



Certified Public Accountants, A.C.

**VILLAGE OF SUNBURY
DELAWARE COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

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Dave Yost • Auditor of State

Village Council
Village of Sunbury
9 East Granville Street
Sunbury, Ohio 43074

We have reviewed the *Independent Auditor's Report* of the Village of Sunbury, Delaware County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

October 14, 2018

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VILLAGE OF SUNBURY
DELAWARE COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Independent Auditor's Report..... | 1 |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2017 | 3 |
| 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 | 4 |
| Notes to the Financial Statements 2017 | 5 |
| Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types - For the Year Ended December 31, 2016 | 15 |
| 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, 2016 | 16 |
| Notes to the Financial Statements 2016 | 17 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 26 |
| Schedule of Audit Findings..... | 28 |
| Schedule of Prior Audit Findings | 31 |

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INDEPENDENT AUDITOR'S REPORT

August 1, 2018

Village of Sunbury
Delaware County
9 East Granville Street
Sunbury, Ohio 43074

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 **Village of Sunbury**, Delaware County, (the Village) as of and for the years ended December 31, 2017 and 2016.

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 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.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of 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, 2017 and 2016, or 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 Sunbury, Delaware County as of December 31, 2017 and 2016, 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 August 1, 2018, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF SUNBURY
DELAWARE 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**

| | General | Special Revenue | Debt Service | Capital Projects | Totals (Memorandum Only) |
|---|---------------------|---------------------|-------------------|---------------------|--------------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$ 294,535 | \$ - | \$ - | \$ - | \$ 294,535 |
| Municipal Income Tax | 2,887,527 | - | - | - | 2,887,527 |
| Intergovernmental | 130,107 | 219,345 | - | 65,193 | 414,645 |
| Special Assessments | - | - | 60,215 | - | 60,215 |
| Charges for Services | - | 57,126 | - | - | 57,126 |
| Fines, Licenses and Permits | 401,108 | 80,570 | - | - | 481,678 |
| Earnings on Investments | 95,067 | 12,963 | - | - | 108,030 |
| Miscellaneous | 78,716 | 24,121 | - | - | 102,837 |
| <i>Total Cash Receipts</i> | <u>3,887,060</u> | <u>394,125</u> | <u>60,215</u> | <u>65,193</u> | <u>4,406,593</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 965,879 | 10,978 | - | - | 976,857 |
| Public Health Services | - | 50,873 | - | - | 50,873 |
| Leisure Time Activities | - | 5,388 | - | - | 5,388 |
| Community Environment | 287,839 | - | - | - | 287,839 |
| Transportation | 521,256 | 69,745 | - | - | 591,001 |
| General Government | 451,358 | 1,661 | - | - | 453,019 |
| Capital Outlay | 131,461 | 353,587 | - | 65,193 | 550,241 |
| Debt Service: | | | | | |
| Principal Retirement | - | 13,831 | 192,119 | - | 205,950 |
| Interest and Fiscal Charges | - | 2,996 | 64,855 | - | 67,851 |
| <i>Total Cash Disbursements</i> | <u>2,357,793</u> | <u>509,059</u> | <u>256,974</u> | <u>65,193</u> | <u>3,189,019</u> |
| <i>Excess of Receipts Over Disbursements</i> | <u>1,529,267</u> | <u>(114,934)</u> | <u>(196,759)</u> | <u>-</u> | <u>1,217,574</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Other Debt Proceeds | - | 45,883 | - | - | 45,883 |
| Transfers In | - | - | 266,500 | - | 266,500 |
| Transfers Out | (159,100) | (13,150) | (94,250) | - | (266,500) |
| Other Financing Sources | - | - | 2,411 | - | 2,411 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(159,100)</u> | <u>32,733</u> | <u>174,661</u> | <u>-</u> | <u>48,294</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>1,370,167</u> | <u>(82,201)</u> | <u>(22,098)</u> | <u>-</u> | <u>1,265,868</u> |
| <i>Fund Cash Balances, January 1</i> | <u>5,701,825</u> | <u>1,098,195</u> | <u>292,772</u> | <u>72,879</u> | <u>7,165,671</u> |
| Fund Cash Balances, December 31 | | | | | |
| Restricted | - | 986,480 | 270,674 | 72,879 | 1,330,033 |
| Committed | - | 29,514 | - | - | 29,514 |
| Assigned | 112,775 | - | - | - | 112,775 |
| Unassigned | 6,959,217 | - | - | - | 6,959,217 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 7,071,992</u> | <u>\$ 1,015,994</u> | <u>\$ 270,674</u> | <u>\$ 72,879</u> | <u>\$ 8,431,539</u> |

