

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2013 AND 2012**



Dave Yost • Auditor of State

Village Council
Village of Lewisburg
112 South Commerce Street
Lewisburg, Ohio 45338

We have reviewed the *Independent Auditor's Report* of the Village of Lewisburg, Preble County, prepared by Bastin & Company, LLC, for the audit period January 1, 2012 through December 31, 2013. 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 Lewisburg is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

June 11, 2014

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VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Lewisburg
Preble County
112 South Commerce Street
Lewisburg, Ohio 45338

To the Members of Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Lewisburg, Preble County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012.

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 opinion.

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

As described in Note 1 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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, 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 Lewisburg, Preble County, Ohio, as of December 31, 2013 and 2012, 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 7, 2014, 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.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
May 7, 2014

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<i>Cash Receipts:</i>				
Property and Other Local Taxes	\$ 92,281	\$ 104,169	\$ -	\$ 196,450
Municipal Income Tax	816,195	-	-	816,195
Intergovernmental	60,412	159,734	109,000	329,146
Charges for Services	285,567	-	-	285,567
Fines, Licenses and Permits	1,196	-	-	1,196
Earnings on Investments	638	2	-	640
Miscellaneous	20,554	4,238	38,660	63,452
Total Cash Receipts	1,276,843	268,143	147,660	1,692,646
<i>Cash Disbursements:</i>				
Current:				
General Government	277,827	4,482	-	282,309
Security of Person and Property	656,366	68,340	-	724,706
Leisure Time Activities	-	28,065	-	28,065
Community Environment	8,358	-	-	8,358
Transportation	14,676	153,326	-	168,002
Capital Outlay	25,199	38,683	249,415	313,297
Debt Service:				
Redemption of Principal	30,443	21,800	7,500	59,743
Interest and Fiscal Charges	8,045	944	-	8,989
Total Cash Disbursements	1,020,914	315,640	256,915	1,593,469
Receipts Over (Under) Disbursements	255,929	(47,497)	(109,255)	99,177
<i>Other Financing Receipts (Disbursements):</i>				
Transfers-In	-	-	220,363	220,363
Transfers-Out	(220,363)	-	-	(220,363)
Total Other Financing Receipts (Disbursements)	(220,363)	-	220,363	-
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	35,566	(47,497)	111,108	99,177
Fund Cash Balances, January 1	406,800	178,985	261,400	847,185
Fund Cash Balances, December 31				
Restricted	-	131,488	372,508	503,996
Unassigned	442,366	-	-	442,366
Fund Cash Balances, December 31	\$ 442,366	\$ 131,488	\$ 372,508	\$ 946,362

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

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS) - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Types
	Enterprise
<i>Operating Cash Receipts:</i>	
Charges for Services	\$ 756,205
Total Operating Cash Receipts	756,205
<i>Operating Cash Disbursements:</i>	
Personal Services	344,880
Contractual Services	67,659
Supplies and Materials	179,513
Total Operating Cash Disbursements	592,052
Operating Income	164,153
<i>Non-Operating Cash Receipts:</i>	
Proceeds from OPWC Loan	155,187
Total Non-Operating Cash Receipts	155,187
<i>Non-Operating Cash Disbursements:</i>	
Capital Outlay	166,338
Redemption of Principal	114,900
Interest and Other Fiscal Charges	30,340
Total Non-Operating Cash Disbursements	311,578
Net Receipts Over (Under) Disbursements	7,762
Fund Cash Balances, January 1	262,914
Fund Cash Balances, December 31	\$ 270,676

