
ALGER & ASSOCIATES, LLC



VILLAGE OF PERRYSVILLE

ASHLAND COUNTY

REGULAR AUDIT

A&A

FOR THE YEARS ENDED

DECEMBER 31, 2010 & 2009



Dave Yost • Auditor of State

Village Council
Village of Perrysville
P.O. Box 250
Perrysville, Ohio 44864

We have reviewed the *Independent Accountants' Report* of the Village of Perrysville, Ashland County, prepared by Alger & Associates, LLC, for the audit period January 1, 2009 through December 31, 2010. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 24, 2011

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types - For the Year Ended December 31, 2010	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types - For the Year Ended December 31, 2009	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings	19
Schedule of Prior Audit Findings	23

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ALGER & ASSOCIATES, LLC

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

Village of Perrysville
P.O. Box 250
Perrysville, Ohio 44864

To the Village Council:

We have audited the accompanying financial statements of the Village of Perrysville, Ashland County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position or cash flows, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Perrysville, Ashland County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Property and Local Taxes	\$32,484	\$7,555	\$40,039
Municipal Income Tax	181,347	0	181,347
Intergovernmental	43,068	23,854	66,922
Fines, Licenses and Permits	2,733	0	2,733
Earnings on Investments	68	68	136
Miscellaneous	7,876	0	7,876
Total Cash Receipts	267,576	31,477	299,053
Cash Disbursements:			
Current:			
Security of Persons & Property	85,899	0	85,899
Public Health Services	349	0	349
Leisure Time Activities	2,625	0	2,625
Transportation	3,420	39,467	42,887
General Government	146,264	0	146,264
Capital Outlay	0	2,867	2,867
Total Cash Disbursements	238,557	42,334	280,891
Total Receipts Over/(Under) Disbursements	29,019	(10,857)	18,162
Other Financing Receipts/(Disbursements):			
Transfers-In	0	17,345	17,345
Transfers-Out	(17,345)	0	(17,345)
Total Other Financing Receipts/(Disbursements)	(17,345)	17,345	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	11,674	6,488	18,162
Fund Cash Balance, January 1	119,448	24,264	143,712
Fund Cash Balance, December 31	\$131,122	\$30,752	\$161,874

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

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$218,335
Total Operating Cash Receipts	218,335
Operating Cash Disbursements:	
Current:	
Personal Services	65,770
Employee Fringe Benefits	17,916
Contractual Services	27,151
Supplies and Materials	56,592
Other	22,750
	219,179
Total Operating Cash Disbursements	190,179
Operating Income/(Loss)	28,156
Non-Operating Receipts/Disbursements	
Special Assessments	32,550
Miscellaneous Receipts	651
Principal Payment	(23,891)
Interest and Other Fiscal Charges	(3,926)
	5,384
Total Non-Operating Receipts/Disbursements	5,384
Income/(Loss)	33,540
Fund Cash Balance, January 1	85,467
Fund Cash Balance, December 31	\$119,007

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

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Property and Local Taxes	\$33,715	\$29,141	\$62,856
Municipal Income Tax	170,729	0	170,729
Intergovernmental	48,929	28,874	77,803
Fines, Licenses and Permits	2,130	0	2,130
Earnings on Investments	286	282	568
Miscellaneous	2,086	0	2,086
Total Cash Receipts	257,875	58,297	316,172
Cash Disbursements:			
Current:			
Security of Persons & Property	86,474	0	86,474
Public Health Services	381	0	381
Leisure Time Activities	4,981	0	4,981
Transportation	3,315	52,526	55,841
General Government	136,009	0	136,009
Total Cash Disbursements	231,160	52,526	283,686
Total Receipts Over/(Under) Disbursements	26,715	5,771	32,486
Other Financing Receipts/(Disbursements):			
Other Financing Sources	2,237	473	2,710
Other Financing Uses	0	(3,742)	(3,742)
Advances-In	21,806	21,806	43,612
Advances-Out	(21,806)	(21,806)	(43,612)
Total Other Financing Receipts/(Disbursements)	2,237	(3,269)	(1,032)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	28,952	2,502	31,454
Fund Cash Balance, January 1	90,496	21,762	112,258
Fund Cash Balance, December 31	\$119,448	\$24,264	\$143,712

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

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$202,209
Total Operating Cash Receipts	202,209
Operating Cash Disbursements:	
Current:	
Personal Services	63,292
Employee Fringe Benefits	16,067
Contractual Services	25,307
Supplies and Materials	66,028
Total Operating Cash Disbursements	170,694
Operating Income	31,515
Non-Operating Receipts/Disbursements	
Miscellaneous Receipts	355
Note Proceeds	118,000
Redemption of Principal	(118,000)
Principal Payment	(30,611)
Interest and Other Fiscal Charges	(7,951)
Total Non-Operating Receipts/Disbursements	(38,207)
Income/(Loss)	
Before Other Financing Source	(6,692)
Other Financing Source	1,032
Fund Cash Balance, January 1	91,127
Fund Cash Balance, December 31	\$85,467

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

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Perrysville, Ashland County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police and fire services

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

B. Accounting Basis

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

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

C. Deposits and Investments

The Village had no investments during the audit period.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies – (continued)

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. 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:

Water Fund- This fund receives charges for services from residents to cover water service costs.

