



Dave Yost • Auditor of State

VILLAGE OF CHRISTIANSBURG
CHAMPAIGN COUNTY

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Dave Yost • Auditor of State

Village of Christiansburg
Champaign County
P. O. Box 115
Christiansburg, Ohio 45389

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Dave Yost
Auditor of State

August 20, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Christiansburg
Champaign County
P. O. Box 115
Christiansburg, Ohio 45389

To the Village Council:

We have audited the accompanying financial statements of Village of Christiansburg, Champaign County, (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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe 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 requires 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 Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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, 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 Village of Christiansburg, Champaign County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 20, 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 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

August 20, 2011

**VILLAGE OF CHRISTIANBURG
CHAMPAIGN COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$19,640	\$35,141		\$54,781
Intergovernmental	22,629	31,600		54,229
Charges for Services		6,207		6,207
Fines, Licenses and Permits	108			108
Earnings on Investments	1,578	781		2,359
Miscellaneous	1	3,592		3,593
Total Cash Receipts	<u>43,956</u>	<u>77,321</u>		<u>121,277</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	3,495	29,595		33,090
Leisure Time Activities	3,895	9,066		12,961
Transportation	4,718	19,732		24,450
General Government	30,333	904		31,237
Total Cash Disbursements	<u>42,441</u>	<u>59,297</u>		<u>101,738</u>
Total Receipts Over/(Under) Disbursements	<u>1,515</u>	<u>18,024</u>		<u>19,539</u>
Other Financing Receipts / (Disbursements):				
Transfers-In			\$2,017	2,017
Transfers-Out	(42,120)			(42,120)
Other Financing Sources		1,533		1,533
Total Other Financing Receipts / (Disbursements)	<u>(42,120)</u>	<u>1,533</u>	<u>2,017</u>	<u>(38,570)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(40,605)	19,557	2,017	(19,031)
Fund Cash Balances, January 1	<u>132,482</u>	<u>132,131</u>	<u>17,031</u>	<u>281,644</u>
Fund Cash Balances, December 31	<u>\$91,877</u>	<u>\$151,688</u>	<u>\$19,048</u>	<u>\$262,613</u>
Reserve for Encumbrances, December 31	<u>\$1,179</u>	<u>\$4,606</u>	<u>\$0</u>	<u>\$5,785</u>

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

**VILLAGE OF CHRISTIANSBURG
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$90,745
Operating Cash Disbursements:	
Personal Services	9,584
Employee Fringe Benefits	1,377
Contractual Services	49,027
Supplies and Materials	3,923
Total Operating Cash Disbursements	63,911
Operating Income/(Loss)	26,834
Non-Operating Cash Disbursements	
Capital Outlay	(2,258)
Redemption of Principal	(23,523)
Interest and Other Fiscal Charges	(12,356)
Total Non-Operating Cash Disbursements	(38,137)
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(11,303)
Transfers-In	40,103
Net Receipts Over/(Under) Disbursements	28,800
Fund Cash Balance, January 1	188,884
Fund Cash Balance, December 31	\$217,684
Reserve for Encumbrances, December 31	\$1,103

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

**VILLAGE OF CHRISTIANBURG
CHAMPAIGN COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$18,390	\$21,515		\$39,905
Intergovernmental	29,470	33,136		62,606
Charges for Services		5,879		5,879
Fines, Licenses and Permits	10			10
Earnings on Investments	2,597	1,049	\$23	3,669
Miscellaneous	578	2,981		3,559
Total Cash Receipts	<u>51,045</u>	<u>64,560</u>	<u>23</u>	<u>115,628</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	3,154	29,223		32,377
Leisure Time Activities	3,685	9,856		13,541
Transportation	9,515	33,411		42,926
General Government	33,326	3,579		36,905
Total Cash Disbursements	<u>49,680</u>	<u>76,069</u>		<u>125,749</u>
Total Receipts Over/(Under) Disbursements	1,365	(11,509)	23	(10,121)
Other Financing Receipts / (Disbursements):				
Transfers-In			2,000	2,000
Transfers-Out	(3,395)			(3,395)
Other Financing Sources		160		160
Total Other Financing Receipts / (Disbursements)	<u>(3,395)</u>	<u>160</u>	<u>2,000</u>	<u>(1,235)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,030)	(11,349)	2,023	(11,356)
Fund Cash Balances, January 1	<u>134,512</u>	<u>143,480</u>	<u>15,008</u>	<u>293,000</u>
Fund Cash Balances, December 31	<u>\$132,482</u>	<u>\$132,131</u>	<u>\$17,031</u>	<u>\$281,644</u>
Reserve for Encumbrances, December 31	<u>\$1,255</u>	<u>\$1,155</u>	<u>\$0</u>	<u>\$2,410</u>

