

**VILLAGE OF PERRYSVILLE
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Village of Perrysville, Ashland County, prepared by Knox & Knox, for the audit period January 1, 2007 through December 31, 2008. 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 21, 2009

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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, 2008 and 2007. 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, if any, 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 (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. In addition to the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Perrysville, Ashland County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we do not opine on the internal control over financial reporting or on compliance, that reports describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in considering the results of our audit.

Knox & Knox

Orrville, Ohio
July 22, 2009

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, 2008

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
CASH RECEIPTS:				
Property and Other Local Taxes	\$220,168			\$220,168
Intergovernmental Receipts	53,283	\$34,213		87,496
Charges for Services		16,863		16,863
Fines, Licenses, and Permits	843			843
Earnings on Investments	981	300		1,281
Miscellaneous	8,308			8,308
	<u>283,583</u>	<u>51,376</u>	<u></u>	<u>334,959</u>
CASH DISBURSEMENTS:				
Current:				
Security of Persons and Property	97,200	47,907		145,107
Leisure Time Activities	1,419			1,419
Transportation	3,385	39,032		42,417
General Government	154,256			154,256
Debt Service				
Principal	7,500	39,174	\$148,000	194,674
Interest		13,418		13,418
	<u>263,760</u>	<u>139,531</u>	<u>148,000</u>	<u>551,291</u>
Total Receipts Over/(Under) Disbursements	<u>19,823</u>	<u>(88,155)</u>	<u>(148,000)</u>	<u>(216,332)</u>
OTHER FINANCING RECEIPTS				
Sale of Bonds or Notes			118,000	118,000
Other Financing Sources			30,000	30,000
	<u></u>	<u></u>	<u>148,000</u>	<u>148,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	19,823	(88,155)		(68,332)
Fund Cash Balances, January 1	<u>70,672</u>	<u>109,917</u>	<u></u>	<u>180,589</u>
FUND CASH BALANCES, DECEMBER 31	<u>\$90,495</u>	<u>\$21,762</u>	<u></u>	<u>\$112,257</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, 2007

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
CASH RECEIPTS:				
Property and Other Local Taxes	\$216,994			\$216,994
Intergovernmental Receipts	56,102	\$53,920		110,022
Charges for Services		117,300		117,300
Fines, Licenses, and Permits	2,013			2,013
Earnings on Investments	909	700		1,609
Miscellaneous	<u>3,468</u>	<u>3042</u>		<u>6,510</u>
Total Cash Receipts	<u>279,486</u>	<u>174,962</u>		<u>454,448</u>
CASH DISBURSEMENTS:				
Current:				
Security of Persons and Property	104,609	104,025		208,634
Leisure Time Activities	1,569			1,569
Transportation	3,211	1,820		5,031
General Government	139,478			139,478
Debt Service				
Principal	7,500	38,266	\$128,000	173,766
Interest		<u>4,410</u>		<u>4,410</u>
Total Cash Disbursements	<u>256,367</u>	<u>148,521</u>	<u>128,000</u>	<u>532,888</u>
Total Receipts Over/(Under) Disbursements	<u>23,119</u>	<u>26,441</u>	<u>(128,000)</u>	<u>(78,440)</u>
OTHER FINANCING RECEIPTS				
Sale of Bonds or Notes			<u>128,000</u>	<u>128,000</u>
Total Other Financing Receipts			<u>128,000</u>	<u>128,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	23,119	26,441		49,560
Fund Cash Balances, January 1	<u>47,553</u>	<u>83,476</u>		<u>131,029</u>
FUND CASH BALANCES, DECEMBER 31	<u><u>\$70,672</u></u>	<u><u>\$109,917</u></u>		<u><u>\$180,589</u></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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
OPERATING CASH RECEIPTS:	
Charges for Services	<u>\$200,895</u>
Total Operating Cash Receipts	<u>200,895</u>
OPERATING CASH DISBURSEMENTS:	
Personal Services	79,457
Contractual Services	26,505
Supplies and Materials	49,668
Capital Outlay	<u>19,694</u>
Total Operating Cash Disbursements	<u>175,324</u>
Operating Income/(Loss)	<u>25,571</u>
NON-OPERATING CASH DISBURSEMENTS:	
Debt Service - Principal	<u>7,163</u>
Total Non-Operating Cash Disbursements	<u>7,163</u>
Net Receipts over/(Under) Disbursements	18,408
Fund Cash Balances, January 1	<u>72,719</u>
FUND CASH BALANCES, DECEMBER 31	<u><u>\$91,127</u></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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
OPERATING CASH RECEIPTS:	
Charges for Services	\$195,560
Miscellaneous	<u>1,071</u>
Total Operating Cash Receipts	<u>196,631</u>
OPERATING CASH DISBURSEMENTS:	
Personal Services	92,777
Contractual Services	26,574
Supplies and Materials	<u>43,820</u>
Total Operating Cash Disbursements	<u>163,171</u>
Operating Income/(Loss)	<u>33,460</u>
NON-OPERATING CASH DISBURSEMENTS:	
Debt Service - Principal	<u>7,163</u>
Total Non-Operating Cash Disbursements	<u>7,163</u>
Net Receipts over/(Under) Disbursements	26,297
Fund Cash Balances, January 1	<u>46,422</u>
FUND CASH BALANCES, DECEMBER 31	<u><u>\$72,719</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
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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 services.

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.

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

2. Special Revenue Funds (continued)

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.

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.

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 office, department or division level of control, and within each the amount appropriated for personal services. 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.

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS (continued)

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 2008 and 2007 budgetary activity appears in Note 3.

