

***VILLAGE OF NORTH KINGSVILLE  
ASHTABULA COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Members of Council  
Village of North Kingsville  
3541 East Center Street  
North Kingsville, Ohio 44068-0253

We have reviewed the *Report of Independent Accountants* of the Village of North Kingsville, Ashtabula County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 North Kingsville is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

June 2, 2011

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**VILLAGE OF NORTH KINGSVILLE  
ASHTABULA COUNTY, OHIO  
Audit Report  
For the Years Ended December 31, 2010 & 2009**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of North Kingsville  
Ashtabula County  
3541 East Center Street  
North Kingsville, Ohio 44068-0253

To the Village Council:

We have audited the accompanying financial statements of the Village of North Kingsville, Ashtabula County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009. 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 that our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2010 and 2009. Instead of the combined funds the accompanying financial statements present for 2010 and 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 and 2009. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009, 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, 2010 and 2009, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of North Kingsville, Ashtabula County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2010 and 2009. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2011, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

A handwritten signature in black ink that reads "Charles E. Harris" followed by a stylized flourish.

*Charles E. Harris & Associates, Inc.*  
May 11, 2011



**VILLAGE OF NORTH KINGSVILLE  
ASHTABULA COUNTY  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 630,706	\$ 213,427	-	\$ 27,489	\$ 871,622
Special Assessments	-	5,064	-	9,133	14,197
Intergovernmental	78,129	155,063	-	-	233,192
Charges for Services	22,125	12,932	-	-	35,057
Fines, Licenses & Permits	177,261	10,388	-	-	187,649
Earnings on Investments	830	34	-	-	864
Miscellaneous	11,397	1,284	-	-	12,681
<b>Total Cash Receipts</b>	<b>920,448</b>	<b>398,192</b>	<b>-</b>	<b>36,622</b>	<b>1,355,262</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons & Property	294,035	95,740	-	-	389,775
Public Health Services	31,096	6,156	-	-	37,252
Leisure Time Activities	-	12,642	-	-	12,642
Community Environment	3,244	-	-	-	3,244
Transportation	-	237,172	-	-	237,172
General Government	404,694	2,163	-	284	407,141
Debt Service:					
Principal Payment	-	-	\$ 56,113	6,994	63,107
Interest and Fiscal Charges	-	-	4,991	2,057	7,048
<b>Total Cash Disbursements</b>	<b>733,069</b>	<b>353,873</b>	<b>61,104</b>	<b>9,335</b>	<b>1,157,381</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>187,379</b>	<b>44,319</b>	<b>(61,104)</b>	<b>27,287</b>	<b>197,881</b>
<b>Other Financing Sources/(Uses):</b>					
Transfers-In	25,000	16,000	61,104	201	102,305
Transfers-Out	(37,006)	(40,299)	-	-	(77,305)
Advances-In	-	3,000	-	-	3,000
Advances Out	(3,000)	-	-	-	(3,000)
Other Financing Uses	(5,198)	-	-	-	(5,198)
Other Financing Sources	5,110	-	-	-	5,110
<b>Total Other Financing Sources/(Uses)</b>	<b>(15,094)</b>	<b>(21,299)</b>	<b>61,104</b>	<b>201</b>	<b>24,912</b>
<b>Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses</b>	<b>172,285</b>	<b>23,020</b>	<b>-</b>	<b>27,488</b>	<b>222,793</b>
<b>Fund Cash Balance, January 1</b>	<b>210,891</b>	<b>412,620</b>	<b>-</b>	<b>40,867</b>	<b>664,378</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 383,176</b>	<b>\$ 435,640</b>	<b>\$ -</b>	<b>\$ 68,355</b>	<b>\$ 887,171</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 848</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 848</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF NORTH KINGSVILLE  
ASHTABULA COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Types</b>	<b>Total</b>
	<b>Enterprise Fund</b>	<b>Agency Fund</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 446,262	\$ -	\$ 446,262
Miscellaneous	6,834	-	6,834
Total Operating Cash Receipts	453,096	-	453,096
<b>Operating Cash Disbursements:</b>			
Personal Services	155,223	-	155,223
Employee Fringe Benefits	51,791	-	51,791
Contractual Services	114,508	-	114,508
Supplies & Materials	90,686	-	90,686
Miscellaneous	16,758	-	16,758
Total Operating Cash Disbursements	428,966	-	428,966
<b>Operating Income/(Loss)</b>	24,130	-	24,130
<b>Non-Operating Cash Receipts/(Disbursements):</b>			
Miscellaneous Receipts	-	34	34
Fines and Forfeitures	-	74,704	74,704
Distribution of Fines and Forfeitures	-	(74,584)	(74,584)
Capital Outlay	(7,954)	-	(7,954)
<b>Excess of Receipts Over Disbursements Before Transfers/Advances</b>	16,176	154	16,330
Transfers-Out	(25,000)	-	(25,000)
<b>Net Receipts Over Disbursements</b>	(8,824)	154	(8,670)
<b>Fund Cash Balance, January 1</b>	188,327	3,168	191,495
<b>Fund Cash Balance, December 31</b>	\$ 179,503	\$ 3,322	\$ 182,825
<b>Reserve for Encumbrances, December 31</b>	\$ 670	\$ -	\$ 670

