



***VILLAGE OF SYRACUSE
MEIGS COUNTY***

Regular Audit

**For the Years Ended
December 31, 2015 and 2014**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Dave Yost • Auditor of State

Village Council
Village of Syracuse
PO Box 266
Syracuse, Ohio 45779

We have reviewed the *Independent Auditor's Report* of the Village of Syracuse, Meigs County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Syracuse is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 12, 2016

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Independent Auditor's Report

Village of Syracuse
Meigs County
P.O. Box 266
Syracuse, OH 45779

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Syracuse, Meigs County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 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 American (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Syracuse, Meigs County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permits, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 21, 2016 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

April 21, 2016

VILLAGE OF SYRACUSE, MEIGS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2015

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
<u>Cash Receipts:</u>			
Property and Local Taxes	\$35,016	\$41,240	\$76,256
Intergovernmental	43,611	135,601	179,212
Charges for Service	0	20,547	20,547
Fines, Licenses, and Permits	14,122	410	14,532
Earnings on Investments	778	172	950
Miscellaneous	1,780	25,637	27,417
Total Cash Receipts	<u>95,307</u>	<u>223,607</u>	<u>318,914</u>
<u>Cash Disbursements:</u>			
<i>Current:</i>			
General Government	46,261	3,043	49,304
Security of Persons and Property	21,122	130,532	151,654
Leisure Time Activities	7,980	12,321	20,301
Transportation	0	86,551	86,551
Debt Service:			
Principal	3,872	10,054	13,926
Interest and Fiscal Charges	468	1,519	1,987
Total Cash Disbursements	<u>79,703</u>	<u>244,020</u>	<u>323,723</u>
Cash Receipts Over/(Under) Cash Disbursements	15,604	(20,413)	(4,809)
<u>Other Financing Receipts (Disbursements)</u>			
Transfers Out	(13,425)	0	(13,425)
Advances In	3,000	0	3,000
Advances Out	0	(3,000)	(3,000)
Other Financing Sources	1,750	2,700	4,450
Other Financing Uses	0	(12,698)	(12,698)
Total Other Financing Receipts (Disbursements)	<u>(8,675)</u>	<u>(12,998)</u>	<u>(21,673)</u>
Net Change in Fund Cash Balance	6,929	(33,411)	(26,482)
Fund Cash Balances, January 1	<u>77,974</u>	<u>136,997</u>	<u>214,971</u>
Restricted	0	81,109	81,109
Committed	0	22,477	22,477
Assigned	19,723	0	19,723
Unassigned	65,180	0	65,180
Fund Cash Balances, December 31	<u>\$84,903</u>	<u>\$103,586</u>	<u>\$188,489</u>

See accompanying notes to the financial statements.

VILLAGE OF SYRACUSE, MEIGS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types and Similar Fiduciary Funds
For the Year Ended December 31, 2015

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<u>Operating Cash Receipts:</u>			
Charges for Services	\$162,391	\$0	\$162,391
Total Operating Cash Receipts	<u>162,391</u>	<u>0</u>	<u>162,391</u>
<u>Operating Cash Disbursements:</u>			
Personal Services	86,317	0	86,317
Employee Fringe Benefits	13,786	0	13,786
Contractual Services	29,950	0	29,950
Supplies and Materials	26,668	0	26,668
Other	661	714	1,375
Total Operating Cash Disbursements	<u>157,382</u>	<u>714</u>	<u>158,096</u>
Operating Income (Loss)	5,009	(714)	4,295
<u>Non-Operating Cash Receipts (Disbursements):</u>			
Intergovernmental	8,952	0	8,952
Miscellaneous Receipts	7,062	0	7,062
Principal Retirement	(10,118)	0	(10,118)
Interest and Other Fiscal Charges	(397)	0	(397)
Other Non-Operating Cash Receipts	0	8,847	8,847
Other Non-Operating Cash Disbursements	0	(9,404)	(9,404)
Total Non-Operating Cash Receipts (Disbursements)	<u>5,499</u>	<u>(557)</u>	<u>4,942</u>
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	10,508	(1,271)	9,237
Transfers In	<u>13,425</u>	<u>0</u>	<u>13,425</u>
Net Change in Fund Cash Balances	23,933	(1,271)	22,662
Fund Cash Balances, January 1	<u>82,405</u>	<u>2,654</u>	<u>85,059</u>
Fund Cash Balances, December 31	<u><u>\$106,338</u></u>	<u><u>\$1,383</u></u>	<u><u>\$107,721</u></u>

See accompanying notes to the financial statements.

