

**VILLAGE OF PERRYSVILLE  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2004 - 2003**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Perrysville  
131 North Bridge Street  
P.O. Box 85  
Perrysville, Ohio 44864

We have reviewed the *Independent Accountants' Report* of the Village of Perrysville, Ashland County, prepared by Knox & Knox, CPAs, for the audit period January 1, 2003, through December 31, 2004. 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 "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

August 28, 2006

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VILLAGE OF PERRYSVILLE  
ASHLAND COUNTY

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# KNOX & KNOX

Accountants and Consultants

## Independent Accountants' Report

Village of Perrysville  
Ashland County  
133 North Bridge Street  
Perrysville OH 44864

We have audited the accompanying financial statements of the Village of Perrysville, Ashland County, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2004 and 2003. Instead of the combined funds the accompanying financial statements present for 2004 and 2003, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004 and 2003. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, 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 representation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Perrysville's combined funds as of December 31, 2004 and 2003, and their changes in financial position.

Village of Perrysville  
Ashland County  
Independent Accountants' Report

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, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2004 and 2003. 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 a part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2006, on our consideration of the Village of Perrysville's internal control structure over financial reporting and our tests of its compliance certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

*Knox & Knox*

Orrville Ohio  
March 27, 2006



**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, 2004**

	Government Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 203,115			\$ 203,115
Intergovernmental Receipts	50,105	\$ 43,836		93,941
Charges for Services		82,103		82,103
Licenses, Permits, and Fees	6,594			6,594
Earnings on Investments	233			233
Other Revenue	4,399	50,208		54,607
	<u>264,446</u>	<u>176,147</u>	<u>          </u>	<u>440,593</u>
Total Cash Receipts				
<b>Cash Disbursements</b>				
Current				
Security of Persons and Property	67,591	81,953		149,544
Public Health Services	541			541
Leisure Time Activities	1,071	396		1,467
Transportation	3,150	39,689		42,839
General Government	116,365			116,365
Debt Service				
Principal Payments	27,000		\$ 218,000	245,000
Interest Payments	856			856
Capital Outlay	16,514	17,700		34,214
	<u>233,088</u>	<u>139,738</u>	<u>218,000</u>	<u>590,826</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>31,358</u>	<u>36,409</u>	<u>&lt;218,000&gt;</u>	<u>&lt;150,233&gt;</u>
<b>Other Financing Receipts:</b>				
Sale of Bonds or Notes			218,000	218,000
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	31,358	36,409		67,767
Fund Cash Balances, January 1	<u>25,056</u>	<u>63,076</u>	<u>          </u>	<u>88,132</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 56,414</u>	<u>\$ 99,485</u>	<u>          </u>	<u>\$ 155,899</u>

*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, 2003**

	Government Fund Types			Total (Memorandum) Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 169,677			\$ 169,677
Intergovernmental	46,555	\$ 42,305		88,860
Fees for Services		80,627		80,627
Licenses, Permits, and Fees	5,892			5,892
Earnings on Investments	285	65		350
Miscellaneous	9,907	763		10,670
Total Cash Receipts	232,316	123,760		356,076
<b>Cash Disbursements</b>				
Current				
Security of Persons and Property	62,581	84,130		146,711
Public Health Services	568			568
Leisure Time Activities	568	404		972
Community Environment	221			221
Transportation	1,136	18,726		19,862
General Government	118,635			118,635
Debt Service				
Principal Payments	27,500		\$280,000	307,500
Interest Payments	1,923			1,923
Capital Outlay	48,795			48,795
Total Cash Disbursements	261,927	103,260	280,000	645,187
Total Cash Receipts Over/(Under) Cash Disbursements	<29,611>	20,500	<280,000>	<289,111>
<b>Other Financing Receipts:</b>				
Sale of Bonds or Notes			280,000	280,000
Total Other Financing Receipts			280,000	280,000
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	<29,611>	20,500		<9,111>
Fund Cash Balances, January 1	54,667	42,576		97,243
<b>Fund Cash Balances, December 31</b>	<b>\$ 25,056</b>	<b>\$ 63,076</b>		<b>\$ 88,132</b>

