VILLAGE OF LAKEVIEW
LOGAN COUNTY, OHIO

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2011 & 2010

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

Village Council
Village of Lakeview
125 North Main Street
Lakeview, Ohio 43331

We have reviewed the *Report of Independent Accountants* of the Village of Lakeview, Logan County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *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 Lakeview is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

December 13, 2012

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VILLAGE OF LAKEVIEW
LOGAN COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2011 & 2010

TABLE OF CONTENTS

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Lakeview
Logan County
125 N. Main Street
Lakeview, Ohio 43331

To the Village Council:

We have audited the accompanying financial statements of the Village of Lakeview, Logan County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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.

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or 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 as of December 31, 2011 and 2010 of the Village of Lakeview, Logan County, 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.

As described in Note 9, during 2010 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.
September 30, 2012

VILLAGE OF LAKEVIEW
LOGAN COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2011

	Governmental Fund Types		Totals-
	General	Special Revenue	(Memorandum Only)
Receipts:			
Property Taxes	$ 31,827	$ 5,096	$ 36,923
Municipal Income Tax	-	173,226	173,226
Intergovernmental	63,683	53,659	117,342
Charges for Services	164,075	1,250	165,325
Fines, Licenses and Permits	8,977	-	8,977
Earnings on Investments	12,803	-	12,803
Miscellaneous	2,846	-	2,846
Total Receipts	284,211	233,231	517,442
Disbursements:			
Current:			
Security of Persons & Property	79,508	-	79,508
Leisure Time Activities	-	921	921
Basic Utility Service	4,345	-	4,345
Transportation	15,714	82,247	97,961
General Government	133,314	23,550	156,864
Capital Outlay	-	4,831	4,831
Debt Service:			
Principal	-	116,065	116,065
Interest and Fiscal Charges	-	5,935	5,935
Total Disbursements	232,881	233,549	466,430
Total Receipts Over/(Under) Disbursements	51,330	(318)	51,012
Fund Cash Balance, January 1, 2011	168,705	289,446	458,151
Fund Balances:			
Restricted	-	289,852	289,852
Unassigned	220,035	-	220,035
Fund Cash Balance, December 31, 2011	$ 220,035	$ 289,128	$ 509,163

See Accompanying Notes to the Financial Statements.

VILLAGE OF LAKEVIEW
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
Proprietary Fund Type
For the Year Ended December 31, 2011

	Enterprise
Receipts:	
Charges for Services	$ 1,549,989
Total Receipts	1,549,989
Disbursements:	
Personal Services	152,267
Employee Fringe Benefits	67,244
Contractual Services	833,839
Supplies and Materials	93,250
Total Disbursements	1,146,600
Excess of Receipts Over/(Under) Disbursements	403,389
Nonoperating Receipts (Disbursements):	
Special Assessments	12,521
Loan Proceeds	2,475,325
Capital Outlay	(2,449,802)
Principal Retirement	(189,271)
Interest and Fiscal Charges	(47,879)
Total Nonoperating Receipts (Disbursements)	(199,106)
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	204,283
Fund Cash Balance, January 1, 2011	1,311,275
Fund Cash Balance, December 31, 2011	$ 1,515,558

See Accompanying Notes to the Financial Statements.

VILLAGE OF LAKEVIEW
LOGAN 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		Totals-
	General	Special Revenue	(Memorandum Only)
Receipts:			
Property Taxes	$ 33,370	$ 5,570	$ 38,940
Municipal Income Tax	-	150,985	150,985
Intergovernmental	125,715	52,652	178,367
Charges for Services	137,837	1,000	138,837
Fines, Licenses and Permits	8,533	-	8,533
Earnings on Investments	11,848	-	11,848
Miscellaneous	2,335	-	2,335
Total Receipts	319,638	210,207	529,845
Disbursements:			
Current:			
Security of Persons & Property	147,111	-	147,111
Leisure Time Activities	-	1,048	1,048
Basic Utility Service	3,427	-	3,427
Transportation	17,815	60,690	78,505
General Government	125,179	26,452	151,631
Capital Outlay	-	31,108	31,108
Debt Service:			
Principal	-	100,000	100,000
Interest and Fiscal Charges	-	12,794	12,794
Total Disbursements	293,532	232,092	525,624
Total Receipts Over/(Under) Disbursements	26,106	(21,885)	4,221
Fund Cash Balance, January 1, 2010	142,599	311,331	453,930
Fund Balances:			
Restricted	-	289,852	289,852
Unassigned	168,705	-	168,705
Fund Cash Balance, December 31, 2010	$ 168,705	$ 289,446	$ 458,151

See Accompanying Notes to the Financial Statements.