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

**VILLAGE OF SUNBURY
DELAWARE 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 Fund Type | Fiduciary Fund Type | | Totals |
|---|--------------------------|------------------------|--------------------------|----------------------|
| | Enterprise | Agency | Private Purpose Trust | (Memorandum Only) |
| Operating Cash Receipts | | | | |
| Charges for Services | \$ 2,027,147 | \$ - | \$ - | \$ 2,027,147 |
| <i>Total Operating Cash Receipts</i> | <u>2,027,147</u> | <u>-</u> | <u>-</u> | <u>2,027,147</u> |
| Operating Cash Disbursements | | | | |
| Personal Services | 186,871 | - | - | 186,871 |
| Travel Transportation | 90,039 | - | - | 90,039 |
| Contractual Services | 190,084 | - | - | 190,084 |
| Supplies and Materials | 163,038 | - | - | 163,038 |
| Claims | 331 | - | - | 331 |
| <i>Total Operating Cash Disbursements</i> | <u>630,363</u> | <u>-</u> | <u>-</u> | <u>630,363</u> |
| <i>Operating Income</i> | <u>1,396,784</u> | <u>-</u> | <u>-</u> | <u>1,396,784</u> |
| Non-Operating Receipts (Disbursements) | | | | |
| Capital Outlay | (107,571) | - | (7,542) | (115,113) |
| Principal Retirement | (190,058) | - | - | (190,058) |
| Interest and Other Fiscal Charges | (237,907) | - | - | (237,907) |
| Other Non-Operating Cash Receipts | - | 237,781 | - | 237,781 |
| Other Non-Operating Cash Disbursements | - | (205,725) | - | (205,725) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(535,536)</u> | <u>32,056</u> | <u>(7,542)</u> | <u>(511,022)</u> |
| <i>Net Change in Fund Cash Balances</i> | 861,248 | 32,056 | (7,542) | 885,762 |
| <i>Fund Cash Balances, January 1</i> | <u>3,224,131</u> | <u>144,966</u> | <u>7,542</u> | <u>3,376,639</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 4,085,379</u> | <u>\$ 177,022</u> | <u>\$ -</u> | <u>\$ 4,262,401</u> |

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Sunbury, Delaware County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides police protection, parks and recreation, building inspection, street maintenance and repairs and sewer.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in a joint venture, a jointly governed organization and a related organization. Notes 11, 12 and 13 to the financial statements provide additional information for these organizations. The organizations are:

Big Walnut Board of Education:

Joint venture to develop an elementary school and adjacent community park.

The B.S.T. &G. Joint Fire District:

Jointly governed organization made up of Berkshire Township, Village of Sunbury, and Trenton Township to provide fire protection and rescue services.

Northgate NCA:

Related organization that the Village of Sunbury appoints 4 members to the Board for the development of a new community.

The Village participates in the Ohio Plan, 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 or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Special Revenue Funds (Continued)

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

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following Debt Service Fund:

Bond Retirement – This fund receives transfers to make scheduled debt payments on the 2015 Bond Refunding.

Capital Projects Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Capital Projects Fund – This fund accounts for various receipts associated with capital expenditures of the Village.

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:

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund accounts for donations designated for maintenance of cemetery plots.

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 zoning permit pass through monies collected on behalf of the Village's contracted engineering firm.

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 Board 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 expenditures when a commitment is made (i.e., when an encumbrance is approved).

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

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 expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered 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.

Investments in STAR Ohio are measure 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 a 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:

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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

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.

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.

Note 3 – Budgetary Activity

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

| 2017 Budgeted vs. Actual Receipts | | | |
|--|------------------------------|----------------------------|---------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 3,320,471 | \$ 3,887,060 | \$ 566,589 |
| Special Revenue | 326,083 | 440,008 | 113,925 |
| Debt Service | 323,350 | 329,126 | 5,776 |
| Capital Projects | 65,193 | 65,193 | - |
| Enterprise | 1,000,000 | 2,027,147 | 1,027,147 |
| Fiduciary | 237,781 | 237,781 | - |
| Total | <u>\$ 5,272,878</u> | <u>\$ 6,986,315</u> | <u>\$ 1,713,437</u> |

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 3 – Budgetary Activity (Continued)