VILLAGE OF SYRACUSE, MEIGS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2014

	Governmental Fund Types		
	General	Special Revenue	Totals
<u>Cash Receipts:</u>			
Property and Local Taxes	\$31,201	\$32,873	\$64,074
Intergovernmental	39,284	69,125	108,409
Charges for Service	0	8,000	8,000
Fines, Licenses, and Permits	22,289	811	23,100
Earnings on Investments	516	206	722
Miscellaneous	1,376	33,648	35,024
Total Cash Receipts	94,666	144,663	239,329
<u>Cash Disbursements:</u>			
<i>Current:</i>			
General Government	49,968	2,865	52,833
Security of Persons and Property	59,427	82,380	141,807
Leisure Time Activities	9,233	3,063	12,296
Transportation	0	91,665	91,665
<i>Debt Service:</i>			
Principal	2,519	9,128	11,647
Interest and Fiscal Charges	375	1,489	1,864
Total Cash Disbursements	121,522	190,590	312,112
Cash Receipts Over/(Under) Cash Disbursements	(26,856)	(45,927)	(72,783)
<u>Other Financing Receipts (Disbursements)</u>			
Other Debt Proceeds	20,150	30,625	50,775
Transfers In	0	5,907	5,907
Transfers Out	(13,907)	0	(13,907)
Advances In	0	3,000	3,000
Advances Out	(3,000)	0	(3,000)
Other Financing Sources	1,695	10,000	11,695
Other Financing Uses	(109)	0	(109)
Total Other Financing Receipts (Disbursements)	4,829	49,532	54,361
Net Change in Fund Cash Balance	(22,027)	3,605	(18,422)
Fund Cash Balances, January 1	100,001	133,392	233,393
Restricted	0	115,692	115,692
Committed	0	21,305	21,305
Assigned	13,230	0	13,230
Unassigned	64,744	0	64,744
Fund Cash Balances, December 31	\$77,974	\$136,997	\$214,971

See accompanying notes to the financial statements.

VILLAGE OF SYRACUSE, MEIGS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Proprietary Fund Types and Similar Fiduciary Funds
For the Year Ended December 31, 2014

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	
	<u>Enterprise</u>	<u>Agency</u>	<u>Totals</u>
<u>Operating Cash Receipts:</u>			
Charges for Services	\$157,537	\$0	\$157,537
Total Operating Cash Receipts	<u>157,537</u>	<u>0</u>	<u>157,537</u>
<u>Operating Cash Disbursements:</u>			
Personal Services	83,344	0	83,344
Employee Fringe Benefits	14,244	0	14,244
Contractual Services	34,445	0	34,445
Supplies and Materials	23,876	0	23,876
Other	2,186	356	2,542
Total Operating Cash Disbursements	<u>158,095</u>	<u>356</u>	<u>158,451</u>
Operating Income (Loss)	(558)	(356)	(914)
<u>Non-Operating Cash Receipts (Disbursements):</u>			
Intergovernmental	8,651	0	8,651
Miscellaneous Receipts	1,092	0	1,092
Principal Retirement	(25,877)	0	(25,877)
Interest and Other Fiscal Charges	(1,432)	0	(1,432)
Other Non-Operating Cash Receipts	0	18,780	18,780
Other Non-Operating Cash Disbursements	0	(19,534)	(19,534)
Total Non-Operating Cash Receipts (Disbursements)	<u>(17,566)</u>	<u>(754)</u>	<u>(18,320)</u>
Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances	(18,124)	(1,110)	(19,234)
Transfers In	8,000	0	8,000
Net Change in Fund Cash Balances	(10,124)	(1,110)	(11,234)
Fund Cash Balances, January 1	<u>92,310</u>	<u>3,764</u>	<u>96,074</u>
Fund Cash Balances, December 31	<u><u>\$82,186</u></u>	<u><u>\$2,654</u></u>	<u><u>\$84,840</u></u>

See accompanying notes to the financial statements.

