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**VILLAGE OF NORTH STAR
DARKE COUNTY
Regular Audit
For the Years Ended December 31, 2015 and 2014**

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- Association of Certified Anti - Money Laundering Specialists •



Dave Yost • Auditor of State

Village Council
Village of North Star
124 E. Star Road
North Star, Ohio 45350

We have reviewed the *Independent Auditor's Report* of the Village of North Star, Darke County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of North Star 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 22, 2016

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VILLAGE OF NORTH STAR
DARKE COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 30, 2016

Village of North Star
Darke County
124 E. Star Road
North Star, Ohio 45350

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type, and related notes of the **Village of North Star**, Darke County, (the Village) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.



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

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of North Star, Darke County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2016, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$ 991	\$ -	\$ -	\$ 991
Municipal Income Tax	27,439	-	-	27,439
Intergovernmental	19,744	14,497	-	34,241
Special Assessments	-	-	5,958	5,958
Charges for Services	15,612	-	-	15,612
Fines, Licenses and Permits	1,189	-	-	1,189
Earnings on Investments	677	402	-	1,079
	<u>65,652</u>	<u>14,899</u>	<u>5,958</u>	<u>86,509</u>
<i>Total Cash Receipts</i>				
Cash Disbursements				
Current:				
Security of Persons and Property	7,835	-	-	7,835
Public Health Services	1,063	-	-	1,063
Leisure Time Activities	7,391	-	-	7,391
Basic Utility Services	10,976	-	-	10,976
Transportation	-	16,519	-	16,519
General Government	39,195	-	-	39,195
Debt Service:				
Principal Retirement	-	-	11,538	11,538
	<u>66,460</u>	<u>16,519</u>	<u>11,538</u>	<u>94,517</u>
<i>Total Cash Disbursements</i>				
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(808)</u>	<u>(1,620)</u>	<u>(5,580)</u>	<u>(8,008)</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	8,079	8,079
Transfer Out	-	(8,079)	-	(8,079)
	<u>-</u>	<u>(8,079)</u>	<u>8,079</u>	<u>-</u>
<i>Total Other Financing Receipts</i>				
<i>Net Change in Fund Cash Balances</i>	(808)	(9,699)	2,499	(8,008)
<i>Fund Cash Balances, January 1</i>	<u>209,202</u>	<u>131,605</u>	<u>29,287</u>	<u>370,094</u>
Fund Cash Balances, December 31				
Restricted	-	121,906	-	121,906
Assigned	115	-	31,786	31,901
Unassigned	208,278	-	-	208,278
	<u>\$ 208,394</u>	<u>\$ 121,906</u>	<u>\$ 31,786</u>	<u>\$ 362,086</u>
<i>Fund Cash Balances, December 31</i>				

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

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 66,330
<i>Total Operating Cash Receipts</i>	66,330
Operating Cash Disbursements	
Contractual Services	28,158
<i>Total Operating Cash Disbursements</i>	28,158
<i>Operating Income</i>	38,172
Non-Operating (Disbursements)	
Principal Retirement	(6,426)
<i>Total Non-Operating (Disbursements)</i>	(6,426)
<i>Net Change in Fund Cash Balances</i>	31,746
<i>Fund Cash Balances, January 1</i>	99,888
<i>Fund Cash Balances, December 31</i>	\$ 131,634

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

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 2,378	\$ -	\$ -	\$ 2,378
Municipal Income Tax	22,801	-	-	22,801
Intergovernmental	18,240	14,600	-	32,840
Special Assessments	-	-	10,249	10,249
Charges for Services	13,808	-	-	13,808
Fines, Licenses and Permits	1,155	-	-	1,155
Earnings on Investments	957	111	-	1,068
	<u>59,339</u>	<u>14,711</u>	<u>10,249</u>	<u>84,299</u>
<i>Total Cash Receipts</i>				
Cash Disbursements				
Current:				
Security of Persons and Property	5,152	-	-	5,152
Public Health Services	1,318	-	-	1,318
Leisure Time Activities	6,402	-	-	6,402
Basic Utility Services	10,928	-	-	10,928
Transportation	-	16,188	-	16,188
General Government	61,376	-	-	61,376
Debt Service:				
Principal Retirement	-	-	11,538	11,538
	<u>85,176</u>	<u>16,188</u>	<u>11,538</u>	<u>112,902</u>
<i>Total Cash Disbursements</i>				
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,837)</u>	<u>(1,477)</u>	<u>(1,289)</u>	<u>(28,603)</u>
Other Financing Receipts (Disbursements)				
Transfers In	-	-	6,948	6,948
Transfers Out	(6,948)	-	-	(6,948)
	<u>(6,948)</u>	<u>-</u>	<u>6,948</u>	<u>-</u>
<i>Total Other Financing Receipts (Disbursements)</i>				
<i>Net Change in Fund Cash Balances</i>	(32,785)	(1,477)	5,659	(28,603)
<i>Fund Cash Balances, January 1</i>	<u>241,987</u>	<u>133,082</u>	<u>23,628</u>	<u>398,697</u>
Fund Cash Balances, December 31				
Restricted	-	131,605	-	131,605
Assigned	188	-	29,287	29,475
Unassigned	209,013	-	-	209,013
	<u>\$ 209,202</u>	<u>\$ 131,605</u>	<u>\$ 29,287</u>	<u>\$ 370,094</u>
<i>Fund Cash Balances, December 31</i>				

