



**VILLAGE OF PERRYSVILLE  
ASHLAND COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2018-2017**



**VILLAGE OF PERRYSVILLE  
ASHLAND COUNTY  
DECEMBER 31, 2018 AND 2017**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Perrysville  
Ashland County  
131 North Bridge St  
Perrysville, Oh 44864

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Perrysville, Ashland County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Perrysville, Ashland County, as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

December 2, 2019

**Village of Perrysville, Ohio**  
*Ashland County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

|   | Governmental Fund Types |                    | Totals<br>(Memorandum<br>Only) |
|---|-------------------------|--------------------|--------------------------------|
|   | General                 | Special<br>Revenue |                                |
| <b>Cash Receipts</b>                    |                         |                    |                                |
| Property and Other Local Taxes          | \$ 19,210               | \$ -               | \$ 19,210                      |
| Municipal Income Tax                    | 168,893                 | -                  | 168,893                        |
| Intergovernmental                       | 29,770                  | 35,617             | 65,387                         |
| Fines, Licenses and Permits             | 5,265                   | -                  | 5,265                          |
| Earnings on Investments                 | 7,967                   | 3,462              | 11,429                         |
| Miscellaneous                           | 28,445                  | -                  | 28,445                         |
| <i>Total Cash Receipts</i>              | <u>259,550</u>          | <u>39,079</u>      | <u>298,629</u>                 |
| <b>Cash Disbursements</b>               |                         |                    |                                |
| Current:                                |                         |                    |                                |
| Security of Persons and Property        | 98,262                  | -                  | 98,262                         |
| Leisure Time Activities                 | 5,259                   | -                  | 5,259                          |
| Transportation                          | 36,348                  | 14,493             | 50,841                         |
| General Government                      | 133,290                 | -                  | 133,290                        |
| <i>Total Cash Disbursements</i>         | <u>273,159</u>          | <u>14,493</u>      | <u>287,652</u>                 |
| <i>Net Change in Fund Cash Balances</i> | (13,609)                | 24,586             | 10,977                         |
| <i>Fund Cash Balances, January 1</i>    | <u>371,868</u>          | <u>81,867</u>      | <u>453,735</u>                 |
| <b>Fund Cash Balances, December 31</b>  |                         |                    |                                |
| Restricted                              | -                       | 106,453            | 106,453                        |
| Assigned                                | 72,146                  | -                  | 72,146                         |
| Unassigned (Deficit)                    | 286,113                 | -                  | 286,113                        |
| <i>Fund Cash Balances, December 31</i>  | <u>\$ 358,259</u>       | <u>\$ 106,453</u>  | <u>\$ 464,712</u>              |

*See accompanying notes to the basic financial statements*

**Village of Perrysville, Ohio**  
*Ashland County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2018*

|   | Proprietary<br>Fund Types | Fiduciary Fund<br>Types | Totals               |
|---|---------------------------|-------------------------|----------------------|
|   | Enterprise                | Agency                  | (Memorandum<br>Only) |
| <b>Operating Cash Receipts</b>                      |                           |                         |                      |
| Charges for Services                                | \$ 261,873                | \$ -                    | \$ 261,873           |
| <i>Total Operating Cash Receipts</i>                | <u>261,873</u>            | <u>-</u>                | <u>261,873</u>       |
| <b>Operating Cash Disbursements</b>                 |                           |                         |                      |
| Personal Services                                   | 99,183                    | -                       | 99,183               |
| Fringe Benefits                                     | 13,273                    | -                       | 13,273               |
| Contractual Services                                | 31,253                    | -                       | 31,253               |
| Supplies and Materials                              | 126,571                   | -                       | 126,571              |
| <i>Total Operating Cash Disbursements</i>           | <u>270,280</u>            | <u>-</u>                | <u>270,280</u>       |
| <i>Operating Income (Loss)</i>                      | <u>(8,407)</u>            | <u>-</u>                | <u>(8,407)</u>       |
| <b>Non-Operating Receipts (Disbursements)</b>       |                           |                         |                      |
| Special Assessments                                 | 708                       | -                       | 708                  |
| Mayors Court Disbursement                           | -                         | (5,202)                 | (5,202)              |
| Mayors Court Collection                             | -                         | 4,730                   | 4,730                |
| Miscellaneous Receipts                              | 716                       | -                       | 716                  |
| Principal Retirement                                | (36,637)                  | -                       | (36,637)             |
| Interest and Other Fiscal Charges                   | (2,736)                   | -                       | (2,736)              |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(37,949)</u>           | <u>(472)</u>            | <u>(38,421)</u>      |
| <i>Net Change in Fund Cash Balances</i>             | <u>(46,356)</u>           | <u>(472)</u>            | <u>(46,828)</u>      |
| <i>Fund Cash Balances, January 1</i>                | <u>348,376</u>            | <u>2,604</u>            | <u>350,980</u>       |
| <i>Fund Cash Balances, December 31</i>              | <u>\$ 302,020</u>         | <u>\$ 2,132</u>         | <u>\$ 304,152</u>    |