VILLAGE OF LAKEVIEW
LOGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
Proprietary Fund Type
For the Year Ended December 31, 2010

		Enterprise
Receipts:		
Charges for Services	$	1,457,180
Total Receipts		1,457,180
Disbursements:		
Personal Services		148,269
Employee Fringe Benefits		59,303
Contractual Services		837,880
Supplies and Materials		82,412
Total Disbursements		1,127,864
Excess of Receipts Over/(Under) Disbursements		329,316
Nonoperating Receipts (Disbursements):		
Special Assessments		15,393
Loan Proceeds		170,420
Capital Outlay		(303,575)
Principal Retirement		(24,949)
Interest and Fiscal Charges		(17,871)
Total Nonoperating Receipts (Disbursements)		(160,582)
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements		168,734
Fund Cash Balance, January 1, 2010		1,142,541
Fund Cash Balance, December 31, 2010	$	1,311,275

See Accompanying Notes to the Financial Statements.

VILLAGE OF LAKEVIEW
LOGAN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Lakeview, Logan 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 six member Council. The Village provides general governmental services, including water and electrical utilities, police protection, street maintenance and park services. The Village appropriates general fund money to support a volunteer fire department.

The Village's management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

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

Investments are included in the fund cash balances. 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

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:

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract 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–Receives gasoline and motor vehicle excise taxes for constructing, maintaining and repairing Village roads.
- 1% Income Tax Fund-Receives income tax collected from Village residents and those employed in the Village. The money is restricted to maintaining Village streets.

Proprietary Fund Types:

Enterprise Funds: To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The Village has the following significant Enterprise Funds:

- Water Operating Fund- Receives user fees and provides for the operations of the water department.
- Electric Operating Fund- Receives user fees and provides for the operation of the electric system.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Village Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Clerk by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate, which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Clerk identifies decreases in revenue.

Budgeted receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2010 and 2011. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

3. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

F. 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.

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

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

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

4. Assigned- Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restrict 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 the Village Council.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. FUND BALANCE - (Continued)

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

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

G. PROPERTY, PLANT AND EQUIPMENT

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.

H. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED 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 at December 31 was as follows:

	2011	2010
Demand Deposits	$1,509,721	$1,254,426
Certificates of Deposit	515,000	515,000
Total Deposits	$2,024,721	$1,769,426

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.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. Tangible personal property taxes are being phased-out through 2009.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

4. BUDGETARY ACTIVITY

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

2011 Budgeted vs Actual Receipts

Fund:	Budgeted Receipts	Actual Receipts	Variance
General Fund	$ 232,000	$ 284,211	$ 52,211
Special Revenue Funds	210,601	233,231	22,630
Enterprise Funds	3,850,121	4,037,835	187,714

4. BUDGETARY ACTIVITY- (Continued)

2011 Budgeted vs Actual Budgetary Basis Disbursements

Fund:	Appropriation Authority	Budgetary Disbursements	Variance
General Fund	$ 341,150	$ 232,881	$ 108,269
Special Revenue Funds	486,103	233,549	252,554
Enterprise Funds	5,069,159	3,833,552	1,235,607

2010 Budgeted vs Actual Receipts

Fund:	Budgeted Receipts	Actual Receipts	Variance
General Fund	$ 334,000	$ 319,638	$ (14,362)
Special Revenue Funds	205,451	210,207	4,756
Enterprise Funds	1,389,796	1,642,993	253,197

2010 Budgeted vs Actual Budgetary Basis Disbursements

Fund:	Appropriation Authority	Budgetary Disbursements	Variance
General Fund	$ 411,281	$ 293,532	$ 117,749
Special Revenue Funds	506,803	232,092	274,711
Enterprise Funds	2,517,537	1,474,259	1,043,278

5. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS), a state operated, cost sharing, multiple employer plans. The plan provides 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. OPERS members contributed 10.0% of their gross pay while the Village contributed an amount equal to 14.00% of covered payroll for both years.

The Village paid all required contributions through 2011.

6. RISK MANAGEMENT

RISK POOL MEMBERSHIP

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

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

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first $250,000 casualty treaty and 10% of the first $1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 782 and 761 members as of December 31, 2011 and 2010 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members.

6. RISK MANAGEMENT - (Continued)

RISK POOL MEMBERSHIP – (Continued)

These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 70 and 65 members as of December 31, 2011 and 2010 respectively. The Village does not participate in this coverage.

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

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

The Pool's audited financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and member's equity at December 31, 2011 and 2010, and include amounts for both OPRM and OPHC:

	2011		**2010**	
	OPRM	**OPHC**	**OPRM**	**OPHC**
Assets	$12,051,280	$1,459,791	$12,036,541	$1,355,131
Liabilities	(5,328,761)	(1,283,527)	(4,845,056)	(1,055,096)
Members' Equity	$7,172,519	$176,264	$7,191,485	$300,035

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

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

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

7. DEBT

Debt outstanding at December 31, 2011 is as follows:

Description:	Principal	Interest Rate
OWDA #3417	$ 191,679	5.39%
OWDA #5790	2,475,325	2.00%
Ohio Public Works Commission	37,500	0.00%
Bond Anticipation Notes-SR 235 Project	64,387	3.25%
Total	$2,768,891	

Principal and interest requirements for debt outstanding at December 31, 2011 is as follows:

Year Ended	OWDA #3417	OWDA #5790	OPWC	Bank Note
2012	$26,046		$3,750	$65,433
2013	26,046	Not	3,750	-
2014	26,046	Available	3,750	-
2015	26,046		3,750	-
2016	26,046		3,750	-
2017-2021	130,230		18,750	-
Total	$250,460		$37,500	$65,433

8. INCOME TAX

The Village levies an income tax of 1.00 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.