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|--|------------------------------------|-----------------------------------|-----------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 3,692,181 | \$ 2,629,668 | \$ 1,062,513 |
| Special Revenue | 906,652 | 529,545 | 377,107 |
| Debt Service | 353,344 | 351,224 | 2,120 |
| Capital Projects | 138,072 | 65,193 | 72,879 |
| Enterprise | 1,826,459 | 1,230,185 | 596,274 |
| Fiduciary | 213,267 | 213,267 | - |
| Total | \$ 7,129,975 | \$ 5,019,082 | \$ 2,110,893 |

Note 4 – Deposits and Investments

The Village maintains a deposit and investment 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 | \$ 864,024 |
| Certificates of Deposit | 2,619,782 |
| Total Deposits | 3,483,806 |
| STAR Ohio | 9,210,134 |
| Total Investments | 9,210,134 |
| Total Deposits and Investments | \$ 12,693,940 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution’s public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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.

Public utilities are also taxed on personal and real property located within the Village.

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 5 – Taxes (Continued)

Income Taxes

The Village levies a municipal income tax of one (1.0) 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.

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.

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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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, 2016 (the latest information available).

| | |
|-----------------|---------------------|
| | <u>2016</u> |
| Assets | \$14,765,712 |
| Liabilities | <u>(9,531,506)</u> |
| Members' Equity | <u>\$ 5,234,206</u> |

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 7 - Transfers

During 2017, the following transfers were made to properly retire debt from a debt service fund. The 2015 Bond Refunding included a previous bond for Park Real Estate and Sunbury Mills Plaza I and II. Transfers were determined to be allowable and in compliance with the Ohio Revised Code.

| | Transfers - In | Transfers - Out |
|---------------------------|----------------|-----------------|
| General Fund | \$ - | \$ (159,100) |
| SBM Plaza TIF Fund | - | (94,250) |
| Parks and Recreation Fund | - | (13,150) |
| Bond Retirement Fund | 266,500 | - |
| | \$ 266,500 | \$ (266,500) |

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All full-time and part-time employees that are not a full-time Police Officer 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.

Ohio Police and Fire Retirement System

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

Note 9 - 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. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 10 - Debt

Debt outstanding at December 31, 2017 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---|---------------------|----------------------|
| Cemetery Land Acquisition Bonds | \$ 78,300 | 3.50% |
| General Obligation Capital Facility Bonds | 31,333 | 4.50% |
| OWDA #4068 | 5,804,648 | 4.16% |
| Various Purpose Bonds, Series 2015 | 1,820,000 | 6.00% |
| OPWC CQ06R | 43,333 | 0.00% |
| OPWC CQ09T | 44,353 | 0.00% |
| Total | <u>\$ 7,821,967</u> | |

The Cemetery Land Acquisition Bonds mature December 1, 2026 and will be repaid with income from receipts lawfully available for such payment. Annual debt service payments range from \$10,240 to \$16,362. Payments are made from the Cemetery Fund.

The Capital Facility Bonds mature December 1, 2028 and will be repaid with special assessment taxes. Annual debt service requirements range from \$12,750 to \$12,850. Bond covenants required the Village to establish a debt service fund. The balance in the fund at December 31, 2017 is \$13,810.

The Ohio Water Development Authority (OWDA) loan relates to the wastewater treatment plant improvements. The loan matures January 1, 2037 and will be repaid in semiannual installments. The loan is secured by sewer receipts and payments are made from the Sewer Fund.

The Various Purpose Bonds, Series 2015 is in relation to the refunding of various bond anticipation notes issued in prior years to payoff general obligation notes consisting of Park Land Bonds, Town Hall Square Streetscape Bonds, Kintner Parkway Bonds, Sunbury Plaza I Bonds and Sunbury Plaza II Bonds. Payments are made annually with the last maturity occurring in 2028. Bond payments are made from a Debt Service Fund.

The Ohio Public Works Commission (OPWC) loan CQ06R relates to various street improvement projects started in 2015 and completed in 2016. The loan is zero percent interest and matures in 2031 with semi-annual payments of \$1,667. Payments are made from the Street Construction Maintenance and Repair Fund.

The Ohio Public Works Commission (OPWC) loan CQ09T relates to various street improvement projects started in 2015 and completed in 2017. The loan is zero percent interest and matures in 2032 with semi-annual payments of \$1,529. Payments are made from the Street Construction Maintenance and Repair Fund.