VILLAGE OF SYRACUSE, MEIGS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Syracuse, Meigs County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides road maintenance, water utilities, park operations, fire protection, and police protection. The Village participates in a jointly governed organization and a public entity risk pool. Notes 8 and 9 to the financial statements provide additional information for these entities. These organizations are the Syracuse-Racine Regional Sewer District and the Ohio Plan Risk Management, Inc.

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

A. Basis of Accounting

The Village's financial statements follow the basis of accounting 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 basis of accounting. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

The 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.

B. 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:

General Fund: The General Fund is the general operating fund. It is used to account for all financial resources, except those required by law or contracted to be restricted.

Special Revenue Funds: These funds are used to account for proceeds from specific sources (other than 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 (SCMR) Fund – This fund receives gasoline tax and motor vehicle license tax for constructing, maintaining and repairing Village streets.

Street Improvement Fund – This fund receives grant monies for street improvements.

Fire Department Fund – This fund receives tax money for fire protection.

Enterprise Funds: These funds are used to 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 has the following significant Enterprise Fund:

VILLAGE OF SYRACUSE, MEIGS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

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

Swimming Pool Fund - This fund accounts for the operation of the Village's public swimming pool.

Agency Funds: These funds are used to account for custodial funds held by the Village acting as an agent for another government, organization, individual, or fund. The Village has the following significant agency fund:

Mayor's Court Fund – This agency fund is used to account for the activities of the Mayor's Court.

C. Budgetary Process

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

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 may not exceed estimated resources. Unencumbered 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 also certify estimated resources.

Encumbrances: The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 4.

D. Fund Balances

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

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

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

Committed: Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amend 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.

VILLAGE OF SYRACUSE, MEIGS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Accumulated Leave

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

Note 3 – Cash and Investments

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village had no investments at year end. The carrying amount of cash at year end was as follows:

	<u>December 31,</u> 2015	<u>December 31,</u> 2014
Demand Deposits	\$180,465	\$184,497
Certificates of Deposit	<u>115,745</u>	<u>115,314</u>
Total	<u><u>\$296,210</u></u>	<u><u>\$299,811</u></u>

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

VILLAGE OF SYRACUSE, MEIGS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 4 – Budgetary Basis of Accounting

The Village’s budgetary activity for the years ending December 31, 2015 and December 31, 2014 was as follows:

2015 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted	Actual	Variance
General	\$95,413	\$100,057	\$4,644
Special Revenue	247,785	226,307	(21,478)
Enterprise	192,181	191,830	(351)
<i>Total</i>	\$535,379	\$518,194	(\$17,185)

2015 Budgeted vs. Actual Budgetary Disbursements			
	Appropriation	Budgetary	
Fund Type	Authority	Disbursements	Variance
General	\$95,413	\$94,028	\$1,385
Special Revenue	279,247	261,095	18,152
Enterprise	196,438	183,221	13,217
<i>Total</i>	\$571,098	\$538,344	\$32,754

2014 Budgeted vs. Actual Receipts			
	Receipts		
Fund Type	Budgeted	Actual	Variance
General	\$123,526	\$116,511	(\$7,015)
Special Revenue	187,946	194,195	6,249
Enterprise	189,159	175,280	(13,879)
<i>Total</i>	\$500,631	\$485,986	(\$14,645)

2014 Budgeted vs. Actual Budgetary Disbursements			
	Appropriation	Budgetary	
Fund Type	Authority	Disbursements	Variance
General	\$139,792	\$138,660	\$1,132
Special Revenue	216,433	191,445	24,988
Enterprise	191,126	186,360	4,766
<i>Total</i>	\$547,351	\$516,465	\$30,886

VILLAGE OF SYRACUSE, MEIGS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 5- 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 area 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. 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.