*See accompanying notes to the basic financial statements*



**Village of Perrysville**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

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

***Public Entity Risk Pool***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

***Street Construction, Maintenance and Repair Fund*** The street construction, maintenance and repair fund accounts for and reports the receipt of gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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

**Village of Perrysville**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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

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

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Village of Perrysville**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

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

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

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

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

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

***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.

**Village of Perrysville**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2018*

**Note 2 - Summary of Significant Accounting Policies (continued)**

The Village applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ended December 31, 2018 follows:

| 2018 Budgeted vs. Actual Receipts |                      |                    |            |
|-----------------------------------|----------------------|--------------------|------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance   |
| General                           | \$ 544,678           | \$ 259,550         | \$ 285,128 |
| Special Revenue                   | 139,966              | 39,079             | 100,887    |
| Enterprise                        | 604,303              | 263,297            | 341,006    |

| 2018 Budgeted vs. Actual Budgetary Basis Disbursements |                            |                            |           |
|--|----------------------------|----------------------------|-----------|
| Fund Type  | Appropriation<br>Authority | Budgetary<br>Disbursements | Variance  |
| General  | \$ 302,094                 | \$ 273,159                 | \$ 28,935 |
| Special Revenue  | 30,600                     | 14,493                     | 16,107    |
| Enterprise   | 327,327                    | 310,759                    | 16,568    |

**Note 4 – Deposits and Investments**

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

|                                 |            |
|---------------------------------|------------|
|                                 | 2018       |
| Demand deposits                 | \$ 517,416 |
| Total deposits                  | 517,416    |
| Investments                     |            |
| StarOhio                        | 245,914    |
| Common Stock (at donated value) | 5,534      |
| Total investments               | 251,448    |
| Total deposits and investments  | \$ 768,864 |

**Village of Perrysville**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2018*

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**Note 4 – Deposits and Investments (continued)**

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

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

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

***Income Taxes***

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

**Village of Perrysville**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2018*

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**Note 6 – Risk Management (continued)**

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

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

|                 |                     |
|-----------------|---------------------|
| Assets          | \$ 15,065,412       |
| Liabilities     | <u>(10,734,623)</u> |
| Members’ Equity | <u>\$ 4,330,789</u> |

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2018.

**Village of Perrysville**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2018*

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**Note 7 - Defined Benefit Pension Plans (continued)**

***Social Security***

Those Village employees not contributing to OPERS contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 % of their gross salaries. The Village contributed an amount equal to 6.2 % of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0% during calendar year 2018.

**Note 9 - Debt**

Debt outstanding at December 31, 2018 was as follows:

|                    | <u>Principal</u>  | <u>Interest Rate</u> |
|--------------------|-------------------|----------------------|
| Anticipation Notes | \$ 3,350          | 3.75%                |
| OWDA # 3931        | 38,489            | 0.00%                |
| OWDA # 6305        | 50,075            | 2.00%                |
| OWDA # 6932        | 216,385           | 0.57%                |
| OWDA # 7508        | 7,999             | 0.00%                |
| Total              | <u>\$ 316,298</u> |                      |

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

The Village borrowed \$139,959 in 2004 from the Ohio Water Development Authority (OWDA) project loan number 3931, to be repaid in annual installments of \$6,998 at zero percent interest out of the Water Fund with the maturity date of January 1, 2024.

The Village borrowed \$63,182 in 2014 from the Ohio Water Development Authority (OWDA) project loan number 6305, to be repaid in annual installments of \$3,881 at 2% interest out with the maturity date of July 1, 2033.

The Village borrowed \$245,148 in 2016 from the Ohio Water Development Authority (OWDA) project loan number 6932, to be repaid in annual installments of \$13,010 at 0.57% interest out with the maturity date of January 1, 2036.