Amortization of the Village's debt principal and interest is scheduled as follows:

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 10 – Debt (Continued)

| Year ending December 31: | Cemetery Land Acquisition Bonds | General Obligation Capital Facility Bonds | OWDA #4068 Loan | Various Purpose Bonds, Series 2015 | OPWC CQ06R | OPWC CQ09T |
|-----------------------------|---------------------------------------|--|---------------------|---|------------------|------------------|
| 2018 | \$ 10,240 | \$ 3,650 | \$ 428,272 | \$ 309,200 | \$ 3,333 | \$ 3,333 |
| 2019 | 10,278 | 3,640 | 428,592 | 302,200 | 3,333 | 3,333 |
| 2020 | 10,305 | 3,656 | 428,927 | 304,900 | 3,333 | 3,333 |
| 2021 | 10,321 | 3,667 | 429,274 | 296,700 | 3,333 | 3,333 |
| 2022 | 10,327 | 3,627 | 233,503 | 293,200 | 3,333 | 3,333 |
| 2023-2027 | 41,159 | 18,454 | 2,154,170 | 821,900 | 16,665 | 16,665 |
| 2028-2032 | - | 3,701 | 2,165,804 | 26,500 | 10,003 | 11,023 |
| 2033-2037 | - | - | 1,961,357 | - | - | - |
| Total | <u>\$ 92,630</u> | <u>\$ 40,395</u> | <u>\$ 8,229,899</u> | <u>\$ 2,354,600</u> | <u>\$ 43,333</u> | <u>\$ 44,353</u> |

Note 11 – Joint Ventures

The Village of Sunbury Community Park Joint Venture is a jointly governed organization between the Big Walnut Board of Education and the Village of Sunbury. The joint venture agreement was entered into for the purpose of development of an elementary school and an adjacent community park. The legislative and advisory body is made up of one member appointed by the school, one member appointed by the Village and an agreed upon third member. The Village committed 21 acres of the development for the school and park and the district has committed \$1.4 million to development of the park.

Note 12 – Jointly Governed Organizations

The Berkshire Township, the Village of Sunbury, Trenton Township, and the Village of Galena appoint one member to the Board of Trustees of the B.S.T. &G. Joint Fire District. The B.S.T. &G. Joint Fire District provides fire protection and rescue services within the District.

Note 13 – Related Organizations

The Village of Sunbury appoints 4 members to the Northgate NCA (New Community Authority), which will be conducive to the public health, safety, convenience and welfare and is intended to result in the development of a new community, declaring the Authority to be organized and a body politic and corporate. The NCA met twice during 2017 and minutes are available through their secretary.

Note 14 – Contingent Liabilities

The Village participates in several state assisted grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Village believes that disallowed claims, if any, will not have a material adverse effect on the Village's financial condition.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 15 – Construction and Contractual Commitments

2017 OPWC CQ28U/CQ29U will repair Miller Drive with spot full depth repair and the surrounding neighbor streets with mico surfacing. Due to temperature and scheduling conflicts, this job was delayed until spring 2018.