*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 AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund type</b>	<b>Total (Memorandum) Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 176,630		\$ 176,630
Miscellaneous	<u>93,951</u>		<u>93,951</u>
Total Operating Cash Receipts	<u>270,581</u>		<u>270,581</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	71,540		71,540
Contractual Services	32,177		32,177
Supplies and Materials	35,543		35,543
Capital Outlay	<u>211,903</u>		<u>211,903</u>
Total Operating Cash Disbursements	<u>351,163</u>		<u>351,163</u>
Operating Income	<u>&lt;80,582&gt;</u>		<u>&lt;80,582&gt;</u>
<b>Non-Operating Cash Receipts</b>			
Other Non-Operating Cash Receipts	<u>45,973</u>	<u>\$ 760</u>	<u>46,733</u>
<b>Non-Operating Cash Disbursements</b>			
Other Non-Operating Cash Disbursements		<u>760</u>	<u>760</u>
Total Non-Operating Cash Disbursements		<u>760</u>	<u>760</u>
Net Receipts (Under) Disbursements	<u>&lt;34,609&gt;</u>		<u>&lt;34,609&gt;</u>
Fund Cash Balances, January 1	<u>96,767</u>		<u>96,767</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 62,158</u>		<u>\$ 62,158</u>

*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 AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund type</b>	<b>Total (Memorandum) Only</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 206,258		\$ 206,258
Miscellaneous	<u>57,973</u>	<u>          </u>	<u>57,973</u>
Total Operating Cash Receipts	<u>264,231</u>	<u>          </u>	<u>264,231</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	68,736		68,736
Contractual Services	31,466		31,466
Supplies and Materials	38,659		38,659
Capital Outlay	<u>79,638</u>	<u>          </u>	<u>79,638</u>
Total Operating Cash Disbursements	<u>218,499</u>	<u>          </u>	<u>218,499</u>
Operating Income	<u>45,732</u>		<u>45,732</u>
<b>Non-Operating Cash Receipts</b>			
Other Non-Operating Cash Receipts	<u>59,458</u>	<u>\$ 880</u>	<u>60,338</u>
<b>Non-Operating Cash Disbursements</b>			
Debt Service	33,270		33,270
Other Non-Operating Cash Disbursements	<u>          </u>	<u>880</u>	<u>880</u>
Total Non-Operating Cash Disbursements	<u>33,270</u>	<u>880</u>	<u>34,150</u>
Net Receipts (Under) Disbursements	<u>71,920</u>	<u>          </u>	<u>71,920</u>
Fund Cash Balances, January 1	<u>24,847</u>	<u>          </u>	<u>24,847</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 96,767</u></u>	<u><u>          </u></u>	<u><u>\$ 96,767</u></u>

*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, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Perrysville, Ashland County, (the Village) is a body of corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations, and police and fire service and a mayor's court.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from 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 to pay for constructing, maintaining, and repairing Village streets.

*Fireman Safety Fund* - This fund receives contract revenues from Green and Hanover Townships which are used to operate the fire department and emergency medical services.

**3. Debt Service Fund**

This fund is used to accumulate resources for the payment of note indebtedness. The Village had the following debt service fund:

*Note Retirement Fund* - This fund accumulates resources for the retirement of the Village's revenue and bond anticipation notes.

VILLAGE OF PERRYVILLE  
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

4. Enterprise Funds

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

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

5. Fiduciary Fund (Agency Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following Agency Fund:

*Mayor's Court Fund* - This fund receives money from the collection of fines and forfeitures.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**VILLAGE OF PERRYVILLE  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. 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.