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

**VILLAGE OF CHRISTIANSBURG
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$90,750
Operating Cash Disbursements:	
Personal Services	3,727
Employee Fringe Benefits	585
Contractual Services	121,329
Supplies and Materials	3,260
Total Operating Cash Disbursements	128,901
Operating Income/(Loss)	(38,151)
Non-Operating Cash Receipts:	
Other Debt Proceeds	102,518
Non-Operating Cash Disbursements:	
Capital Outlay	(21,679)
Redemption of Principal	(23,175)
Interest and Other Fiscal Charges	(12,747)
Total Non-Operating Cash Disbursements	(57,601)
Excess of Receipts Over Disbursements Before Interfund Transfers	6,766
Transfers-In	1,395
Net Receipts Over Disbursements	8,161
Fund Cash Balance, January 1	180,723
Fund Cash Balance, December 31	\$188,884
Reserve for Encumbrances, December 31	\$1,450

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

**VILLAGE OF CHRISTIANBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Christiansburg, Champaign County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water utilities, park operations, and police services. The Village contracts with the Champaign County Sheriff's department to provide security of persons and property. The Village contracts with the Christiansburg Fire Company to receive fire protection services.

The Village participates in the Ohio Plan Risk Management public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure 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.

**VILLAGE OF CHRISTIANBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire and Ambulance Fund – This fund receives tax revenue that is levied for purposes of contracting fire and ambulance services.

3. Capital Project Fund

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

Addison Lateral Fund – This fund receives transfers from the General Fund to pay for future work on the Addison Lateral storm sewer.

4. Enterprise Fund

This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

Water Fund - This fund receives charges for services from residents to cover water service costs.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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 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.

3. Encumbrances

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

**VILLAGE OF CHRISTIANBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2010	2009
Demand deposits	\$257,225	\$249,656
Certificates of deposit	36,914	36,914
Total deposits	294,139	286,570
STAR Ohio	186,158	183,958
Total deposits and investments	\$480,297	\$470,528

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

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

3. BUDGETARY ACTIVITY

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

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 31,750	\$ 43,956	\$12,206
Special Revenue	81,050	78,854	(2,196)
Capital Projects		2,017	2,017
Enterprise	90,000	130,848	40,848
Total	\$202,800	\$255,675	\$52,875

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$130,585	\$ 85,740	\$ 44,845
Special Revenue	124,480	63,903	60,577
Capital Projects	19,000		19,000
Enterprise	263,798	103,151	160,647
Total	\$537,863	\$252,794	\$285,069

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 52,750	\$ 51,045	(\$ 1,705)
Special Revenue	64,150	64,720	570
Capital Projects	2,300	2,023	(277)
Enterprise	285,260	194,663	(90,597)
Total	\$404,460	\$312,451	(\$92,009)

**VILLAGE OF CHRISTIANBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. BUDGETARY ACTIVITY

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 93,894	\$ 54,330	\$ 39,564
Special Revenue	127,952	77,224	50,728
Capital Projects	17,000		17,000
Enterprise	216,807	187,952	28,855
Total	\$455,653	\$319,506	\$136,147

Contrary to Ohio law, appropriations exceeded estimated resources in the Addison-Lateral fund in 2010 by \$1,968. Also contrary to Ohio law, appropriations were amended without Council approval.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. DEBT

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$806,059	1.50%

The Ohio Water Development Authority (OWDA) loan relates to the Village's construction, maintenance and operation of a water plant project. The OWDA approved up to \$945,637 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$17,940, including interest, over 30 years. The scheduled payment amount below assumes that \$864,216 will be borrowed. The OWDA will adjust the scheduled payment to reflect any revisions when the project is completed and approved by the Environmental Protection Agency. The maturity date of the loan is July 1, 2038. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF CHRISTIANBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>OWDA Loan</u>
2011	\$ 17,940
2012	35,879
2013	35,879
2014	35,879
2015	35,879
2016-2020	179,397
2021-2025	179,397
2026-2030	179,397
2031-2035	179,397
2036-2038	107,640
Total	<u><u>\$986,684</u></u>

6. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

7. RISK POOL MEMBERSHIP

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

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

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

**VILLAGE OF CHRISTIANBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. RISK POOL MEMBERSHIP (Continued)

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 761 and 725 members as of December 31, 2010 and 2009 respectively. The village participates in this coverage.

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

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

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

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

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

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



Dave Yost • Auditor of State

Village of Christiansburg
Champaign County
P. O. Box 115
Christiansburg, Ohio 45389

To the Village Council:

We have audited the financial statements of the Village of Christiansburg, Champaign County (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 20, 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 also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion 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 combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements 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 would not necessarily identify all deficiencies in internal control 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider significant deficiencies in internal control over financial reporting. We consider findings 2010-001 and 2010-002 to be significant deficiencies. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-003 through 2010-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 20, 2011.