Note 16 – Subsequent Events

On November 7, 2017, the Village received a debt notice letter from the State of Ohio, in this letter, the basics of this letter requires the Village to commit \$100,000 towards Phase A of the improved interchange at I-71 and Routes 36/37 and the proposed Sunbury Parkway. ODOT is requesting the funds be provided on or before January 4, 2019.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | General | Special Revenue | Debt Service | Capital Projects | Totals (Memorandum Only) |
|--|---------------------|---------------------|-------------------|---------------------|--------------------------------|
| Cash Receipts | | | | | |
| Property and Other Local Taxes | \$ 290,185 | \$ - | \$ - | \$ - | \$ 290,185 |
| Municipal Income Tax | 3,043,671 | - | - | - | 3,043,671 |
| Intergovernmental | 147,624 | 211,942 | - | 333,807 | 693,373 |
| Special Assessments | - | - | 69,234 | - | 69,234 |
| Charges for Services | - | 37,189 | - | - | 37,189 |
| Fines, Licenses and Permits | 186,801 | 13,009 | - | - | 199,810 |
| Earnings on Investments | 39,651 | 11,844 | - | - | 51,495 |
| Miscellaneous | 49,868 | 26,593 | - | - | 76,461 |
| <i>Total Cash Receipts</i> | <u>3,757,800</u> | <u>300,577</u> | <u>69,234</u> | <u>333,807</u> | <u>4,461,418</u> |
| Cash Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 925,285 | - | - | - | 925,285 |
| Public Health Services | - | 51,416 | - | - | 51,416 |
| Leisure Time Activities | - | 18,160 | - | - | 18,160 |
| Community Environment | 288,952 | - | - | - | 288,952 |
| Basic Utility Services | - | - | - | - | - |
| Transportation | 509,291 | 48,607 | - | - | 557,898 |
| General Government | 448,081 | 1,628 | - | - | 449,709 |
| Capital Outlay | 191,270 | 516,484 | - | 333,807 | 1,041,561 |
| Debt Service: | | | | | |
| Principal Retirement | - | 8,667 | 192,028 | - | 200,695 |
| Interest and Fiscal Charges | - | 3,241 | 70,647 | - | 73,888 |
| <i>Total Cash Disbursements</i> | <u>2,362,879</u> | <u>648,203</u> | <u>262,675</u> | <u>333,807</u> | <u>3,607,564</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,394,921</u> | <u>(347,626)</u> | <u>(193,441)</u> | <u>-</u> | <u>853,854</u> |
| Other Financing Receipts (Disbursements) | | | | | |
| Other Debt Proceeds | - | 50,000 | - | - | 50,000 |
| Transfers In | - | - | 259,050 | - | 259,050 |
| Transfers Out | (259,050) | - | - | - | (259,050) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(259,050)</u> | <u>50,000</u> | <u>259,050</u> | <u>-</u> | <u>50,000</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>1,135,871</u> | <u>(297,626)</u> | <u>65,609</u> | <u>-</u> | <u>903,854</u> |
| <i>Fund Cash Balances, January 1 (Restated, See Note 14)</i> | <u>4,565,954</u> | <u>1,395,821</u> | <u>227,163</u> | <u>72,879</u> | <u>6,261,817</u> |
| Fund Cash Balances, December 31 | | | | | |
| Restricted | - | 1,050,142 | 292,772 | 72,879 | 1,415,793 |
| Committed | - | 48,053 | - | - | 48,053 |
| Assigned | 339,654 | - | - | - | 339,654 |
| Unassigned | 5,362,171 | - | - | - | 5,362,171 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 5,701,825</u> | <u>\$ 1,098,195</u> | <u>\$ 292,772</u> | <u>\$ 72,879</u> | <u>\$ 7,165,671</u> |

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

**VILLAGE OF SUNBURY
DELAWARE 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, 2016**

| | Proprietary Fund Type | Fiduciary Fund Types | | Totals |
|--|--------------------------|-------------------------|--------------------------|----------------------|
| | Enterprise | Agency | Private Purpose Trust | (Memorandum Only) |
| Operating Cash Receipts | | | | |
| Charges for Services | \$ 1,082,430 | \$ - | \$ - | \$ 1,082,430 |
| <i>Total Operating Cash Receipts</i> | <u>1,082,430</u> | <u>-</u> | <u>-</u> | <u>1,082,430</u> |
| Operating Cash Disbursements | | | | |
| Personal Services | 175,166 | - | - | 175,166 |
| Travel Transportation | 71,013 | - | - | 71,013 |
| Contractual Services | 175,263 | - | - | 175,263 |
| Supplies and Materials | 173,868 | - | - | 173,868 |
| <i>Total Operating Cash Disbursements</i> | <u>595,310</u> | <u>-</u> | <u>-</u> | <u>595,310</u> |
| <i>Operating Income</i> | <u>487,120</u> | <u>-</u> | <u>-</u> | <u>487,120</u> |
| Non-Operating Receipts (Disbursements) | | | | |
| Capital Outlay | (33,573) | - | - | (33,573) |
| Principal Retirement | (182,391) | - | - | (182,391) |
| Interest and Other Fiscal Charges | (245,279) | - | - | (245,279) |
| Other Non-Operating Cash Receipts | - | 383,733 | - | 383,733 |
| Other Non-Operating Cash Disbursements | - | (277,317) | - | (277,317) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(461,243)</u> | <u>106,416</u> | <u>-</u> | <u>(354,827)</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>25,877</u> | <u>106,416</u> | <u>-</u> | <u>132,293</u> |
| <i>Fund Cash Balances, January 1 (Restated, See Note 14)</i> | <u>3,198,254</u> | <u>38,550</u> | <u>7,542</u> | <u>3,244,346</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 3,224,131</u> | <u>\$ 144,966</u> | <u>\$ 7,542</u> | <u>\$ 3,376,639</u> |

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Sunbury, Delaware County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides police protection, parks and recreation, building inspection, street maintenance and repairs and sewer.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Village participates in a joint venture and a jointly governed organization. Notes 11 and 12 to the financial statements provide additional information for these organizations. The organizations are:

Big Walnut Board of Education:

Joint venture to develop an elementary school and adjacent community park.