**Village of Perrysville**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2018*

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**Note 9 - Debt (continued)**

The Village borrowed \$9,999 in 2017 from the Ohio Water Development Authority (OWDA) project loan number 7508; the project is still active as of December 31, 2018.

***Amortization***

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

| Year ending<br>December 31: | <u>OWDA Loans</u> | <u>Anticipation<br/>Notes</u> |
|-----------------------------|-------------------|-------------------------------|
| 2019                        | \$ 25,888         | \$ 3,375                      |
| 2020                        | 25,888            | -                             |
| 2021                        | 25,888            | -                             |
| 2022                        | 25,888            | -                             |
| 2023                        | 23,888            | -                             |
| 2024-2028                   | 87,949            | -                             |
| 2029-2033                   | 84,450            | -                             |
| 2034-2038                   | 32,524            | -                             |
| Total                       | <u>\$ 332,363</u> | <u>\$ 3,375</u>               |

**Note 10 - Jointly Governed Organization**

The Green-Perrysville Joint Fire District is a jointly governed organization of two government entities, created as a fire district under State statute. A five member Board of Trustees governs the District. Each political subdivision within the District appoints two members, and in addition, on a rotating basis, an at-large member is appointed. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

**Note 11 - Contingent Liabilities**

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

**Note 12 - Subsequent Event**

The Village will borrow \$96,400 in 2020 from the Ohio Water Development Authority (OWDA project loan number 8308), to be repaid in estimated semi-annual installments of \$2,410 at 3.64% interest with a maturity date to be determined.



**Village of Perrysville, Ohio**  
*Ashland County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2017*

|   | Governmental Fund Types |                    | Totals               |
|---|-------------------------|--------------------|----------------------|
|   | General                 | Special<br>Revenue | (Memorandum<br>Only) |
| <b>Cash Receipts</b>                    |                         |                    |                      |
| Property and Other Local Taxes          | \$ 17,948               | \$ 8,497           | \$ 26,445            |
| Municipal Income Tax                    | 251,591                 | -                  | 251,591              |
| Intergovernmental                       | 70,795                  | 35,734             | 106,529              |
| Fines, Licenses and Permits             | 3,505                   | -                  | 3,505                |
| Earnings on Investments                 | 1,845                   | 63                 | 1,908                |
| Miscellaneous                           | 20,085                  | 297                | 20,382               |
| <i>Total Cash Receipts</i>              | <u>365,769</u>          | <u>44,591</u>      | <u>410,360</u>       |
| <b>Cash Disbursements</b>               |                         |                    |                      |
| Current:                                |                         |                    |                      |
| Security of Persons and Property        | 83,655                  | -                  | 83,655               |
| Public Health Services                  | 350                     | -                  | 350                  |
| Leisure Time Activities                 | 6,233                   | -                  | 6,233                |
| Transportation                          | 30,985                  | 16,830             | 47,815               |
| General Government                      | 125,528                 | -                  | 125,528              |
| Capital Outlay                          | 39,500                  | 8,500              | 48,000               |
| <i>Total Cash Disbursements</i>         | <u>286,251</u>          | <u>25,330</u>      | <u>311,581</u>       |
| <i>Net Change in Fund Cash Balances</i> | 79,518                  | 19,261             | 98,779               |
| <i>Fund Cash Balances, January 1</i>    | <u>292,350</u>          | <u>62,606</u>      | <u>354,956</u>       |
| <b>Fund Cash Balances, December 31</b>  |                         |                    |                      |
| Restricted                              | -                       | 81,867             | 81,867               |
| Assigned                                | 82,468                  | -                  | 82,468               |
| Unassigned (Deficit)                    | 289,400                 | -                  | 289,400              |
| <i>Fund Cash Balances, December 31</i>  | <u>\$ 371,868</u>       | <u>\$ 81,867</u>   | <u>\$ 453,735</u>    |