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:

	2008	2007
Demand deposits	\$ 203,385	\$ 253,308

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, 2008 and 2007 follows:

	2008 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$286,845	\$283,584	(\$3,261)
Special Revenue	36,540	51,376	14,836
Debt Service	118,000	148,000	30,000
Enterprise	195,000	200,895	5,895
Total	\$636,385	\$683,855	\$47,470

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY (continued)

<u>2008 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$286,845	\$263,760	\$23,085
Special Revenue	36,540	139,531	(102,991)
Debt Service	128,000	148,000	(20,000)
Enterprise	195,000	182,487	12,513
Total	<u>\$646,385</u>	<u>\$733,778</u>	<u>(\$87,393)</u>

<u>2007 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$286,399	\$279,486	(\$6,913)
Special Revenue	124,700	174,962	50,262
Debt Service	128,000	128,000	
Enterprise	195,000	196,631	1,631
Total	<u>\$734,099</u>	<u>\$779,079</u>	<u>\$44,980</u>

<u>2007 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$266,382	\$256,367	\$10,015
Special Revenue	212,655	148,521	64,134
Debt Service	128,000	128,000	
Enterprise	186,436	170,334	16,102
Total	<u>\$793,473</u>	<u>\$703,222</u>	<u>\$90,251</u>

Contrary to the Ohio Revised Code, expenditures exceeded appropriations in the Debt Service and Special Revenue Fund types during 2008, and appropriations exceeded estimated resources in the Special Revenue Fund type during 2007.

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.

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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.

6. **DEBT**

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	\$56,250	0.00%
Anticipation Notes	118,000	4.21%
Fire Department Equipment	108,000	4.00%
Ohio Water Development Authority	104,970	0.00%
Ohio Public Works Commission	<u>2,640</u>	0.00%
Total	<u>\$389,860</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.

The Village borrowed \$122,464 from the Ohio Water Development Authority to be repaid in annual installments of \$6,998 at zero percent interest.

The Village borrowed \$184,912 to purchase a fire truck. The interest rate is 4.00 percent per annum. The annual payments, including interest, are scheduled to be \$13,315.

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

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

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. **DEBT** (continued)

Year ending December 31	Ohio Public Works Commission		
	Principal	Interest	Total
2009	\$7,500		\$7,500
2010	7,500		7,500
2011	7,500		7,500
2012	7,500		7,500
2013	7,500		7,500
2014-2016	18,750		18,750
Total	<u>\$56,250</u>	<u></u>	<u>\$56,250</u>

Year ending December 31	Anticipation Note		
	Principal	Interest	Total
2009	\$118,000	\$4,967	\$122,967
2010			
2011			
2012			
2013			
2014-2018			
Total	<u>\$118,000</u>	<u>\$4,967</u>	<u>\$122,967</u>

Year ending December 31	Fire Equipment		
	Principal	Interest	Total
2009	\$8,995	\$4,320	\$13,315
2010	9,355	3,960	13,315
2011	9,729	3,586	13,315
2012	10,119	3,196	13,315
2013	10,523	2,792	13,315
2014-2018	59,279	7,300	66,579
Total	<u>\$108,000</u>	<u>\$25,154</u>	<u>\$133,154</u>

Year ending December 31	Ohio Water Development Authority		
	Principal	Interest	Total
2009	\$6,998		\$6,998
2010	6,998		6,998
2011	6,998		6,998
2012	6,998		6,998
2013	6,998		6,998
2014-2018	34,990		34,990
2019-2023	34,990		34,990
Total	<u>\$104,970</u>	<u></u>	<u>\$104,970</u>

VILLAGE OF PERRYVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. DEBT (continued)

Year ending December 31	Ohio Public Works Commission		
	Principal	Interest	Total
2009	\$165		\$165
2010	165		165
2011	165		165
2012	165		165
2013	165		165
2014-2018	825		825
2019-2023	825		825
2024	165		165
Total	<u>\$2,640</u>		<u>\$2,640</u>

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 2008 and 2007, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 10.0% and 9.5% of their gross salaries, respectively. The Village contributed an amount equal to 14.0% (2008) and 13.75% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

8. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the Plan) a non-assessable, unincorporated non-profit association providing a formalized, jointly administrative self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

VILLAGE OF PERRYVILLE
ASHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

8. **RISK MANAGEMENT** (continued)

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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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, 2008 and 2007, and have issued our report thereon dated July 22, 2009, 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 as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Village 's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village 's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village 's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village 's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village 's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we noted other matters that we reported to the Village 's management in a separate letter dated July 22, 2009.

Village of Perrysville
Ashland County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Village 's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed two instances of noncompliance or other matters we must report under *Government Auditing Standards* and is shown in the accompanying schedule as Finding Numbers 2008-01 and 2008-02.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.

KNOX & KNOX

Orrville, Ohio
July 22, 2009

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-01

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 instance at December 31:

<u>Fund Type</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Debt Service	\$128,000	\$148,000	(\$20,000)
Special Revenue	\$36,540	\$139,531	(\$102,991)

Client Response: None

FINDING NUMBER 2008-02

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that appropriations are limited by estimated resources.

Village appropriations exceeded estimated resources in the following instance at December 31:

<u>Fund Type</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
Debt Service	\$212,655	\$208,176	(\$4,479)

Client Response: None

VILLAGE OF PERRYSVILLE
ASHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-01	Ohio Revised Code Section 5705.41(B) no subdivision is to expend money unless it has been properly appropriated	No	Repeated as finding number 2008-01



Mary Taylor, CPA
Auditor of State

VILLAGE OF PERRYSVILLE

ASHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 6, 2009