The B.S.T. &G. Joint Fire District:

Jointly governed organization made up of Berkshire Township, Village of Sunbury, and Trenton Township to provide fire protection and rescue services.

The Village participates in the Ohio Plan, 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 or committed to expenditure for specified purposes other than debt service or capital projects. 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 for constructing, maintaining, and repairing Village streets.

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following Debt Service Fund:

Bond Retirement – This fund receives transfers to make scheduled debt payments on the 2015 Bond Refunding.

Capital Projects Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Funds:

Capital Projects Fund – This fund accounts for various receipts associated with capital expenditures of the Village.

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:

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

The Village's private purpose trust fund accounts for donations designated for maintenance of cemetery plots.

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 zoning permit pass through monies collected on behalf of the Village's contracted engineering firm.

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 Board 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 expenditures 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.

VILLAGE OF SUNBURY
DELAWARE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered 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 2016 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.

Investments in STAR Ohio are measure 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 a 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.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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

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

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.

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.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2016 follows:

| 2016 Budgeted vs. Actual Receipts | | | |
|--|------------------------------|----------------------------|-----------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 4,114,487 | \$ 3,757,800 | \$ (356,687) |
| Special Revenue | 420,800 | 350,577 | (70,223) |
| Debt Service | 1,325,181 | 328,284 | (996,897) |
| Capital Projects | 333,807 | 333,807 | - |
| Enterprise | 1,000,000 | 1,082,430 | 82,430 |
| Fiduciary | 383,733 | 383,733 | - |
| Total | \$ 7,194,275 | \$ 6,236,631 | \$ (1,341,377) |

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 3 – Budgetary Activity (Continued)

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|--|------------------------------------|-----------------------------------|---------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 3,574,607 | \$ 2,811,660 | \$ 762,947 |
| Special Revenue | 842,070 | 648,203 | 193,867 |
| Debt Service | 266,869 | 262,675 | 4,194 |
| Capital Projects | 409,807 | 333,807 | 76,000 |
| Enterprise | 1,788,699 | 1,056,553 | 732,146 |
| Fiduciary | 277,317 | 277,317 | - |
| Total | <u>\$ 7,159,369</u> | <u>\$ 5,390,215</u> | <u>\$ 1,769,154</u> |

Note 4 – Deposits and Investments

The Village maintains a deposit and investment 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:

| | 2016 |
|--------------------------------|----------------------|
| Demand Deposits | <u>\$ 3,728,318</u> |
| Certificates of Deposit | <u>2,602,143</u> |
| Total Deposits | <u>6,330,461</u> |
| STAR Ohio | <u>4,211,849</u> |
| Total Investments | <u>4,211,849</u> |
| Total Deposits and Investments | <u>\$ 10,542,310</u> |

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

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

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.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 5 – Taxes (Continued)

Income Taxes

The Village levies a municipal income tax of one (1.0) 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.

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.

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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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, 2016:

| | |
|-----------------|---------------------|
| | <u>2016</u> |
| Assets | \$14,765,712 |
| Liabilities | <u>(9,531,506)</u> |
| Members' Equity | <u>\$ 5,234,206</u> |

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

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 7 - Transfers

During 2016, the following transfer was made to properly retire debt from a debt service fund.

| | Transfers - In | Transfers - Out |
|----------------------|----------------|-----------------|
| General Fund | \$ - | \$ (259,050) |
| Bond Retirement Fund | 259,050 | - |
| | \$ 259,050 | \$ (259,050) |

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All full-time and part-time employees that are not a full-time Police Officer 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, 2016.

Ohio Police and Fire Retirement System

Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

Note 9 - 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. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 10 - Debt

Debt outstanding at December 31, 2016 was as follows:

| | Principal | Interest Rate |
|---|--------------|---------------|
| Cemetery Land Acquisition Bonds | \$ 85,600 | 3.50% |
| General Obligation Capital Facility Bonds | 33,452 | 4.50% |
| OWDA #4068 | 5,994,707 | 4.16% |
| Various Purpose Bonds, Series 2015 | 2,010,000 | 6.00% |
| OPWC CQ06R | 48,333 | 0.00% |
| Total | \$ 8,172,092 | |

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 10 – Debt (Continued)

The Cemetery Land Acquisition Bonds mature December 1, 2026 and will be repaid with income from receipts lawfully available for such payment. Annual debt service payments range from \$10,240 to \$16,362. Payments are made from the Cemetery Fund.