*See accompanying notes to the basic financial statements*

**Village of Perrysville, Ohio**  
*Ashland County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2017*

|   | Proprietary<br>Fund Types | Fiduciary Fund<br>Types | Totals               |
|---|---------------------------|-------------------------|----------------------|
|   | Enterprise                | Agency                  | (Memorandum<br>Only) |
| <b>Operating Cash Receipts</b>                      |                           |                         |                      |
| Charges for Services                                | \$ 397,348                | \$ -                    | \$ 397,348           |
| <i>Total Operating Cash Receipts</i>                | <u>397,348</u>            | <u>-</u>                | <u>397,348</u>       |
| <b>Operating Cash Disbursements</b>                 |                           |                         |                      |
| Personal Services                                   | 78,500                    | -                       | 78,500               |
| Fringe Benefits                                     | 7,858                     | -                       | 7,858                |
| Contractual Services                                | 38,811                    | -                       | 38,811               |
| Supplies and Materials                              | 104,105                   | -                       | 104,105              |
| <i>Total Operating Cash Disbursements</i>           | <u>229,274</u>            | <u>-</u>                | <u>229,274</u>       |
| <i>Operating Income (Loss)</i>                      | <u>168,074</u>            | <u>-</u>                | <u>168,074</u>       |
| <b>Non-Operating Receipts (Disbursements)</b>       |                           |                         |                      |
| Sale of Notes                                       | 22,302                    | -                       | 22,302               |
| Mayors Court Disbursement                           | -                         | (4,251)                 | (4,251)              |
| Mayors Court Collection                             | -                         | 5,963                   | 5,963                |
| Miscellaneous Receipts                              | 2,301                     | -                       | 2,301                |
| Principal Retirement                                | (35,353)                  | -                       | (35,353)             |
| Interest and Other Fiscal Charges                   | (3,361)                   | -                       | (3,361)              |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(14,111)</u>           | <u>1,712</u>            | <u>(12,399)</u>      |
| <i>Net Change in Fund Cash Balances</i>             | 153,963                   | 1,712                   | 155,675              |
| <i>Fund Cash Balances, January 1</i>                | <u>194,413</u>            | <u>892</u>              | <u>195,305</u>       |
| <i>Fund Cash Balances, December 31</i>              | <u>\$ 348,376</u>         | <u>\$ 2,604</u>         | <u>\$ 350,980</u>    |

*See accompanying notes to the basic financial statements*

**Village of Perrysville, Ohio**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

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

***Public Entity Risk Pool***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

***Street Construction, Maintenance and Repair Fund*** The street construction, maintenance and repair fund accounts for and reports the receipt of gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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

**Village of Perrysville, Ohio**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

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

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

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

***Basis of Accounting***

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

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

***Budgetary Process***

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

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

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

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

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Village of Perrysville, Ohio**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

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

***Capital Assets***

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

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

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

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

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

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

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

***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.

**Village of Perrysville, Ohio**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2017*

**Note 2 - Summary of Significant Accounting Policies (continued)**

The Village applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

| 2017 Budgeted vs. Actual Receipts |                      |                    |          |           |
|-----------------------------------|----------------------|--------------------|----------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |           |
| General                           | \$ 505,313           | \$ 365,769         | \$       | (139,544) |
| Special Revenue                   | 76,712               | 44,591             |          | (32,121)  |
| Enterprise                        | 440,255              | 421,951            |          | 18,337    |

| 2017 Budgeted vs. Actual Budgetary Basis Disbursements |                            |                            |          |        |
|--|----------------------------|----------------------------|----------|--------|
| Fund Type  | Appropriation<br>Authority | Budgetary<br>Disbursements | Variance |        |
| General  | \$ 350,594                 | \$ 295,859                 | \$       | 54,735 |
| Special Revenue  | 36,800                     | 25,330                     |          | 11,470 |
| Enterprise   | 302,526                    | 273,560                    |          | 28,966 |

**Note 4 – Deposits and Investments**

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

|                                 |            |
|---------------------------------|------------|
|                                 | 2017       |
| Demand deposits                 | \$ 558,014 |
| Total deposits                  | 558,014    |
| Investments                     |            |
| StarOhio                        | 241,167    |
| Common Stock (at donated value) | 5,534      |
| Total investments               | 246,701    |
| Total deposits and investments  | \$ 804,715 |

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation; collateralized through the Ohio Pooled Collateral System (OPCS); or collateralized by specifically pledged collateral.

**Village of Perrysville, Ohio**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2017*

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**Note 4 – Deposits and Investments (continued)**

***Investments***

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

**Note 5 – Taxes**

***Property Taxes***

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

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

***Income Taxes***

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**Note 6 - Risk Management**

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

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

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

**Village of Perrysville, Ohio**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2017*

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**Note 6 – Risk Management (continued)**

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. Until November 1, 2017, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 764 members as of December 31, 2017.

*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, 2017.

|                 |                     |
|-----------------|---------------------|
| Assets          | \$14,853,620        |
| Liabilities     | <u>(9,561,108)</u>  |
| Members’ Equity | <u>\$ 5,292,512</u> |

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.