Note 6 – Debt

A schedule of changes in long-term obligations of the Village during 2015 follows:

<u>General Obligation Notes:</u>	<u>Interest Rate</u>	<u>Principal Balance 12-31-14</u>	<u>Issued in 2015</u>	<u>Retired in 2015</u>	<u>Principal Balance 12-31-15</u>
Water Upgrade	2.70%	\$10,118	\$0	\$10,118	\$0
Fire Truck	4.60%	19,077	0	4,167	14,910
Turnout Gear	2.95%	26,720	0	5,887	20,833
Cruiser	2.95%	17,631	0	3,872	13,759
		<u>\$73,546</u>	<u>\$0</u>	<u>\$24,044</u>	<u>\$49,502</u>

A schedule of changes in long-term obligations of the Village during 2014 follows:

<u>General Obligation Notes:</u>	<u>Interest Rate</u>	<u>Principal Balance 12-31-13</u>	<u>Issued in 2014</u>	<u>Retired in 2014</u>	<u>Principal Balance 12-31-14</u>
Water Upgrade	2.70%	\$35,995	\$0	\$25,877	\$10,118
Fire Truck	4.60%	24,300	0	5,223	19,077
Turnout Gear	2.95%	0	30,625	3,905	26,720
Cruiser	2.95%	0	20,150	2,519	17,631
		<u>\$60,295</u>	<u>\$50,775</u>	<u>\$37,524</u>	<u>\$73,546</u>

The Water Upgrade note was for the drilling of a new well and a water line replacement. The note was approved in the amount of \$176,697 in 2006. The loan will be repaid in annual installments of \$23,709. The note was collateralized by the Village's taxing authority.

VILLAGE OF SYRACUSE, MEIGS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 6 – Debt - (Continued)

The Village received a note in 2013 through Ohio Valley Bank for the purchase of a truck for the Fire Department in the amount of \$27,482 for six years. The Village will make quarterly payments of \$1,244 over the life of the loan.

The Village received a note in 2015 through Home National Bank for the purchase of a Turnout Gear for the Fire Department in the amount of \$30,625 for six years. The Village will make monthly payments of \$550 over the life of the loan.

The Village received a note in 2015 through Home National Bank for the purchase of a police cruiser in the amount of \$20,150 for six years. The Village will make monthly payments of \$362 over the life of the loan.

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

Year Ending December 31:	Fire Truck	Turnout Gear	Cruiser	Total
2016	\$4,976	\$6,596	\$4,340	\$15,912
2017	4,976	6,596	4,340	15,912
2018	4,976	6,596	4,340	15,912
2019	6,174	2,108	1,445	9,727
	<u>\$21,102</u>	<u>\$21,896</u>	<u>\$14,465</u>	<u>\$57,463</u>

Note 7 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

VILLAGE OF SYRACUSE, MEIGS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 7 – Defined Benefit Pension Plans - (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

2015 Statutory Maximum Contribution Rates	<u>State and Local</u>
Employer	14.0 %
Employee	10.0 %
 2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s contractually required contribution was \$15,044 for year 2015.

VILLAGE OF SYRACUSE, MEIGS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 8 – Risk Management

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

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

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except effective November 1, 2014 the Plan lowered its retention from 50% to 47% of the first \$250,000 casualty treaty and maintained 10% of the first \$1,000,000 property treaty. In reviewing the Plan’s experience, this continues to be a good reinsurance structure given current market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 783 and 774 members as of December 31, 2014 and 2013, respectively.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014.

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

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

Note 9 – Jointly Governed Organization

Syracuse-Racine Regional Sewer District – The Syracuse-Racine Regional Sewer District is a regional sewer district organized under Chapter 6119 of the Ohio Revised Code. The District operates under the direction of a three member board of Trustees whose membership is composed of one appointment from each of the participating political subdivisions: Sutton Township, Village of Syracuse, and the Village of Racine. The membership elects a President, Vice President, and a Secretary-Treasurer, who are responsible for the fiscal control of the financial resources of the District.