The Capital Facility Bonds mature December 1, 2028 and will be repaid with special assessment taxes. Annual debt service requirements range from \$12,750 to \$12,850. Bond covenants required the Village to establish a debt service fund. The balance in the fund at December 31, 2016 is \$1,874.

The Ohio Water Development Authority (OWDA) loan relates to the wastewater treatment plant improvements. The loan matures January 1, 2037 and will be repaid in semiannual installments. The loan is secured by sewer receipts and payments are made from the Sewer Fund.

The Various Purpose Bonds, Series 2015 is in relation to the refunding of various bond anticipation notes issued in prior years to payoff general obligation notes consisting of Park Land Bonds, Town Hall Square Streetscape Bonds, Kintner Parkway Bonds, Sunbury Plaza I Bonds and Sunbury Plaza II Bonds. Payments are made annually with the last maturity occurring in 2028. Bond payments are made from a Debt Service Fund.

The Ohio Public Works Commission (OPWC) loan CQ06R relates to various street improvement projects started in 2015 and completed in 2016. The loan is zero percent interest and matures in 2031 with semi-annual payments of \$1,667. Payments are made from the Street Construction Maintenance and Repair Fund.

Amortization of the Village's debt principal and interest is scheduled as follows:

| Year ending December 31: | Cemetery Land Acquisition Bonds | General Obligation Capital Facility Bonds | OWDA #4068 Loan | Various Purpose Bonds, Series 2015 | OPWC CQ06R |
|-----------------------------|---------------------------------------|--|---------------------|---|------------------|
| 2017 | \$ 10,296 | \$ 3,625 | \$ 427,965 | \$ 310,600 | \$ 3,333 |
| 2018 | 10,240 | 3,650 | 428,272 | 309,200 | 3,333 |
| 2019 | 10,278 | 3,640 | 428,592 | 302,200 | 3,333 |
| 2020 | 10,305 | 3,656 | 428,927 | 304,900 | 3,333 |
| 2021 | 10,321 | 3,667 | 429,274 | 296,700 | 3,333 |
| 2022-2026 | 51,486 | 18,423 | 2,152,117 | 1,018,200 | 16,665 |
| 2027-2031 | - | 7,404 | 2,163,282 | 123,400 | 15,003 |
| 2032-2036 | - | - | 2,176,999 | - | - |
| 2037 | - | - | 218,569 | - | - |
| Total | <u>\$ 102,926</u> | <u>\$ 44,065</u> | <u>\$ 8,853,997</u> | <u>\$ 2,665,200</u> | <u>\$ 48,333</u> |

Note 11 – Joint Ventures

The Village of Sunbury Community Park Joint Venture is a jointly governed organization between the Big Walnut Board of Education and the Village of Sunbury. The joint venture agreement was entered into for the purpose of development of an elementary school and an adjacent community park. The legislative and advisory body is made up of one member appointed by the school, one member appointed by the Village and an agreed upon third member. The Village committed 21 acres of the development for the school and park and the district has committed \$1.4 million to development of the park. Both the elementary school and park are under construction and nearing completion.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Continued)**

Note 12 – Jointly Governed Organizations

The Berkshire Township, the Village of Sunbury, Trenton Township, and the Village of Galena appoint one member to the Board of Trustees of the B.S.T. &G. Joint Fire District. The B.S.T. &G. Joint Fire District provides fire protection and rescue services within the District.

Note 13 – Contingent Liabilities

The Village participates in several state assisted grants that are subject to financial and compliance audits by grantor agencies or their representatives. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. The Village believes that disallowed claims, if any, will not have a material adverse effect on the Village's financial condition.

Note 14 – Restatement

The restatement is due to the Village establishing an Agency Fund to properly account for zoning permit pass-through monies collected by the Village on behalf of CT Consultants.

| | General Fund | Agency Fund |
|--|-----------------|----------------|
| Fund Balance at December 31, 2015 | \$ 4,604,504 | \$ - |
| Change in Fund Balance | (38,550) | 38,550 |
| Adjusted Fund Balance at January 1, 2016 | \$ 4,565,954 | \$ 38,550 |

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

August 1, 2018

Village of Sunbury
Delaware County
9 East Granville Street
Sunbury, Ohio 43074

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 Sunbury**, Delaware County, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated August 1, 2018, 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 opinion 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 controls, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

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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 that we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as finding 2017-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 1, 2018.

