

***VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2011 & 2010

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



Dave Yost • Auditor of State

Village Council
Village of North Lewisburg
60 East Maple Street
North Lewisburg, Ohio 43060

We have reviewed the *Report of Independent Accountants* of the Village of North Lewisburg, Champaign 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 North Lewisburg is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 6, 2012

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**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY
For the Years Ending December 31, 2011 and 2010**

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Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

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

REPORT OF INDEPENDENT ACCOUNTANTS

Village of North Lewisburg
Champaign County
60 East Maple Street
North Lewisburg, OH 43060

To the Village Council:

We have audited the accompanying financial statements of the Village of North Lewisburg (Village), Champaign County, Ohio as of and for the years ended December 31, 2011 & 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 about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates 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 finds 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 the 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 & 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 & 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 & 2010 and the reserves for encumbrances as of December 31, 2010 of the Village and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 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, 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 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.

April 30, 2012

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2011**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Property Taxes	\$ 27,563	\$ 18,136	\$ 45,699
Municipal Income Tax	191,023	-	191,023
Intergovernmental	27,912	49,860	77,772
Fines, Licenses and Permits	19,338	746	20,084
Earning on Investments	2,511	81	2,592
Miscellaneous	31,633	-	31,633
	<hr/>	<hr/>	<hr/>
Total Receipts	299,980	68,823	368,803
Disbursements:			
Security of Persons & Property	120,932	-	120,932
Leisure Time Activities	2,769	-	2,769
Public Health Services	336	-	336
Basic Utility Services	9,399	-	9,399
Transportation	-	78,905	78,905
General Government	167,901	-	167,901
Capital Outlay	10,233	394	10,627
	<hr/>	<hr/>	<hr/>
Total Disbursements	311,570	79,299	390,869
	<hr/>	<hr/>	<hr/>
Net Change in Fund Cash Balances	(11,590)	(10,476)	(22,066)
Fund Cash Balance, January 1, 2011	332,843	141,031	473,874
	<hr/>	<hr/>	<hr/>
Fund Cash Balances			
Restricted	-	130,555	130,555
Unassigned	321,255	-	321,255
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31, 2011	\$ 321,253	\$ 130,555	\$ 451,808
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See Accompanying Notes to the Financial Statements.

VILLAGE OF NORTH LEWISBURG
 CHAMPAIGN COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES -PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
 For the Year Ended December 31, 2011

	<u>Proprietary Fund Types Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 667,221	\$ -	\$ 667,221
Total Operating Cash Receipts	667,221	-	667,221
Operating Cash Disbursements:			
Personal Services	99,126	-	99,126
Contractual Services	92,621	-	92,621
Material and Supplies	103,139	-	103,139
Employee Fringe Benefits	2,758	-	2,758
Other	34,015	-	34,015
Total Operating Cash Disbursements	331,659	-	331,659
Excess of Receipts Over/(Under) Disbursements	335,562	-	335,562
Non-Operating Receipts/Disbursements:			
Non-Operating Receipts	-	23,642	23,642
Non-Operating Disbursements	-	(23,642)	(23,642)
Capital Outlay	(200)	-	(200)
Redemption of Principal	(305,447)	-	(305,447)
Interest and Other Fiscal Charges	(105,388)	-	(105,388)
Total Nonoperating Disbursements	(411,035)	-	(411,035)
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	(75,473)	-	(75,473)
Fund Cash Balance, January 1, 2011	564,495	-	564,495
Fund Cash Balance, December 31, 2011	\$ 489,022	\$ -	\$ 489,022

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental Fund Types
For the Year Ended December 31, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Receipts:			
Property Taxes	\$ 31,809	\$ 16,846	\$ 48,655
Municipal Income Tax	187,516	-	187,516
Intergovernmental	27,423	54,718	82,141
Fines, Licenses and Permits	25,896	1,713	27,609
Earnings on Investments	3,058	82	3,140
Miscellaneous	28,980	-	28,980
Total Receipts	304,682	73,359	378,041
Disbursements:			
Security of Persons & Property	126,597	-	126,597
Leisure Time Activities	25,790	-	25,790
Public Health Service	4,082	-	4,082
Transportation	-	61,437	61,437
General Government	198,825	-	198,825
Capital Outlay	6,575	-	6,575
Basic Utility Services	10,000	-	10,000
Total Disbursements	371,869	61,437	433,306
Total Receipts Over/(Under)			
Disbursements	(67,187)	11,922	(55,265)
Fund Cash Balance, January 1, 2010	400,030	129,109	529,139
Fund Cash Balance, December 31, 2010	\$ 332,843	\$ 141,031	\$ 473,874
Reserved for Encumbrances, December 31, 2010	\$ 102	\$ 433	\$ 535

See Accompanying Notes to the Financial Statements.

