointly governed organization. NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity and/or natural gas on behalf of their citizens. The intent of NOPEC is provide electricity and/or natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and/or natural gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each County then elect one person to serve on the eight-member NOPEC Board of Directors. The Board of Directors oversees and manages the operation of the aggregation program. The degree of control exercised by a participating government is limited to its representation in the General Assembly and on the Board of Director. The Village did not contribute to NOPEC in 2015. Financial information can be obtained by contacting NOPEC, 31320 Solon Road, Solon, Ohio 44139.

Perry Area Recreation Board

The Village participates on the Perry Area Recreation Board along with North Perry Village, Perry Township and Perry Local Schools to provide recreational opportunities for their citizens.

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Dave Yost • Auditor of State

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

Village of Perry
Lake County
3758 Center Road
P.O. Box 100
Perry, Ohio 44081

To the Village Council and Mayor:

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 Perry, Lake 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 August 21, 2018 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2016-001 to be a significant deficiency.

Compliance and Other Matters

As part of 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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 report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 21, 2018

VILLAGE OF PERRY
LAKE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 3016 and 2015

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

1. Financial Reporting

<i>Finding Number</i>	2016-001
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SIGNIFICANT DEFICIENCY

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were noted and corrected in the accounting records and financial statements by management:

- In 2015 and 2016, \$317,632 and \$267,649 respectively was posted as Unassigned fund balance in the General fund instead of Assigned fund balance for subsequent year appropriations exceeding estimated resources.
- In 2015 and 2016 the Village did not record Mayor Court receipts or disbursement activity to the Mayor's Court Agency Fund. For 2015 the Agency fund balance of \$4,240 was not carried forward and \$31,200 and \$27,970 respectively in receipts and disbursements were not posted. For 2016 \$38,005 and \$35,875 respectively in receipts and disbursements were not posted. All Village Fines and Cost were posted properly to General fund.

In addition to the adjustments listed above, we also identified additional misstatements ranging from \$6,560 to \$166 that we have brought to the Village's attention.

The failure to accurately record revenues and expenditures to the proper line items or funds can result in misstatements to the financial statements. The lack of accurate record keeping may prevent the city from receiving and depositing funds collected or due or expending money that is not available, appropriated or otherwise restricted all of which could result in potential misstatement of financial statement amounts.

We recommend the Village use the UAN Chart of Accounts as a source of information regarding the proper recording of revenue and expenditure transactions. Additionally, the Village Council should review monthly financial reports and cash reconciliations from the Fiscal Officer for changes in anticipated revenue and for accuracy and completeness of expenditures and transfers. Discrepancies should be investigated and corrected in a timely manner.

Official's Response: The Fiscal Officer will take this finding under advisement and will strive to classify to proper accounts in the future.



VILLAGE OF PERRY

3758 CENTER ROAD P.O. BOX 100

PERRY, OHIO 44081

PHONE: (440) 259-2671

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2016 AND 2015

Finding Number	Finding Summary	Status	Additional Information
2014-001	Mayor's Court Records	Partially Corrected	Court activity was not recorded in the UAN accounting software for the Mayor's Court Agency fund. Repeat in Finding 2016-001.
2014-002	Mayor's Court Monthly Reports	Fully Corrected	
2014-003	Failure to Post Transactions Correctly	Not Corrected	Court activity was not recorded in the UAN accounting software in Mayor's Court Agency fund and other posting errors Repeat as Finding 2016-001
2014-004	Segregation of Duties	Fully Corrected	
2014-005	Mayor's Court Bank Account	Partially Corrected	Village has not been able to locate records to determine source of funds to properly disburse \$6,800 in Mayor's Court bank account. Repeat as Management Letter Comment.



Dave Yost • Auditor of State

VILLAGE OF PERRY

LAKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 4, 2018