We intend this report solely for the information and use of management, 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 "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

August 20, 2011

**VILLAGE OF CHRISTIANBURG
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Significant Deficiency

Reconciliation of Water Subsidiary Accounts and Bank Statements

The Village provides water utility services to its residents. The residents pay water fees to the local bank and the bank deposits the fees in a special account for water fees only. The Fiscal Officer credits the resident's account and posts water revenue to the Village's revenue ledger based on the bank statements and water receipts. Review of water revenues noted the following errors and issues:

- A resident's payment of \$180 was not recorded in the Village ledgers or posted to his account in November 2009;
- Subsidiary ledgers disagreed with monthly bank statements for 10 months during 2010;
- Village revenue ledger postings did not agree to total collections recorded in the subsidiary ledgers;
- Confirmed water deposits for 2009 and 2010 varied with amounts posted the Village's financial ledgers.

In addition, there was no indication of reconciliations between the subsidiary accounts, bank statements, and Village ledgers. The issues can result in financial statement misstatements, inaccurate data to make informed decisions, and incorrect resident accounts.

The Fiscal Officer should reconcile the monthly bank statements to the water subsidiary accounts and to the amount posted to the Village revenue ledger. Discrepancies should be investigated if found. Monthly financial reports, including the reconciliations, should be presented to the Water Commission and Council. Officials should review the reconciliations and indicate review by initialing or signing. These procedures will help ensure proper posting of revenues, accurate financial statements, and balances accounts, which in turn, improves financial reporting and accountability.

FINDING NUMBER 2010-002

Significant Deficiency

Monthly Park Reconciliations

The Village Park receives money from the concession stand, ad boards, and shelter house rental. The Park personnel keep a log indicating money collected and make deposits; however they do not receive a copy of the deposit slip or monthly financial statements from the Fiscal Officer. The Park Commission should receive monthly financial statements from the fiscal officer and the Treasurer or appointee should reconcile the Park personnel logs and deposits to the financial statements. By not reconciling the records, revenues could be posted to the incorrect fund, money could be unaccounted for, and management could make incorrect decisions on inaccurate information.

The Fiscal Officer should provide the park commissioners with monthly financial statements regarding the Park Fund. The Park Treasurer should reconcile the revenue reports to the running logs for each category such as concession sales, shelter rentals, ad boards, etc. Discrepancies between records should be investigated by Park personnel and the Fiscal Officer. The Treasurer should also review the expenditures to determine that only approved Park expenditures are posted to the Park fund.

FINDING 2010-003

Noncompliance

Ohio Admin. Code Sections 117-2-02(D) states all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides, and should consider the degree of automation and other factors. These records should include payroll records such as a payroll journal that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments.

Although the Village utilizes the UAN system, the Fiscal Officer does not use the payroll system. Payroll checks are prepared through the non-payroll accounting section of the system. All payroll records are maintained in manual format and the Village does not maintain a payroll journal. In addition, the following issues regarding payroll were noted:

- Council and/or Water Commission did not approve employee rates of pay each year and document in minutes;
- An employee was paid twice for three hours;
- Payroll expenditures were not posted consistently to funds;
- A Council member was underpaid \$50 for one meeting in 2010;
- Water Commissioners were paid at a different hourly rate of pay than other employees with no indication of approval;
- Timesheets were not available for some Water Commissioners and two employees in January 2009;
- A Water Commissioner was overpaid by \$50 for one meeting in 2010;
- Payroll vouchers did not include pay details including breakdown of funds charged, though the correct funds were charged;

The Village should utilize the payroll section of the UAN system to properly account for payroll expenditures and comply with the above section of code. The Council and Water Commission should also document employee rates of pay at the beginning of each year. These procedures will help ensure employees are properly paid and thus decrease the chances of improper expenditures.

FINDING 2010-004

Noncompliance

Ohio Rev. Code Section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources. In 2010, the Addison-Lateral capital projects fund had appropriations of \$19,000 and estimated resources of \$17,032; therefore appropriations exceeded estimated resources by \$1,968.

The Village should review and monitor budgetary activity. When the Village anticipates spending more than they expect to receive, appropriate modifications should be made. These procedures will help ensure proper budgetary monitoring as well as help prevent overspending of resources.

FINDING 2010-005

Noncompliance

Ohio Rev. Code Section 5705.40 states any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. The Fiscal Officer amended appropriations between object codes without approval of Council for the General, Street, and Water funds in 2009 and the General, Street, Fire and Ambulance, and Water funds in 2010. In addition, approved General Fund appropriations in 2009 were \$92,130, but the system reported \$102,806, resulting in a variance of \$10,676. Modifications of appropriations without Council approval can result in overspending of resources.

The Fiscal Officer should obtain Council approval for all modifications of appropriations prior to making the changes in the accounting system. This procedure will help ensure compliance with budgetary laws as well as help prevent overspending of Village funds.

Officials' Response:

The Village did not respond to the findings reported above.

**VILLAGE OF CHRISTIANBURG
CHAMPAIGN COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Lack of internal controls over the collection process of the Village's park concession.	No	Partially Corrected; Modified and reissued as Finding 2010-002
2008-002	Council failed to employ monitoring controls over the reviewing of the monthly bank reconciliation process	Yes	
2008-003	ORC 5705.36(A)(4) failure to obtain a reduced amended certificate	Yes	



Dave Yost • Auditor of State

VILLAGE OF CHRISTIANSBURG

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 29, 2011