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

VILLAGE OF NORTH STAR
DARKE COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$ 68,382</u>
<i>Total Operating Cash Receipts</i>	<u>68,382</u>
Operating Cash Disbursements	
Contractual Services	<u>45,680</u>
<i>Total Operating Cash Disbursements</i>	<u>45,680</u>
<i>Operating Income</i>	<u>22,702</u>
Non-Operating (Disbursements)	
Principal Retirement	<u>(6,426)</u>
<i>Total Non-Operating (Disbursements)</i>	<u>(6,426)</u>
<i>Net Change in Fund Cash Balances</i>	16,276
<i>Fund Cash Balances, January 1</i>	<u>83,612</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 99,888</u></u>

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

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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 North Star, Darke County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations and street construction and repair. The Village contracts with the Darke County Sheriff's department to provide security of persons and property. The Village contracts with North Star Fire Association to receive fire protection services.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 invests all available funds in checking accounts and certificates of deposit which are valued at cost.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

VILLAGE OF NORTH STAR
DARKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Debt Service Funds

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

Star Road Phase II Fund – This fund receives sidewalk assessments to pay the debt incurred for construction of a new road.

4. Enterprise Funds

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

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

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 reappropriated. The Village did not encumber all commitments required by Ohio law.

VILLAGE OF NORTH STAR
DARKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

A summary of 2015 and 2014 budgetary activity appears in Note 3.

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. The classifications are as follows:

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

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 *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

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.

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

2. EQUITY IN POOLED DEPOSITS

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

	2015	2014
Demand Deposits	\$ 278,449	\$ 289,407
Certificates of Deposits	215,271	180,575
Total Deposits	\$ 493,720	\$ 469,982

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 65,870	\$ 65,652	\$ (218)
Special Revenue	14,600	14,899	299
Debt Service	13,809	14,037	228
Enterprise	66,000	66,330	330
Total	\$ 160,279	\$ 160,918	\$ 639

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 97,788	\$ 66,573	\$ 31,215
Special Revenue	24,700	24,598	102
Debt Service	11,538	11,538	-
Enterprise	61,426	34,584	26,842
Total	\$ 195,452	\$ 137,293	\$ 58,159

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 47,762	\$ 59,339	\$ 11,577
Special Revenue	16,047	14,711	(1,336)
Debt service	17,070	17,197	127
Enterprise	65,567	68,382	2,815
Total	\$ 146,446	\$ 159,629	\$ 13,183

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 137,700	\$ 92,312	\$ 45,388
Special Revenue	18,000	16,188	1,812
Capital Projects	11,538	11,539	(1)
Enterprise	61,426	52,106	9,320
Total	\$ 228,664	\$ 172,145	\$ 56,519

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.

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

5. INCOME TAX

The Village levies a municipal income tax, effective July 1, 2010, of .5 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.

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #5473	\$ 102,815	0%
Ohio Public Works Commission Loan - Main St	7,421	0%
Ohio Public Works Commission Loan - Star Road Phase I	17,518	0%
Ohio Public Works Commission Loan - Star Road Phase II	156,560	0%
Total	\$ 284,314	

The Ohio Water Development Authority (OWDA) Loan #5473 relates to a sanitary sewer system construction project through the Water Pollution Control Loan Fund ("WPCLF"). The loan will be repaid in semi-annual installments over twenty years at zero percent interest. The loan matures in 2032 with semiannual installments of \$3,213.

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)**

6. DEBT (Continued)

The Ohio Public Works Commission (OPWC) loans relate to improvements to Main Street and Star Road Phase I and II. All loans will be repaid in semiannual installments over twenty years. The Main Street loan matures in 2024 with semiannual installments of \$464. The Star Road Phase I loan matures in 2028 with semiannual installments of \$701 and the Star Road Phase II loan matures in 2033 with semiannual installments of \$4,603.

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

Year ending December 31:	OWDA Loan	OPWC Loan - Main St	OPWC Loan - Star Road Phase I	OPWC Loan - Star Road Phase II
2016	6,426	928	1,402	9,206
2017	6,426	928	1,402	9,206
2018	6,426	928	1,402	9,206
2019	6,426	928	1,402	9,206
2020	6,426	928	1,402	9,206
2021-2025	32,130	2,781	7,010	46,030
2026-2030	32,130	-	3,498	46,030
2031-2035	6,425	-	-	18,470
Total	<u>\$ 102,815</u>	<u>\$ 7,421</u>	<u>\$ 17,518</u>	<u>\$ 156,560</u>

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, 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, 2015.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Errors and omissions.

VILLAGE OF NORTH STAR
DARKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

9. Transfers

Transfers were made from the General and Street Construction, Maintenance and Repair Funds to debt service funds to comply with debt covenants. All transfers were determined to be in compliance with Ohio Revised Code.



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

June 30, 2016

Village of North Star
Darke County
124 E. Star Road
North Star, Ohio 45350

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the **Village of North Star**, Darke County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 30, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.



...“bringing more to the table”

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
Litigation Support – Financial Investigations

Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners •
• Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

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

We noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 30, 2016.

Purpose of this Report

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



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

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Maintaining the Accounting Records	Yes	Corrected
2013-002	Finding for Recovery – Overpayment	Yes	Corrected
2013-003	Finding for Recovery - Overpayment	Yes	Corrected
2013-004	Finding for Recovery - Overpayment	Yes	Corrected
2013-005	Expenditures Exceeding Appropriations	Yes	Corrected
2013-006	Properly Certifying the Availability of Funds/Blanket Certificates	No	Partially Corrected; Repeated in Management Letter Comment



Dave Yost • Auditor of State

VILLAGE OF NORTH STAR

DARKE 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
SEPTEMBER 1, 2016**