

**VILLAGE OF SYRACUSE
MEIGS COUNTY
Regular Audit
December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Syracuse
P.O. Box 266, 2581 Third Street
Syracuse, Ohio 45779

We have reviewed the *Independent Accountants' Report* of the Village of Syracuse, Meigs County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2010 through December 31, 2011. 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 Syracuse is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

July 2, 2012

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**VILLAGE OF SYRACUSE
MEIGS COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

April 27, 2012

Village of Syracuse
Meigs County
PO Box 266, 2581 Third Street
Syracuse, OH 45779

To the Village Council:

We have audited the accompanying financial statements of the **Village of Syracuse**, Meigs County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

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

Village of Syracuse
Meigs County
Independent Accountants' Report
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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 and 2010 or their 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 Syracuse, Meigs County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village of Syracuse, Meigs County, adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 29,374	\$ 32,298	\$ -	\$ 61,672
Intergovernmental	36,753	77,674	19,052	133,479
Charges for Services	129	10,146	-	10,275
Fines, Licenses, and Permits	22,030	-	-	22,030
Earnings on Investments	2,506	432	-	2,938
Miscellaneous	677	10,630	-	11,307
	<u>91,469</u>	<u>131,180</u>	<u>19,052</u>	<u>241,701</u>
Total Cash Receipts				
	<u>91,469</u>	<u>131,180</u>	<u>19,052</u>	<u>241,701</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	19,791	74,301	-	94,092
Leisure Time Activities	16,083	11,353	-	27,436
Transportation	-	38,442	-	38,442
General Government	46,578	1,239	-	47,817
Capital Outlay	403	-	19,052	19,455
	<u>82,855</u>	<u>125,335</u>	<u>19,052</u>	<u>227,242</u>
Total Cash Disbursements				
	<u>82,855</u>	<u>125,335</u>	<u>19,052</u>	<u>227,242</u>
Excess of Receipts Over (Under) Disbursements	<u>8,614</u>	<u>5,845</u>	<u>-</u>	<u>14,459</u>
Other Financing Receipts/(Disbursements):				
Transfer-In	-	10,000	-	10,000
Transfer-Out	(14,700)	-	-	(14,700)
Other Financing Sources	315	183	-	498
Other Financing Uses	(1,340)	-	-	(1,340)
	<u>(15,725)</u>	<u>10,183</u>	<u>-</u>	<u>(5,542)</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(15,725)</u>	<u>10,183</u>	<u>-</u>	<u>(5,542)</u>
Net Change in Fund Cash Balances	(7,111)	16,028	-	8,917
Fund Cash Balances, January 1	<u>140,507</u>	<u>108,279</u>	<u>-</u>	<u>248,786</u>
Fund Cash Balances, December 31				
Restricted	-	109,723	-	109,723
Committed	-	14,584	-	14,584
Unassigned	<u>133,396</u>	<u>-</u>	<u>-</u>	<u>133,396</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 133,396</u>	<u>\$ 124,307</u>	<u>\$ -</u>	<u>\$ 257,703</u>

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

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency Fund</u>	
Operating Cash Receipts:			
Charges for Services	\$ 159,946	\$ -	\$ 159,946
Fines, Licenses and Permits	-	3,376	3,376
Total Operating Revenues	<u>159,946</u>	<u>3,376</u>	<u>163,322</u>
Operating Cash Disbursements:			
Personal Services	70,440	-	70,440
Fringe Benefits	11,694	-	11,694
Contractual Services	26,823	-	26,823
Supplies and Materials	25,171	-	25,171
Other	27	3,767	3,794
Total Operating Cash Disbursements	<u>134,155</u>	<u>3,767</u>	<u>137,922</u>
Operating Income (Loss)	<u>25,791</u>	<u>(391)</u>	<u>25,400</u>
Non-Operating Cash Receipts/Disbursements:			
Other Non-Operating Cash Receipts	4,148	15,605	19,753
Other Non-Operating Cash Disbursements	-	(22,089)	(22,089)
Redemption of Principal	(22,391)	-	(22,391)
Interest and Other Fiscal Charges	(4,918)	-	(4,918)
Total Non-Operating Cash Receipts/Disbursements	<u>(23,161)</u>	<u>(6,484)</u>	<u>(29,645)</u>
Income (Loss) Before Transfers	2,630	(6,875)	(4,245)
Transfer-In	<u>4,700</u>	<u>-</u>	<u>4,700</u>
Net Change in Fund Cash Balances	7,330	(6,875)	455
Fund Cash Balances, January 1	<u>95,023</u>	<u>17,306</u>	<u>112,329</u>
Fund Cash Balances, December 31	<u>\$ 102,353</u>	<u>\$ 10,431</u>	<u>\$ 112,784</u>