See accompanying Notes to the Financial Statements.

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

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 612,477	\$ 187,650	-	\$ 36,211	\$ 836,338
Special Assessments	-	5,202	-	8,649	13,851
Intergovernmental	80,127	210,822	-	-	290,949
Charges for Services	25,240	10,485	-	-	35,725
Fines, Licenses & Permits	224,823	18,842	-	-	243,665
Earnings on Investments	315	13	-	-	328
Miscellaneous	18,943	3,623	-	-	22,566
<b>Total Cash Receipts</b>	<b>961,925</b>	<b>436,637</b>	<b>-</b>	<b>44,860</b>	<b>1,443,422</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons & Property	363,511	137,340	-	-	500,851
Public Health Services	30,949	5,972	-	-	36,921
Leisure Time Activities	-	13,660	-	-	13,660
Community Environment	3,570	-	-	-	3,570
Transportation	-	254,607	-	-	254,607
General Government	374,628	41,183	-	250	416,061
Debt Service:					
Principal Payment	-	-	\$ 58,841	7,301	66,142
Interest and Fiscal Charges	-	-	1,290	1,750	3,040
<b>Total Cash Disbursements</b>	<b>772,658</b>	<b>452,762</b>	<b>60,131</b>	<b>9,301</b>	<b>1,294,852</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>189,267</b>	<b>(16,125)</b>	<b>(60,131)</b>	<b>35,559</b>	<b>148,570</b>
<b>Other Financing Sources/(Uses):</b>					
Transfers-In	-	15,700	60,131	654	76,485
Transfers-Out	(37,158)	(39,327)	-	-	(76,485)
Advances-In	3,000	-	-	-	3,000
Advances Out	-	(3,000)	-	-	(3,000)
Other Financing Sources	521	-	-	-	521
<b>Total Other Financing Sources/(Uses)</b>	<b>(33,637)</b>	<b>(26,627)</b>	<b>60,131</b>	<b>654</b>	<b>521</b>
<b>Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses</b>	<b>155,630</b>	<b>(42,752)</b>	<b>-</b>	<b>36,213</b>	<b>149,091</b>
Fund Cash Balance, January 1	383,176	435,640	-	68,355	887,171
<b>Fund Cash Balance, December 31</b>	<b>\$ 538,806</b>	<b>\$ 392,888</b>	<b>\$ -</b>	<b>\$ 104,568</b>	<b>\$ 1,036,262</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 5,320</b>	<b>\$ 3,984</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,304</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF NORTH KINGSVILLE**  
**ASHTABULA COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN FUND CASH BALANCES**  
**ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<b>Proprietary Fund Types</b>	<b>Fiduciary Fund Types</b>	<b>Total</b>
	<b>Enterprise Fund</b>	<b>Agency Fund</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 387,484	\$ -	\$ 387,484
Miscellaneous	4,997	-	4,997
	<b>392,481</b>	<b>-</b>	<b>392,481</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	134,963	-	134,963
Employee Fringe Benefits	36,235	-	36,235
Contractual Services	118,084	-	118,084
Supplies & Materials	71,901	-	71,901
Miscellaneous	15,393	-	15,393
	<b>376,576</b>	<b>-</b>	<b>376,576</b>
<b>Operating Income/(Loss)</b>	<b>15,905</b>	<b>-</b>	<b>15,905</b>
<b>Non-Operating Cash Receipts/(Disbursements):</b>			
Miscellaneous Receipts	-	42	42
Fines and Forfeitures	-	271,451	271,451
Distribution of Fines and Forfeitures	-	(271,406)	(271,406)
Capital Outlay	(10,533)	-	(10,533)
	<b>5,372</b>	<b>87</b>	<b>5,459</b>
Net Receipts Over Disbursements	<b>5,372</b>	<b>87</b>	<b>5,459</b>
Fund Cash Balance, January 1	<b>179,503</b>	<b>3,322</b>	<b>182,825</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 184,875</b>	<b>\$ 3,409</b>	<b>\$ 188,284</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$ 2,257</b>	<b>\$ -</b>	<b>\$ 2,257</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF NORTH KINGSVILLE**  
**ASHTABULA COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Village of North Kingsville, Ashtabula County (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected seven member Council. The Village provides park operations, police services, and fire protection.