Village's Response to Findings

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

Purpose of this Report

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



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund balances should be properly classified based on Governmental Accounting Standards Board (GASB) Statement No. 54: *Fund Balance Reporting and Governmental Fund Type Definitions*. Footnote disclosures should be accurate based on underlying source documentation and governmental accounting standards.

During 2016 and 2017, receipts, disbursements, and fund balances were not always posted or classified correctly and footnote disclosures were not always up to date. The following errors were noted:

- Revenues in the Impact Fee Funds were improperly classified as charges for services in 2017 and 2016 instead of Fines, Licenses, Permits;
- OPWC grants were not properly recorded in a Capital Projects Fund in 2017 and 2016;
- OPWC grants were not recorded in the proper year in 2017 and 2016;
- Debt proceeds were improperly classified as Intergovernmental Revenue in 2017 and 2016;
- The Police Bicycle Fund was improperly classified as a Fiduciary Fund instead of a Special Revenue Fund in 2016 and 2017;
- Permissive Motor Vehicle License Tax Receipts were not properly recorded in a separate fund (see Finding 2017-003);
- A transfer was not properly disclosed on the annual report in 2017;
- All fund balances were improperly classified as Unassigned in 2017 and 2016 and required reclassification;
- A State and Local Highway receipt received from the State of Ohio was improperly recorded in the General Fund instead of the Street Construction Maintenance and Repair Fund and State Highway Fund in 2016;
- The Village was recording pass through monies relating to zoning permits within the General Fund with an Unassigned Fund balance. Through inquiry with the Village, it was determined to reclassify this activity to an Agency Fund so that Village can more appropriately track these revenues and expenses;
- Outstanding encumbrances in the General Fund were improperly disclosed on the annual financial report as a negative Assigned amount instead of a positive Assigned amount, which improperly calculated the Unassigned amount in 2016;
- The Village utilized an outdated footnote shell in 2016, therefore minor corrections were made to agree to the most current guidance available;
- Outstanding debt was not properly disclosed for 2017 and 2016;
- Debt amortization schedules were not accurate for 2017 and 2016;
- Budgetary footnote did not reflect budgeted receipts as approved by the County Budget Commission and Appropriation Authority as approved by Village Council.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several adjustments and reclassifications. The Village has made all adjustments to its accounting system. The financial statements reflect all adjustments and reclassifications.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|--|

FINDING NUMBER 2017-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Management's Response – Steps will be taken to correct.

FINDING NUMBER 2017-002

Material Weakness

Controls over Fines, Licenses, Permits

The Village utilizes an outside engineering firm to process zoning permits, building permits and other fees associated with these. The firm follows the Village's fee schedule as outlined in the Codified Ordinances of Sunbury. When a permit is issued, the firm determines the total fee to be paid to the Village, which includes fees for inspection that will be billed to the Village and paid at a later date.

During testing, it was determined the Village does not have appropriate controls over the processing of permits. The Village relies heavily on the engineering firm and does not have an individual at the Village overseeing the activities of the firm. We also noted permits issued were not pre-numbered.

We were able to determine during testing and discussions with the Village and engineering firm, receipts tested for permits were complete and accurate.

We recommend the Village identify an individual to work closely with the engineering firm and confirm calculations for fees are accurate prior to receipt by the Village. We also recommend an internal tracking of ongoing projects relating to permits is kept and permits issued are pre-numbered.

Management's Response – Steps will be taken to correct.

VILLAGE OF SUNBURY
DELAWARE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2017-003

Noncompliance

Ohio Rev. Code Section 5705.09(F) requires, in part, each subdivision to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

During 2017 and 2016, the Village received Permissive Motor Vehicle License Tax receipts and did not set up a separate Special Revenue Fund for these receipts. An audit adjustment, which the Village is in agreement with, has been posted to the accompanying financial statements and accounting system.

We recommend the Village ensure a separate fund is established when required.

Management's Response – Steps will be taken to correct.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|---|---------------|--|
| 2015-001 | Posting Receipts, Disbursements and Fund Balance Classification | Not corrected | Repeated as Finding 2017-001 |
| 2015-002 | Ohio Rev. Code Section 5705.09 | Not corrected | Repeated as Finding 2017-002 (Corrected for issue noted in 2014-2015 audit, however repeated for a different instance) |
| 2015-003 | Ohio Revised Code Section 5705.41(B) | Corrected | N/A |



Dave Yost • Auditor of State

VILLAGE OF SUNBURY

DELAWARE 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
NOVEMBER 8, 2018