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

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 29,980	\$ 33,091	\$ 63,071
Intergovernmental	46,453	146,958	193,411
Charges for Services	595	14,722	15,317
Fines, Licenses, and Permits	14,758	-	14,758
Earnings on Investments	4,316	1,225	5,541
Miscellaneous	4,927	17,167	22,094
	<u>101,029</u>	<u>213,163</u>	<u>314,192</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	23,155	105,700	128,855
Leisure Time Activities	38,771	-	38,771
Transportation	-	104,805	104,805
General Government	54,282	2,392	56,674
Debt Service:			
Redemption of Principal	-	22,997	22,997
Interest and Fiscal Charges	-	351	351
	<u>116,208</u>	<u>236,245</u>	<u>352,453</u>
Total Cash Disbursements			
Excess of Receipts Over (Under) Disbursements	<u>(15,179)</u>	<u>(23,082)</u>	<u>(38,261)</u>
Other Financing Receipts/(Disbursements):			
Advances-In	7,500	7,500	15,000
Advances-Out	(7,500)	(7,500)	(15,000)
Transfer-In	-	36,609	36,609
Transfer-Out	(58,507)	-	(58,507)
Other Sources	-	5,000	5,000
	<u>(58,507)</u>	<u>41,609</u>	<u>(16,898)</u>
Total Other Financing Receipts/(Disbursements)			
Net Change in Fund Cash Balances	(73,686)	18,527	(55,159)
Fund Cash Balances, January 1	214,193	89,752	303,945
Fund Cash Balances, December 31	<u>\$ 140,507</u>	<u>\$ 108,279</u>	<u>\$ 248,786</u>

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

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency Fund</u>	
Operating Cash Receipts:			
Charges for Services	\$ 177,373	\$ -	\$ 177,373
Fines, Licenses and Permits	-	784	784
Total Operating Revenues	<u>177,373</u>	<u>784</u>	<u>178,157</u>
Operating Cash Disbursements:			
Personal Services	79,692	-	79,692
Fringe Benefits	14,270	-	14,270
Contractual Services	50,654	-	50,654
Supplies and Materials	33,767	-	33,767
Other	719	1,038	1,757
Total Operating Cash Disbursements	<u>179,102</u>	<u>1,038</u>	<u>180,140</u>
Operating Income (Loss)	<u>(1,729)</u>	<u>(254)</u>	<u>(1,983)</u>
Non-Operating Cash Receipts/Disbursements:			
Intergovernmental	6,650	-	6,650
Miscellaneous	2,695	-	2,695
Other Non-Operating Cash Receipts	-	15,281	15,281
Other Non-Operating Cash Disbursements	-	(12,934)	(12,934)
Capital Outlay	(4,700)	-	(4,700)
Redemption of Principal	(21,406)	-	(21,406)
Interest and Other Fiscal Charges	(5,903)	-	(5,903)
Total Non-Operating Cash Receipts/Disbursements	<u>(22,664)</u>	<u>2,347</u>	<u>(20,317)</u>
Income (Loss) Before Transfers	(24,393)	2,093	(22,300)
Transfer-In	<u>21,899</u>	<u>-</u>	<u>21,899</u>
Net Change in Fund Cash Balances	(2,494)	2,093	(401)
Fund Cash Balances, January 1	<u>97,517</u>	<u>15,213</u>	<u>112,730</u>
Fund Cash Balances, December 31	<u>\$ 95,023</u>	<u>\$ 17,306</u>	<u>\$ 112,329</u>

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

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Syracuse, Meigs County (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general governmental services, including maintenance of roads, fire protection services, police services, water utilities, cemetery maintenance and park operations. The Village is involved with the Syracuse-Racine Regional Sewer District, which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 8.

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. 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.

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:

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

State Grant/ODNR Capital Fund – This fund received grant money for improvement projects.

3. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

OPWC Street Improvements Fund – This fund receives OPWC funds for street improvements.

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 had the following significant Enterprise Funds:

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

Swimming Pool Fund – This fund accounts for the operation of the Village’s public swimming pool, located next to the village hall.

5. Fiduciary Funds (Trust and Agency Funds)

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

Mayor’s Court Fund – This Agency Fund receives fines from police department citations. These monies are divided between the Village and the State, as prescribed by law.

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, 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:

1. Nonspendable

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

2. 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.