***Social Security***

Those Village employees not contributing to OP&F or OPERS contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 % of their gross salaries. The Village contributed an amount equal to 6.2 % of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.



**Village of Perrysville, Ohio**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2017*

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**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1% during calendar year 2017, and OP&F contributed 0.5% to fund these benefits.

**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

|                    | <u>Principal</u>  | <u>Interest Rate</u> |
|--------------------|-------------------|----------------------|
| Anticipation Notes | \$ 16,443         | 3.75%                |
| OWDA # 3931        | 45,487            | 0.00%                |
| OWDA # 6305        | 52,912            | 2.00%                |
| OWDA # 6932        | 228,111           | 0.57%                |
| OWDA # 7508        | 9,999             | 0.00%                |
| Total              | <u>\$ 352,952</u> |                      |

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

The Village borrowed \$139,959 in 2004 from the Ohio Water Development Authority (OWDA) project loan number 3931, to be repaid in annual installments of \$6,998 at zero percent interest out of the Water Fund with the maturity date of January 1, 2024.

The Village borrowed \$63,182 in 2014 from the Ohio Water Development Authority (OWDA) project loan number 6305, to be repaid in annual installments of \$3,881 at 2% interest out with the maturity date of July 1, 2033.

The Village borrowed \$245,148 in 2016 from the Ohio Water Development Authority (OWDA) project loan number 6932, to be repaid in annual installments of \$13,010 at 0.57% interest out with the maturity date of January 1, 2036.

The Village borrowed \$9,999 in 2017 from the Ohio Water Development Authority (OWDA) project loan number 7508; the project is still active as of December 31, 2017.

**Village of Perrysville, Ohio**  
*Ashland County*  
*Notes to the Financial Statements*  
*for the Year Ended December 31, 2017*

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**Note 9 – Debt (continued)**

*Amortization*

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

| Year ending<br>December 31: | OWDA Loans | Anticipation<br>Notes |
|-----------------------------|------------|-----------------------|
| 2018                        | \$25,888   | \$16,458              |
| 2019                        | 25,888     | 3,375                 |
| 2020                        | 25,888     | -                     |
| 2021                        | 25,888     | -                     |
| 2022                        | 25,888     | -                     |
| 2023-2027                   | 94,947     | -                     |
| 2028-2032                   | 84,450     | -                     |
| 2033-2036                   | 49,414     | -                     |
| Total                       | \$ 358,251 | \$ 19,833             |

**Note 10 - Jointly Governed Organization**

The Green-Perrysville Joint Fire District is a jointly governed organization of two government entities, created as a fire district under State statute. A five member Board of Trustees governs the District. Each political subdivision within the District appoints two members, and in addition, on a rotating basis, an at-large member is appointed. The District provides fire protection and rescue services within the District and by contract to areas outside the District.

**Note 11 - Contingent Liabilities**

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

# OHIO AUDITOR OF STATE KEITH FABER



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CentralRegion@ohioauditor.gov

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

Village of Perrysville  
Ashland County  
131 North Bridge St.  
Perrysville, Ohio 44864

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Perrysville, Ashland County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated December 2, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 through 2018-003 to be material weaknesses.

**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 2018-002.

**Village'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 subject the Village's responses to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

December 2, 2019

**VILLAGE OF PERRYSVILLE  
ASHLAND COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2018-001**

**Financial Statement Presentation – Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Village did not always accurately post receipts and disbursements to the Village's accounting system and financial statements. Mispostings identified included, but were not limited to, the following:

2017: The General fund had \$5,332 in Intergovernmental revenue posted as Miscellaneous revenue as well as \$2,166 Intergovernmental revenue posted as Property and Other Local Taxes.

The Agency fund had \$805 in Mayor's Court Collections and Mayor's Court Disbursements that were not presented on the financial statements.

2018: The Special Revenue funds had \$5,003 of Intergovernmental revenue posted as Property and Other Local Taxes.

The General fund had \$7,126 in Intergovernmental revenue posted as Miscellaneous revenue.

The General fund had \$1,108 in Intergovernmental revenue posted as Property and Other Local Taxes.

The General fund failed to properly account for subsequent years' appropriations exceeding estimated receipts leading to the assigned fund cash balance to be understated by \$66,705 and Unassigned fund cash balance to be overstated by that same amount.

These amounts were adjusted to the Village's financial statements and accounting ledgers.

Not posting receipts and disbursements accurately to the ledgers could result in the financial statements requiring audit reclassifications. Furthermore, inaccurate accounting records could make it difficult for the Village Council to effectively monitor the Village's activities or identify misstatements or errors in a timely manner.