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

**B. BASIS OF ACCOUNTING**

The Village prepares its financial statements following 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.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. CASH AND INVESTMENTS**

Investments are recorded as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Repurchase agreements (sweep account) are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**D. FUND ACCOUNTING**

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**VILLAGE OF NORTH KINGSVILLE**  
**ASHTABULA COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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

**D. FUND ACCOUNTING (continued)**

**Governmental Fund Types:**

**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.

**Special Revenue Funds:** These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village has 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.

Rescue Service Fund – This fund receives fees for providing ambulance service.

Policy Levy- This fund receives money for a levy that supports the police.

**Debt Service Funds:** These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service fund:

Fire Truck Bond Fund – This fund receives transfers from the Fire Truck Bond Levy Fund to pay the debt for a fire truck.

**Capital Projects:** These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project fund:

Municipal Income Tax Capital Improvement Fund – This fund receives proceeds from the Villages Municipal Income Tax for capital improvements of the Village.

**VILLAGE OF NORTH KINGSVILLE**  
**ASHTABULA COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

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

**D. FUND ACCOUNTING (continued)**

**Proprietary Fund Types:**

**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 fund:

Municipal Golf Course – This fund receives charges for services from the golf course to cover the cost of operating this facility.

**Fiduciary Funds (Agency Funds):** These funds are used to account for custodial funds held by the Village acting as an agent for another government, organization, individual or fund. The Village had the following significant Fiduciary Fund:

Mayor’s Court Fund – This fund receives fine and court cost monies. The proceeds are distributed to the State as required by law and to the General Fund.

**E. BUDGETARY PROCESS**

**1. 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 the appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**2. Estimated Resources**

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

**VILLAGE OF NORTH KINGSVILLE  
ASHTABULA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2010 and 2009**

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

**E. BUDGETARY PROCESS**

**3. Encumbrances**

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

A summary of 2010 and 2009 budgetary activity appears in Note 5.

**F. PROPERTY, PLANT AND EQUIPMENT**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. ACCUMULATED LEAVE**

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

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

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

	2010	2009
Demand Deposits	\$ 921,597	\$ 767,375
Investments:		
STAR Ohio	302,949	302,621
Total deposits and investments	\$ 1,224,546	\$ 1,069,996

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

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



**VILLAGE OF NORTH KINGSVILLE**  
**ASHTABULA COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**3. PROPERTY TAXES**

Real property taxes become a lien on January 1 preceding the October 1 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 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.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2010 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