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

F. Fund Balance (Continued)

3. Committed

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

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

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

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS

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

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

2. EQUITY IN POOLED CASH (Continued)

	2011	2010
Demand deposits	\$240,746	\$232,859
Certificates of Deposit	129,741	128,256
Total deposits	\$370,487	\$361,115

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 72,675	\$ 91,784	\$ 19,109
Special Revenue	117,490	141,363	23,873
Capital Projects	19,052	19,052	-
Enterprise	173,074	164,094	(8,980)
Total	\$ 382,291	\$ 416,293	\$ 34,002

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 185,999	\$ 98,895	\$ 87,104
Special Revenue	187,092	125,335	61,757
Capital Projects	19,052	19,052	-
Enterprise	213,674	161,464	52,210
Total	\$ 605,817	\$ 404,746	\$ 201,071

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 84,291	\$ 101,029	\$ 16,738
Special Revenue	44,620	254,772	210,152
Enterprise	167,500	186,718	19,218
Total	\$ 296,411	\$ 542,519	\$ 246,108

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 216,755	\$ 174,715	\$ 42,040
Special Revenue	286,647	236,245	50,402
Enterprise	251,662	211,111	40,551
Total	\$ 755,064	\$ 622,071	\$ 132,993

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by 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 payment is due the following June 20.

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

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

5. DEBT

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest</u>
General Obligation Note - Water Upgrade	\$84,522	4.60%
	<u>\$84,522</u>	

The Water Upgrade note was for the drilling of a new well and water line replacement. The note was approved in the amount of \$176,697 in 2006. The loan will be repaid in annual installments of \$27,309. The note was collateralized by the Village’s taxing authority.

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

Year Ending	GO Note
December 31:	<u>Water Upgrade</u>
2012	\$27,309
2013	27,309
2014	27,309
2015	11,628
	<u>\$93,555</u>

6. RETIREMENT SYSTEMS

The Village’s employees 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. For 2011 and 2010, OPERS members contributed 10% of their gross salaries, and the Village contributed an amount equaling 14% respectively, of participants’ gross salaries. The Village had paid all contributions required through December 31, 2011.

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

7. RISK MANAGEMENT

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

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

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

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 17.5% (15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009, respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009, respectively. The Village does not participate in this coverage.

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

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

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

7. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$ 12,036,541	\$ 1,355,131	\$ 11,176,186	\$ 1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	\$ 7,191,485	\$ 300,035	\$ 6,323,701	\$ 105,185

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

8. JOINTLY GOVERNED ORGANIZATIONS

Syracuse-Racine Regional Sewer District- The Syracuse-Racine Regional Sewer District is a regional Sewer district organized under Chapter 119 of the Ohio Revised Code. The District operates under the direction of a three member board of Trustees whose membership composed of one appointment from each of the participating political subdivisions: Sutton Township, Village of Syracuse and the Village of Racine. The membership elects a President, Vice President and a Secretary-Treasurer, who are responsible for the fiscal control of the financial resources of the District.

To obtain financial information, write to the Syracuse-Racine Regional Sewer District, Secretary-Treasurer, at PO Box 201, Racine, Ohio 45771. The Village paid the District \$825 and \$832 for sewer services during 2011 and 2010, respectively.

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(740) 695-5775 Fax

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

April 27, 2012

Village of Syracuse
Meigs County
PO Box 266, 2581 Third Street
Syracuse, OH 45779

To the Village Council:

We have audited the financial statements of the **Village of Syracuse**, Meigs County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 27, 2012 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America and has adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-001 and 2011-002 described in the accompanying schedule of audit findings 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, 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of audit findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 27, 2012.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 and 2010**

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

FINDING NUMBER 2011-001

Material Weakness/Noncompliance Citation

Ohio Revised Code Section 733.40 requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the Mayor, or which in any manner come into his or her hands, or which are due to such Mayor or a Marshal, Chief of Police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such Mayor for the use of such municipal corporation, shall be paid by Court Clerk into the Village's treasury on the first Monday of each month.

Our review of the Village's Mayor's Court disclosed the following:

- Remittances to the Village were not paid to the Village by the first Monday of the month
- Mayor's Court Agency Fund was not maintained
- Mayor's Court checking account was not reconciled to the Mayor's Court Cashbook

These weaknesses could allow recording errors and irregularities to occur and remain undetected. Reclassifications were made to the accompanying financial statements to properly reflect the activity of the Mayor's Court.

We recommend the Village establish a Mayor's Court Agency Fund and distribute fines collected by the Village's Mayor's Court to the Village's General Fund and other applicable agencies by the required dates. As of the date of our report all payments were paid to the proper entities through 2011.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 and 2010**

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

FINDING NUMBER 2011-002

Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2011 and 2010, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Mayor's Court Agency Fund was not maintained
- Receipts due to the Village from the Mayor's Court were improperly posted as Miscellaneous receipts
- Debt payments were posted as Capital Outlay rather than Principal and Interest

Not posting revenues and expenditures accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications.

We recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF SYRACUSE
MEIGS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 and 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Mayor's Court Cashbook and Reconciliation	No	Not Corrected; Repeated as part of Finding 2011-001
2009-002	Posting of Receipts and Expenditures	No	Not Corrected; Repeated as Finding 2011-002



Dave Yost • Auditor of State

VILLAGE OF SYRACUSE

MEIGS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 17, 2012