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

E. Budgetary Process

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

1. Appropriations

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

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies – (continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. 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.

2. Equity in Pooled Deposits and Investments

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$280,881	\$229,178

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$250,678	\$267,576	\$16,898
Special Revenue	54,545	48,822	(5,723)
Enterprise	359,304	251,536	(107,768)
Total	\$664,527	\$567,934	(\$96,593)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$370,596	\$255,902	\$114,694
Special Revenue	35,245	42,334	(7,089)
Enterprise	223,023	217,996	5,027
Total	\$628,864	\$516,232	\$112,632

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$288,617	\$260,112	(\$28,505)
Special Revenue	84,826	58,770	(26,056)
Enterprise	416,432	321,596	(94,836)
Total	\$789,875	\$640,478	(\$149,397)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$297,239	\$231,160	\$66,079
Special Revenue	62,650	56,268	6,382
Enterprise	328,160	327,256	904
Total	\$688,049	\$614,684	\$73,365

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction Maintenance and Repair fund by \$8,567, the City Permissive Tax fund by \$2,867, and the Permissive Sales Tax fund by \$2,867 for the year ended December 31, 2010. For 2009, budgetary expenditures exceeded appropriation authority in the FEMA fund by \$3,742, and the City Permissive Tax fund by \$1,805.

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (continued)

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund by \$470 for the year ended December 31, 2010 for the year ended December 31, 2009.

Also contrary to Ohio law the Village did not always certify funds were available at the time of commitment.

4. Property Tax

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

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

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

5. Local Income Tax

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

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

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Debt

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	\$37,500	0.0%
Anticipation Notes	93,075	4.0%
Fire Department Equipment		
Ohio Water Development Authority	94,472	0.0%
Ohio Public Works Commission	2,313	0.0%
 Total	 \$227,358	

The Village obtained an Ohio Public Works Commission (OPWC) project loan during 1996 in the amount of \$150,000 for the purpose of improving the Village water system based on mandates from the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments, with no interest, over fifteen years. Final maturity on the loan will be in 2015. This loan had previously been paid out of the General Fund and as of January 2009 this debt is now being paid out of the Enterprise Fund which services the debt.

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. These anticipation notes are being renewed on an annual basis with a portion of the principal being redeemed each year. The renewal of this note was on March 25, 2009 in the amount of \$108,000 at 4% interest rate. This debt had originally been paid out of the Debt Service Fund and as of January 1, 2009 this debt is being paid out of the Enterprise Fund which services the debt.

The Village borrowed \$125,963 in 2006 from the Ohio Water Development Authority to be repaid in annual installments of \$6,998 at zero percent interest.

The Village borrowed \$184,912 to purchase a fire truck. The interest rate is 4.00 percent per annum. The Village transferred the loan to the Green-Perrysville Joint Fire District as of April 1, 2008. No payments were made from the Village during the audit period.

The Village borrowed \$3,300 from the Ohio Public Works Commission in 2005 to be repaid in semiannual payments of \$165 at zero percent interest.

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Debt - (continued)

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

Year Ending <u>December 31, 2010</u>	<u>Ohio Public Works Commission</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$7,500	\$ -	\$7,500
2012	7,500	-	7,500
2013	7,500	-	7,500
2014	7,500	-	7,500
2015	7,500	-	7,500
Total	\$37,500	\$0	\$37,500

Year Ending <u>December 31, 2010</u>	<u>Anticipation Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$9,606	\$3,548	\$13,154
2012	9,988	3,166	13,154
2013	10,404	2,750	13,2154
2014	63,077	819	63,896
Total	\$93,075	\$10,283	\$103,358

Year Ending <u>December 31, 2010</u>	<u>Ohio Water Development Authority</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$6,998	\$ -	\$6,998
2012	6,998	-	6,998
2013	6,998	-	6,998
2014	6,998	-	6,998
2015	6,998	-	6,998
2016-2020	34,990	-	34,990
2021-2024	24,493	-	24,493
Total	\$94,472	\$0	\$94,472

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Debt - (continued)

Year Ending <u>December 31, 2010</u>	<u>Ohio Public Works Commission</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$165	\$ -	\$165
2012	165	-	165
2013	165	-	165
2014	165	-	165
2015	165	-	165
2016-2020	825	-	825
2021-2025	663	-	663
Total	<u>\$2,313</u>	<u>\$0</u>	<u>\$2,313</u>

7. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2010 and 2009, 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, 2010.