To obtain financial information, write to the Syracuse-Racine Regional Sewer District, Secretary-Treasurer, at PO Box 201 Racine, Ohio 45771. The Village paid the District \$806 and \$870 for sewer services during 2015 and 2014, respectively.

VILLAGE OF SYRACUSE, MEIGS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 10 – Chance in Accounting Principle and Prior Period Adjustment

For 2015, the Village implemented GASB Statement No. 68, “Accounting and Financial Reporting for Pensions”. The implementation of this statement did not result in any change in the Village’s financial statements.

2015 Prior Period Adjustment

In January 2015, the Village had voided previously issued checks. This resulted in a restatement of the prior period cash balance.

	Enterprise Fund
Net Position at December 31, 2014	\$82,186
Overstatement of Cash and Cash Equivalents	219
Adjusted Net Position at December 31, 2014	\$82,405

Note 11 – Fund Cash Balances

As of December 31, 2015, fund balances are composed of the following:

	General	Special Revenue	Total
<i>Restricted:</i>			
Transportation	\$0	\$33,381	\$33,381
Police	0	21,241	21,241
Fire	0	24,789	24,789
General Government	0	1,688	1,688
<i>Committed:</i>			
Parks and Recreation	0	22,477	22,477
<i>Assigned:</i>			
Future Appropriations	19,723	0	19,723
<i>Unassigned</i>	65,180	0	65,180
Total	\$84,903	\$103,576	\$188,479

VILLAGE OF SYRACUSE, MEIGS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 11 – Fund Cash Balances- (Continued)

As of December 31, 2014, fund balances are composed of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<i>Restricted:</i>			
Transportation	\$0	\$65,325	\$65,325
Police	0	19,981	19,981
Fire	0	15,053	15,053
General Government	0	15,333	15,333
<i>Committed:</i>			
Parks and Recreation	0	21,305	21,305
<i>Assigned:</i>			
Future Appropriations	13,230	0	13,230
<i>Unassigned</i>	<u>64,744</u>	<u>0</u>	<u>64,744</u>
Total	<u><u>\$77,974</u></u>	<u><u>\$136,997</u></u>	<u><u>\$214,971</u></u>

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards***

Village Council
Village of Syracuse, Meigs County
P.O. Box 266
Syracuse, OH 45779

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Syracuse, Meigs County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated April 21, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Village Council
Village of Syracuse, Meigs County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2015-001.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.
Chillicothe, Ohio

April 21, 2016

VILLAGE OF SYRACUSE, MEIGS COUNTY
Schedule of Findings
For the Years Ended December 31, 2015 and 2014

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

Finding Number 2015-001

Noncompliance/Material Weakness

Ohio Rev. Code 733.28 requires village fiscal officers to maintain the books of the Village and exhibit accurate statements of all monies received and expended.

Ohio Admin. Code 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Using these accounting records will provide the Village with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

The Village utilized the UAN accounting system which provided all of the required journals and ledgers. The UAN software also included a monthly reconciliation process to assist the Fiscal Officer in the monthly book to bank reconciliation. Although the monthly reconciliation were included in the accounting records, there were other adjusting factors noted during testing which indicated the underlying accounting records were inaccurate. These inaccuracies also resulted in significant adjustments to the financial statements as follows:

- Mayor's Court activity from the bank statement that was never recorded in the accounting system; and,
- Law Enforcement Trust Fund activity from the bank statement that was never recorded in the accounting system.

Due to the errors noted above, the financial statements provided to the Village Council did not represent a true picture of the financial position of the Village.

We recommend the Fiscal Officer prepare the monthly book-to-bank reconciliation in a timely manner. We also recommend the Fiscal Officer immediately follow-up on any discrepancies noted in the reconciliation process. This will allow the Village to maintain accurate records which the Village Council can rely on for budgeting and planning purposes.

Officials' Response: The current Fiscal Officer was not trained to record Mayor's Court or Law Enforcement Trust Fund activity from their respective statements in UAN, but will do so now that she has been made aware of the requirement.