**4. LOCAL INCOME TAX**

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

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

**VILLAGE OF NORTH KINGSVILLE**  
**ASHTABULA COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2010 and 2009**

**5. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and 2010 as follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 951,313	\$ 950,558	\$ (755)
Special Revenue	432,923	417,192	(15,731)
Debt Service	61,106	61,104	(2)
Capital Projects	37,751	36,823	(928)
Enterprise	469,400	453,096	(16,304)
Total	\$ 1,952,493	\$ 1,918,773	\$ (33,720)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 853,674	\$ 779,121	\$ 74,553
Special Revenue	499,889	394,172	105,717
Debt Service	61,106	61,104	2
Capital Projects	62,430	9,335	53,095
Enterprise	508,201	462,590	45,611
Total	\$ 1,985,300	\$ 1,706,322	\$ 278,978

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 990,400	\$ 965,446	\$ (24,954)
Special Revenue	449,959	452,337	2,378
Debt Service	61,026	60,131	(895)
Capital Projects	36,850	45,514	8,664
Enterprise	387,370	392,481	5,111
Total	\$ 1,925,605	\$ 1,915,909	\$ (9,696)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 902,004	\$ 815,136	\$ 86,868
Special Revenue	614,027	499,073	114,954
Debt Service	61,026	60,131	895
Capital Projects	72,429	9,301	63,128
Enterprise	471,587	389,366	82,221
Total	\$ 2,121,073	\$ 1,773,007	\$ 348,066

**VILLAGE OF NORTH KINGSVILLE  
ASHTABULA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2010 and 2009**

**6. RETIREMENT SYSTEMS**

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

Contribution rates are prescribed by the Ohio Revised Code. For 2010 and 2009, OP&F participants contributed 10.00% of their wages. The Village contributed an amount equal to 19.50% of police participant wages. For 2010 and 2009, OPERS members contributed 10.00% of their wages. The Village contributed an amount equal to 14.00% of participants' gross salaries. The Village has paid all contributions through December 31, 2010.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**8. DEBT**

Debt outstanding at December 31, 2010 is as follows:

<u>Description</u>	<u>Principal</u>	<u>Interest Rate</u>
Tamkrist Trail Improvement Bond	\$ 32,551	4.39%
	<u>\$ 32,551</u>	

The Tamkrist Trail Improvement Bond issued in 2004, relate to the improvement and pavement of Tamkrist Trail.

**VILLAGE OF NORTH KINGSVILLE  
ASHTABULA COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2010 and 2009**

**8. DEBT - (continued)**

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

Year Ended:	<u>Tamkrist Trail Improvement Bond</u>
2011	\$ 9,050
2012	9,050
2013	9,050
2014	9,050
Total	<u>\$ 36,200</u>

**9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

**10. INTERFUND TRANSFERS**

In 2009 and 2010, the Village had transfers out of the General Fund into the Special Revenue - Cemetery and Special Revenue - Street Construction Funds to support activity. Transfers were also made from Special Revenue - Fire Truck Bond Levy and General Fund into the Debt Service - General Obligation Bond-Fire Truck and the General Obligation Bond-Vehicles to pay the respective debt issues. They also had a transfer in 2009 from the Golf Course Fund into the General Fund, which was approved by a court order. All transfers were in compliance with applicable Ohio Revised Code sections.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Village of North Kingsville  
Ashtabula County  
3541 East Center Street  
North Kingsville, Ohio 44068-0253

To the Village Council:

We have audited the financial statements of the Village of North Kingsville, Ashtabula County Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 11, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *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.

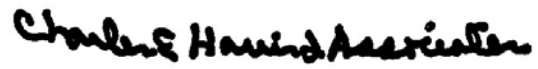
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the Village in a separate letter dated May 11, 2011.

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

A handwritten signature in black ink that reads "Charles E. Harris Associates". The signature is written in a cursive, slightly slanted style.

**Charles E. Harris and Associates, Inc.**  
May 11, 2011

VILLAGE OF NORTH KINGSVILLE  
ASHTABULA COUNTY, OHIO  
For the Years Ended December 31, 2009 & 2010

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit, for the years ended December 31, 2007 and 2008, reported no material citations or recommendations.

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# Dave Yost • Auditor of State

VILLAGE OF NORTH KINGSVILLE

ASHTABULA 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  
JUNE 14, 2011