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2004	2003
Demand deposits	\$ 218,057	\$ 184,899

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 235,693	\$ 264,446	28,753
Special Revenue	108,600	176,147	67,547
Debt Service	280,000	218,000	<62,000>
Enterprise	200,000	316,554	116,554
Total	\$ 824,293	\$ 975,147	\$ 150,854
2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 260,749	\$ 233,088	\$ 27,661
Special Revenue	176,776	139,738	37,038
Debt Service	280,000	218,000	62,000
Enterprise	336,767	351,163	<14,396>
Total	\$1,054,292	\$ 941,989	\$ 112,303

**VILLAGE OF PERRYSVILLE  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Fund Type	2003 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 241,837	\$ 232,316	\$ <9,521>
Special Revenue	105,500	123,760	18,260
Debt Service	320,000	280,000	<40,000>
Enterprise	199,000	323,689	129,689
Total	<u>\$ 866,337</u>	<u>\$ 959,765</u>	<u>\$ 93,428</u>

  

Fund Type	2003 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 296,504	\$ 261,927	\$ 34,577
Special Revenue	148,076	103,260	44,816
Debt Service	320,000	280,000	40,000
Enterprise	223,847	251,769	<27,922>
Total	<u>\$ 988,427</u>	<u>\$ 896,956</u>	<u>\$ 91,471</u>

Contrary to the Ohio Revised Code, expenditures exceeded appropriations in the Enterprise Fund Type for both 2003 and 2004, and appropriations exceeded estimated resources in the Enterprise Fund Type and Special Revenue Fund Type in 2004.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half 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 1 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, 2004 AND 2003  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$ 86,250	0.00%
Anticipation Notes	218,000	2.53%
Municipal Lease (Truck)	8,984	6.25%
Total	<u>\$313,234</u>	

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 2016.

The Village obtained Revenue and Bond anticipation notes from Huntington National 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.

In 2003, the Village entered into a Municipal Lease with Ford Credit with the option to purchase a truck. The total amount of the lease including interest is \$28,337. Annual installments of \$9,446, including interest will be repaid over three years. The lease is paid from the General Fund.

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

	<u>OPWC Loan</u>	<u>Anticipation Notes</u>	<u>Municipal Lease</u>
Year ending December 31:			
2005	\$7,500	\$223,515	\$9,446
2006	7,500		
2007	7,500		
2008	7,500		
2009	7,500		
Subsequent	48,750	_____	_____
	<u>\$86,250</u>	<u>\$223,515</u>	<u>\$9,446</u>

**VILLAGE OF PERRYSVILLE  
ASHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**7. RETIREMENT SYSTEM**

The Village's full-time law enforcement officer belongs to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contributions rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks.

- Comprehensive property and general liability;
- Vehicles;
- Law enforcement liability; and
- Public officials' liability

The Village also provides health insurance and dental coverage to full-time employees through a private carrier.

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Accountants and Consultants

## **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Village of Perrysville  
Ashland County  
133 North Bridge Street  
Perrysville, Ohio 44864

To the Village Council:

We have audited the accompanying financial statements of the Village of Perrysville, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated March 27, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated March 27, 2006

### Compliance

As part of obtaining reasonable assurance about whether the Village of Perrysville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2004-01 and 2004-02.

This report is intended for the information of the management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

*KNOX & KNOX*

Orrville, Ohio  
March 27, 2005

**VILLAGE OF PERRYVILLE  
ASHLAND COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 2004 AND 2003**

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

**FINDING NUMBER 2004-01**

**Noncompliance Citation**

Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During fiscal year 2004, total appropriations exceeded total estimated resources as follows:

<u>Fund Type</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Special Revenue	\$ 171,676	\$ 176,776	\$ 5,100
Enterprise	\$ 296,767	\$ 336,767	\$ 40,000

To avoid overspending, the Village should not appropriate in excess of estimated resources.

**Management Response:**

The Village has instituted procedures to avoid a reoccurrence.

**FINDING NUMBER 2004-02**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(B)** requires that no subdivision or taxing unit is to expend money unless it has been properly appropriated.

Village expenditures exceeded appropriations in the following instances at December 31:

<u>Fund Type</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Enterprise (2004)	\$ 336,767	\$ 351,163	\$ 14,396
Enterprise (2003)	\$223,847	\$ 251,769	\$ 27,922

**Management Response:**

The Village has instituted procedures to avoid a reoccurrence.





**Auditor of State  
Betty Montgomery**

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**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  
SEPTEMBER 7, 2006**