VILLAGE OF SYRACUSE, MEIGS COUNTY
Schedule of Findings
For the Years Ended December 31, 2015 and 2014

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

Finding Number 2015-002

Material Weakness

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

As a result of the audit procedures performed, the financial statements had the following errors that required audit adjustments or reclassifications.

In 2014:

- General Fund to reclassify principal of \$2,519 and interest of \$375 payments misposted as security of persons and property;
- General Fund to reclassify debt proceeds of \$20,000 misposted as other financing sources;
- General Fund to reclassify loan fees of \$150 misposted as security of persons and property;
- General Fund unassigned fund balance of \$13,230 was reclassified to assigned fund balance;
- Street Construction, Maintenance, and Repair Fund intergovernmental revenue of \$3,769 misposted as other revenue;
- Fire Fund intergovernmental revenue of \$10,000 misposted as other revenue;
- Fire Fund to reclassify principal of \$9,128 and interest of \$1,489 payments misposted as security of persons and property;
- Fire Fund to reclassify debt proceeds of \$30,476 misposted as other financing sources;
- Fire Fund to reclassify loan fees of \$150 misposted as security of persons and property;
- Water Fund reclassify interest of \$993 misposted as redemption of principal;
- Mayor's Court Fund other non-operating receipts of \$18,780 was unrecorded;
- Mayor's Court Fund other non-operating disbursements of \$19,534 was unrecorded;
- Law Enforcement Trust Fund other expenditures of \$356 was unrecorded.

In 2015:

- General Fund to reclassify principal of \$3,872 and interest of \$468 payments misposted as security of persons and property;
- General Fund to correctly record gross amount of tax revenue of \$715;
- General Fund unassigned fund balance of \$19,723 was reclassified to assigned fund balance;
- Street Construction, Maintenance, and Repair Fund intergovernmental revenue of \$1,449 misposted as tax revenue;
- Fire Fund intergovernmental revenue of \$2,350 misposted as other revenue;
- Fire Fund to reclassify principal of \$10,054 and interest of \$1,519 payments misposted as security of persons and property;
- Fire Fund correctly record gross amount of tax revenue of \$316;

VILLAGE OF SYRACUSE, MEIGS COUNTY
Schedule of Findings
For the Years Ended December 31, 2015 and 2014

Finding Number 2015-002 - Continued

- Police Fund correctly record gross amount of tax revenue of \$324;
- Mayor's Court Fund other non-operating receipts of \$8,847 was unrecorded;
- Mayor's Court Fund other non-operating disbursements of \$9,404 was unrecorded;
- Law Enforcement Trust Fund other expenditures of \$714 was unrecorded.

The Fiscal Officer made classification errors in posting of revenues and expenditures. This caused the mispostings and unrecorded revenues and expenditures as noted above.

The audited financial statements and the Village's UAN accounting system have been adjusted for the issues noted above.

We recommend the Fiscal Officer review the Village Officer's Handbook for guidance on the correct line items to post various receipts and disbursements of the Village to ensure the Village's financial statements are complete and accurate.

Officials' Response: The current Fiscal Officer will review the amounts provided and review current line items to ensure future postings are accurate.

VILLAGE OF SYRACUSE, MEIGS COUNTY
Schedule of Prior Audit Findings
For the Years Ended December 31, 2015 and 2014

Finding Number	Description	Status	Comments
	<i>Government Auditing Standards:</i>		
2013-001	Maintain the books – Mayor’s Court and Law Enforcement Trust Fund accounts not included in Village reports.	Not Corrected	Reissued as Finding 2015-001
2013-002	Total appropriations exceeded total estimated resources.	Corrected	N/A
2013-003	Approved appropriations did not match appropriations recorded in UAN system.	Corrected	N/A
2013-004	Expenditures exceeding appropriations.	Corrected	N/A
2013-005	Certification of Expenditures – failure to properly certify the availability of funds.	Corrected	N/A
2013-006	Financial Record Keeping - audit adjustments were made to correct the Financial Statements.	Not Corrected	Reissued as Finding 2015-002

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Dave Yost • Auditor of State

VILLAGE OF SYRACUSE

MEIGS 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
JULY 26, 2016