The Village should review the Village Officer's Handbook and exercise due care when posting transactions to help ensure receipts and disbursements are posted to the correct fund and account. Additionally, the Village Council should review monthly receipt and expenditure activity reports to help ensure transactions are properly accounted for and classified. This will help accurately reflect the Village's financial activity and will aid in accurate financial reporting.

**Officials' Response:** Moving forward we will be more diligent in posting receipts and disbursements accurately to the accounting system.

**VILLAGE OF PERRYSVILLE  
ASHLAND COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</b> |
|--|

**FINDING NUMBER 2018-002**

**Revenue Posting – Noncompliance and Material Weakness**

**Ohio Rev. Code § 5705.10(D)** states that except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. Except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code or as otherwise provided by section 3315.40 of the Revised Code, all revenue derived from a source other than the general property tax, for which the law does not prescribe use for a particular purpose, including interest earned on the principal of any special fund, regardless of the source or purpose of the principal, shall be paid into the general fund.

In 2018, the Village improperly posted a contract receipt of \$10,000 to the Street Repair and Maintenance Fund which was due to the General Fund. An adjustment of \$10,000 was taken to the accounting system and financial statements to increase the General fund balance and decrease the Street Construction Maintenance and Repair fund balance.

Not recording revenue in the appropriate fund can lead to spending money in a manner not in accordance with legal requirements.

To improve financial reporting and accountability, the Village should implement procedures to ensure restricted revenues are posted appropriately to the restricted funds.

**Officials' Response:** Moving forward we will be more diligent in posting receipts accurately to the accounting system.

**FINDING NUMBER 2018-003**

**Cash Reconciliation – Material Weakness**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The December 31, 2017 bank reconciliations prepared by the Village fiscal officer contained unknown errors. As a result, the Village hired an independent public accountant, who completed the reconciliation to identify adjustments that needed to be posted to the Village's books in order to ensure the Village's accounting records reconciled to the bank statements. In 2017, a total of \$8,474 of errors were noted, increasing the Village's book balance.

**VILLAGE OF PERRYSVILLE  
ASHLAND COUNTY  
  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017  
(CONTINUED)**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</b> |
|--|

**FINDING NUMBER 2018-003 (Continued)**

**Cash Reconciliation –Material Weakness (Continued)**

The December 31, 2018 bank reconciliations prepared by the Village fiscal officer contained unknown errors. As a result, the Village hired an independent public accountant to identify adjustments that needed to be posted to the Village's books in order to ensure the Village's accounting records reconciled to the bank statements. In 2018, a total of \$3,972 of errors were noted, reducing the Village's book balance.

These adjustments have been posted to the Village's accounting system and the financial statements.

Without complete and accurate monthly reconciliations between the accounting records and the bank activity, the Village's internal control is significantly weakened which could hinder management's timely detection of errors or irregularities. The Village should perform complete monthly bank reconciliations in a timely manner. Also, copies of the monthly bank reconciliations and listing of outstanding checks and other reconciling items should be provided to the Board each month for review. All unreconciled differences should be resolved as quickly as possible so they are not carried forward month-to-month and all reconciling matters should be appropriately documented.

**Officials' Response:** The Village's bank statements are being reconciled monthly now. Receipts are also put into the system on a daily basis.

**VILLAGE OF PERRYSVILLE  
 131 NORTH BRIDGE STREET  
 PO BOX 250  
 PERRYSVILLE, OH 44864**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 DECEMBER 31, 2018 AND 2017**

| <b>Finding Number</b> | <b>Finding Summary</b>  | <b>Status</b>      | <b>Additional Information</b>                                    |
|-----------------------|---|--------------------|--|
| 2016-001<br>2014-001  | Transaction Posting<br>(First issued in 2012)   | Not<br>Corrected   | The Village is actively working to correct transaction postings. |
| 2016-002<br>2014-002  | Ohio Admin. Code § 117-2-02(C)(1), improper posting of budgetary information.<br>(First issued in 2012) | Fully<br>Corrected |  |
| 2016-003              | Cash Reconciliations  | Not<br>Corrected   | The Village is currently reconciled.                             |
| 2016-004              | Ohio Rev. Code § 5705.41(B)<br>Disbursements<br>Exceeding Appropriations                                | Fully<br>Corrected |  |



# OHIO AUDITOR OF STATE KEITH FABER



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  
DECEMBER 31, 2019