9. CHANGE IN ACCOUNTING PRINCIPLE

For 2010, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balances as previously reported.

10. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT

The Village of Lakeview is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

History of the AMPGS Project

In November 2009, the participants of the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a $3 billion project, but the project's estimated capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center (“AFEC”) at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2011, the type of generating asset has not been determined.

As mentioned above, the AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

10. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT – (Continued)

History of the AMPGS Project – (Continued)

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified $34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At December 31, 2011 AMP has a regulatory asset of $86,548,349 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery on a participant by participant basis.

AMP has consistently communicated with the AMPGS participants as to the risks and uncertainties with respect to the outstanding potential liability the Village has as a result of the cancellation of the AMPGS Project. Meetings with AMPGS Project participants have been held as necessary to communicate any updates to both costs being incurred and ongoing litigation. At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. These memos were not invoices, but provided the participants with information which they could utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

Based on an allocation to Lakeview of 1,388 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2011 the Village of Lakeview has a potential stranded cost obligation of $227,015 for the AMPGS Project. The Village of Lakeview does not have any payments on deposit with AMP at December 31, 2011. The Village requested an invoice from AMP for their portion of the stranded costs less AFEC credits of $74,334 (See below) and paid approximately one half in the amount of $75,256 in March 2012 with the balance to be paid in March 2013 using cash reserves. The Village believes it has not violated its covenant obligations for its Electric Fund.

10. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT – (Continued)

AMP Fremont Energy Center (AFEC) Development Fee

The AFEC Development Fee is the amount paid by AFEC participants to the AMPGS project as a Development Fee in August, 2011. AFEC participants are a separate group of AMP members that obtained financing for engineering, consulting and other development costs for expertise obtained by AMP for Natural Gas Combined Cycle power plants. This amount is financed by AMP, Inc. and is to be collected through debt service from AFEC participants. The Development Fee paid by all AFEC Participants is credited to the potential AMPGS costs of each AFEC participant that is also an AMPGS participant in proportion to their relative percentage of AFEC (but not less than zero) as approved by the AMP Board. The Village is a participant in the AFEC project and has received a credit to reduce its share of AMPGS potential stranded costs as noted below.

Based on the allocation methodology approved by the AMP Board of Trustees as mentioned above, the Village receives a credit of $74,334 for being a participant in both projects. This credit is proportionate to its AFEC allocation kW share of 710 and the total kW share of those participating in both projects. The Village has not recorded this credit in its financial statements as of December 31, 2011.

11. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

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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 Lakeview
Logan County
125 N. Main Street
Lakeview, Ohio 43331

To the Village Council:

We have audited the financial statements of the Village of Lakeview, Logan County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated September 30, 2012, 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 and implemented GASB Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-LAKE-01 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 30, 2012.

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

Charles E Harris & Associates

Charles E. Harris and Associates, Inc.
September 30, 2012

VILLAGE OF LAKEVIEW
LOGAN COUNTY
Schedule of Findings
December 31, 2011 and 2010

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

Finding Number 2011-LAKE-01 - Material Weakness

Although the Village utilizes the UAN system provided by the Auditor of State to record transactions and prepare cash basis financial statements, the Village does not have a process to review the output for errors. Accordingly, the financial statements contained the following misstatements during 2011 and 2010:

- Loan proceeds of $115,000 in 2011 and $170,420 in 2010 were classified as charges for services.
- Charges for services of $29,796 and $104,846 were recorded as intergovernmental receipts and property taxes in 2011 and 2010, respectively.
- Debt service expenditures and capital outlays of $126,831 in 2011 and $143,902 in 2010 were charged to general government expenditures.
- Loan proceeds and capital expenditures in the amount of $2,359,550 for OWDA loan #5790 were not recorded in 2011.

The financial statements and the Village's records have been adjusted to properly reflect these transactions.

We recommend that the expenditures be recorded in accordance with the classifications found in the *Ohio Village Officers' Handbook* and that the Village implement additional internal control procedures to ensure the accuracy and completeness of transactions and the annual financial reports. The internal control procedures can include additional review of financial statements, revenue ledgers, and expenditures ledgers by an outside party and/or using analytical reviews for comparison of current year to prior year numbers.

Management Response:

The fiscal officer will continue to review Village accounting procedures and make changes as needed.

VILLAGE OF LAKEVIEW
LOGAN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
For the Years Ended December 31, 2011 and 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-LAKE-01	Material Weakness-Income Tax Administrator not properly monitored	Yes	
2009-LAKE-02	Material Weakness-Bank Accounts not properly reconciled	Yes	
2009-LAKE-03	Incorrect recording of certain transactions	No	Repeated as 2011-LAKE-01

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Dave Yost · Auditor of State

VILLAGE OF LAKEVIEW

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 20, 2012

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