8. Risk Management

Through December 31, 2008, the Village belonged to 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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors.

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. Risk Management (continued)

The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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 overages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 17.5% (15% through October 31, 2009) 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 725 members as of December 31, 2009. The Government participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio.

Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 60 members as of December 31, 2009. The Village does not participate in this coverage.

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 retained earnings at December 31: 2009 and 2008 (the latest information available), and include amounts for both OPRM and OPHC:

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)

8. Risk Management (continued)

	2009 OPRM	2009 OPHC	2009	2008
Assets	\$11,176,186	\$1,358,802	\$12,534,988	\$10,471,114
Liabilities	(\$4,852,485)	(\$1,253,617)	(\$6,106,102)	(\$5,286,781)
Members' Equity	\$6,323,701	\$105,185	\$6,428,886	\$5,184,333

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



ALGER & ASSOCIATES, LLC

Certified Public Accountants

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

Village of Perrysville
P.O. Box 250
Perrysville, Ohio 44864

To the Village Council:

We have audited the financial statements of the Village of Perrysville, Ashland County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 26, 2011 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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 is described in the accompanying schedule of findings as items 2010-001 through 2010-004.

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 response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Trustees and others within the Village. We intend it for no one other than these specified parties

Alger & Associates, LLC
July 26, 2011

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

Non-compliance Citation

Ohio Rev. Code Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation...has been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances.

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

1. Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made "then" at the time that he is completing his certification "now", sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority

FINDING NUMBER 2010-001 – (continued)

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

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

During 2009, 25% (5/20) and 10% (2/10) of the purchase orders tested had Certification dates later than the vendor's invoice date. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should precede the invoice date.

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

We recommend that the Village certify all purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language as set forth in 5705.41(D) (1) to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied.

The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Implementation of the recommendation may help the Village come into compliance with the Ohio Revised Code.

FINDING NUMBER 2010-002

Non-compliance Citation

Ohio Rev. Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Total Appropriations exceed the total certified resources in the General fund by \$470 as of December 31, 2010.

Appropriations in excess of estimated resources could result in overspending, leading to negative fund balances. The Village should ensure appropriations and estimated resources are monitored, and that revisions are made as necessary.

FINDING NUMBER 2010-003

Non-compliance Citation

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. As of December 31, 2010 and 2009, the following funds had expenditures in excess of appropriations:

<u>2010</u> <u>Fund(Fund Number)</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Street Construction Maintenance & Repair	\$29,895	\$38,462	(\$8,567)
City Permissive Tax	0	2,867	(2,867)
Permissive Sales Tax	0	2,867	(2,867)

<u>2009</u> <u>Fund(Fund Number)</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
FEMA	\$0	\$3,742	(\$3,742)
City Permissive Tax	20,000	21,805	(1,805)

This situation increases the likelihood that deficit spending could occur. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2010-004

Non-Compliance Citation

Ohio Rev. Code Section 149.351 provides a general prohibition against the destruction or damage of public records.

Ohio Rev. Code Section 149.351(A) state, in pertinent part, "All records are the property of the public office and shall not be mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code..."

Utility payment stubs was not available for examination. By not retaining documentation, the Village is unable to provide sufficient documentation supporting the charges incurred.

We recommend the Village adhere to the Revised Code Section described above.

Fiscal Officer's Response:

Finding 2010-001:

The Fiscal Officer has begun to implement the "Then & Now" Certificate when necessary and will begin posting the approved commitments to the appropriation code to reduce the availability.

Finding 2010-002:

Fiscal Officer will work to prevent exceeding estimated resources.

Finding 2010-003:

Fiscal Officer will work to prevent exceeding appropriations.

Finding 201-004:

The Fiscal Officer was following the previous practices of the Clerk/Treasurer; since notification from auditing firm, utility payment stubs have been retained for public record.

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Revised Code 5705.41(B) – no subdivision or taxing unit is to expend money unless it has been properly appropriated.	Yes	Repeated as finding number 2010-003
2008-002	Ohio Revised Code 5705.39 – Appropriations are limited by estimated resources	Yes	Repeated as finding number 2010-002

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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
NOVEMBER 10, 2011