VILLAGE OF NORTH LEWISBURG
 CHAMPAIGN COUNTY, OHIO
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES -PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
 For the Year Ended December 31, 2010

	<u>Proprietary Fund Types Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Totals (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 682,234	\$ -	\$ 682,234
Miscellaneous	282	-	282
Total Operating Cash Receipts	<u>682,516</u>	<u>-</u>	<u>682,516</u>
Operating Cash Disbursements:			
Personal Services	103,849	-	103,849
Contractual Services	97,692	-	97,692
Material and Supplies	60,125	-	60,125
Employee Fringe Benefits	948	-	948
Other	25,423	-	25,423
Total Operating Cash Disbursements	<u>288,037</u>	<u>-</u>	<u>288,037</u>
Excess of Receipts Over/(Under) Disbursements	<u>394,479</u>	<u>-</u>	<u>394,479</u>
Non-Operating Receipts/Disbursements:			
Non-Operating Receipts	-	28,482	28,482
Non-Operating Disbursements	-	(28,482)	(28,482)
Capital Outlay	(206)	-	(206)
Redemption of Principal	(297,375)	-	(297,375)
Interest and Other Fiscal Charges	(114,151)	-	(114,151)
Total Non-Operating Receipts/Disbursements	<u>(411,732)</u>	<u>-</u>	<u>(411,732)</u>
Excess of Receipts and Nonoperating Receipts Over (Under) Disbursements and Nonoperating Disbursements	<u>(17,253)</u>	<u>-</u>	<u>(17,253)</u>
Fund Cash Balance, January 1, 2010	<u>581,748</u>	<u>-</u>	<u>581,748</u>
Fund Cash Balance, December 31, 2010	<u>\$ 564,495</u>	<u>\$ -</u>	<u>\$ 564,495</u>
Reserved for Encumbrances, December 31, 2010	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ 66</u>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN 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 North Lewisburg, Champaign 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 water and sewer utilities, park operations (leisure time activities). The Village contracts with the Champaign County Sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

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

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted to use. 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 Village classifies its funds into the following types:

General Fund: The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. Fund Accounting – (Continued)

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 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 highways.
- **Permissive Motor Vehicle License Tax Fund:** This fund receives motor vehicle tax money for constructing, maintaining and repairing Village streets.
- **Impact Fee Fund:** This fund is used to account for all financial resources restricted to the construction of new residential properties within the Village.
- **Mayor Computer Fund:** This fund receives portion of Mayor’s Court receipts for purchasing, maintaining and repairing of Mayor’s Court computer equipment.

Enterprise Fund: These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

- **Water Fund:** This fund receives charges for services from residents to cover the cost of providing this utility.
- **Sewer Fund:** This fund receives charges for services from residents to cover the cost of providing this utility.
- **Utility Service Fund:** This fund receives deposits from residents to cover the cost of providing this utility.

Fiduciary Fund (Agency Fund): Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments.

- **Mayor’s Court Fund:** This fund is utilized to account for court fines and the distribution of court fines to the appropriate jurisdiction.

E. Budgetary Process

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

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Budgetary Process – (Continued)

• **Appropriations**

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

• **Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources. Appropriation may not exceed estimated resources.

• **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 in the subsequent year.

A summary of 2011 and 2010 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.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. Fund Balances

For the year ended December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted

Fund balance is reported as 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

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

H. Fund Balances

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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:

	<u>2011</u>	<u>2010</u>
Demand Deposits	\$ 528,108	\$ 625,647
Certificates of Deposit	412,722	412,722
Total Deposits	<u>\$ 940,830</u>	<u>\$ 1,038,369</u>

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

3. PROPERTY TAXES

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.

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 Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

3. PROPERTY TAXES - (Continued)

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.

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

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's third party administrator, Regional Income Tax Authority, either monthly or quarterly, as required. The Regional Income Tax Authority remits collected taxes to the Village monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

5. BUDGETARY ACTIVITY

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

2011 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 282,213	\$ 299,980	\$ 17,767
Special Revenue	68,031	68,823	792
Enterprise	637,000	667,221	30,221

2011 Budgeted vs. Actual Budgetary Basis Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 462,700	\$ 311,570	\$ 151,130
Special Revenue	134,000	79,299	54,701
Enterprise	900,500	742,694	157,806

2010 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 284,685	\$ 304,682	\$ 19,997
Special Revenue	54,900	73,359	18,459
Enterprise	503,500	682,516	179,016

VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

5. BUDGETARY ACTIVITY - (Continued)

2010 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 473,250	\$ 371,971	\$ 101,279
Special Revenue	141,000	61,870	79,130
Enterprise	835,400	699,835	135,565

6. DEBT

Debt outstanding at December 31, 2011 was as follows:

	Principal as of December 31, 2009	Principal Repayment		Principal as of December 31, 2011	Interest Rate
		2010	2011		
OWDA #2430	199,315	(63,017)	(66,337)	69,961	5.20%
OWDA #4527	2,413,440	(103,702)	(106,454)	2,203,284	2.65%
OPWC #CK331	105,000	(30,000)	(30,000)	45,000	0.00%
OPWC #CK905	147,423	(19,656)	(19,656)	108,111	0.00%
OPWC #CK21H	570,000	(30,000)	(30,000)	510,000	0.00%
Mortgage Refunding Revenue Bonds	732,000	(51,000)	(53,000)	628,000	5.25%
Total	\$ 4,167,178	(297,375)	\$ (305,447)	\$ 3,564,356	

The Ohio Water Development Authority (OWDA) loans relate to the construction of the wastewater treatment facilities, a water supply well, and a water main. On October 24, 1991 the Village borrowed \$895,659 (loan # 2430) for the construction of the wastewater treatment facilities, which is to be repaid with semi-annual payments over 20 years. On May 25, 2006 the Village secured a loan # 4527 in the amount of \$2,693,378 for the wastewater treatment facilities expansion, which as of December 31, 2011, had a balance of \$2,203,284. The construction is still in progress. All of these debt issues are to be repaid with user fees.

The Ohio Public Works Commission (OPWC) loans relate to the wastewater treatment plant and water system improvements projects. On July 31, 1991 the Village borrowed \$600,000 (loan # CK331) for its wastewater treatment plant improvements project, which is to be repaid with semi-annual payments over 20 years. On July 1, 1995 the Village borrowed \$393,127 (loan # CK905) for its water system improvements project, which is to be repaid with semi-annual payments over 20 years. On May 12, 2006 the Village borrowed \$600,000 (loan # CK21H) for its water system improvements project, which is to be repaid with semi-annual payments over 20 years. All these issues are to be repaid with user fees.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

6. DEBT – (Continued)

On December 18, 1995 the Village issued \$1,450,000 of mortgage revenue bond for the purpose of paying the costs of certain waterworks system improvements. On October 20, 2003 the Village issued \$1,024,000 of mortgage revenue refunding bonds for the purpose of refunding the outstanding balance of the Village’s mortgage revenue bonds dated December 18, 1995. The bonds are redeemed in semiannual payments of varying principal and interest amounts. The bonds mature December 1, 2020. The debt is to be repaid with user fees.

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

Year Ending December 31:	<u>Long-Term Debt</u>
2012	\$ 283,982
2013	270,011
2014	219,515
2015	219,515
2016	219,515
2017-2021	1,009,126
2022-2026	999,295
2027-2028	399,718
	<u>\$ 3,620,677</u>

7. RETIREMENT SYSTEM

All Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Those who do not belong to OPERS elected to enroll in Social Security. The Village’s liability is 6.2 percent of wages paid.

Contribution rates are also prescribed by the Ohio Revised Code. For 2011 and 2010, members of OPERS contributed 10.0 percent of their wages. The Village contributes an amount equal to 14.0 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2011.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

8. RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local Villages. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member Villages pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Village.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available).

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	(14,320,812)	(15,256,862)
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member Villages in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Village's share of these unpaid claims collectible in future years is approximately \$17,000.

**VILLAGE OF NORTH LEWISBURG
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Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

8. RISK MANAGEMENT – (Continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2011</u>	<u>2010</u>
\$ 18,789	\$ 17,227

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

There have been no significant reductions in insurance coverage from the prior fiscal years and settled claims have not exceeded this commercial coverage in any of the last three years. 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.

9. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

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

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

Village of North Lewisburg
Champaign County
60 East Maple Street
North Lewisburg, OH 43060

To the Village Council:

We have audited the financial statements of the Village of North Lewisburg, Champaign County (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 30, 2012, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. Also, for the year ended December 31, 2011, the Village adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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 auditing 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.


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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village'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 material weaknesses, as defined above.

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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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



Charles E. Harris & Associates, Inc.

April 30, 2012

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY, OHIO**

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

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2009-VNLCC-001	Village did not record several accounting transactions made on their behalf by OWDA.	Yes	No Longer Valid.

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Dave Yost • Auditor of State

ASHTABULA METROPOLITAN HOUSING AUTHORITY

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
AUGUST 21, 2012**