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

VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<i>Cash Receipts:</i>				
Property and Other Local Taxes	\$ 107,411	\$ 113,483	\$ -	\$ 220,894
Municipal Income Tax	757,402	-	-	757,402
Intergovernmental	71,603	159,102	-	230,705
Charges for Services	274,778	-	-	274,778
Fines, Licenses and Permits	1,174	85	-	1,259
Earnings on Investments	1,720	1	-	1,721
Miscellaneous	3,070	4,178	2,500	9,748
Total Cash Receipts	1,217,158	276,849	2,500	1,496,507
<i>Cash Disbursements:</i>				
Current:				
General Government	270,513	5,726	-	276,239
Security of Person and Property	700,327	65,617	-	765,944
Leisure Time Activities	-	35,949	-	35,949
Community Environment	8,025	-	-	8,025
Transportation	14,742	127,684	-	142,426
Capital Outlay	49,454	43,566	205,025	298,045
Debt Service:				
Redemption of Principal	28,976	30,814	16,514	76,304
Interest and Fiscal Charges	9,512	1,379	1,379	12,270
Total Cash Disbursements	1,081,549	310,735	222,918	1,615,202
Receipts Over (Under) Disbursements	135,609	(33,886)	(220,418)	(118,695)
<i>Other Financing Receipts (Disbursements):</i>				
Transfers-In	-	-	186,240	186,240
Transfers-Out	(186,240)	-	-	(186,240)
Total Other Financing Receipts (Disbursements)	(186,240)	-	186,240	-
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(50,631)	(33,886)	(34,178)	(118,695)
Fund Cash Balances, January 1	457,431	212,871	295,578	965,880
Fund Cash Balances, December 31				
Restricted	-	178,985	261,400	440,385
Unassigned	406,800	-	-	406,800
Fund Cash Balances, December 31	\$ 406,800	\$ 178,985	\$ 261,400	\$ 847,185

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

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS) - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Types
	Enterprise
<i>Operating Cash Receipts:</i>	
Charges for Services	\$ 730,690
Total Operating Cash Receipts	730,690
<i>Operating Cash Disbursements:</i>	
Personal Services	338,446
Contractual Services	83,399
Supplies and Materials	148,518
Total Operating Cash Disbursements	570,363
Operating Income	160,327
<i>Non-Operating Cash Receipts:</i>	
Proceeds from OPWC Loan	33,893
Total Non-Operating Cash Receipts	33,893
<i>Non-Operating Cash Disbursements:</i>	
Capital Outlay	39,564
Redemption of Principal	113,251
Interest and Other Fiscal Charges	31,988
Total Non-Operating Cash Disbursements	184,803
Net Receipts Over (Under) Disbursements	9,417
Fund Cash Balances, January 1	253,497
Fund Cash Balances, December 31	\$ 262,914

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

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Lewisburg, Preble County, Ohio, (the Village) as a body corporate and politic. A publicly-elected, six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire/EMS services and police services.

The Village is associated with the Brown Memorial Library, a related organization. Note 10 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 records certificates of deposit 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 reports all financial resources except those required to be accounted for in another fund.

VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(continued)

2. Special Revenue Funds

These funds account for proceeds from 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 funds:

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

Recreation Fund - This fund receives taxes and intergovernmental receipts for providing leisure time activities to Village residents.

Fire/Ambulance Fund - This fund receives property tax and intergovernmental receipts for providing fire and ambulance services to Village residents.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project fund:

Capital Improvement Project Fund - This fund receives transfers from the General Fund and other funding sources for various capital improvement projects within the Village.

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 funds:

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

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

Sanitation Fund - This fund receives charges for services from residents to cover sanitation service costs.

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(continued)**

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. Appropriations lapse at year-end.

2. 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.

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 2013 and 2012 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.

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(continued)**

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.

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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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:

	2013	2012
Demand deposits	\$866,550	\$759,873
Certificates of Deposit	350,488	350,226
Total deposits	\$1,217,038	\$1,110,099

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

VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,400,000	\$ 1,276,843	\$ (123,157)
Special Revenue	275,896	268,143	(7,753)
Capital Projects	1,371,722	368,023	(1,003,699)
Enterprise	884,946	911,392	26,446
Total	\$ 3,932,564	\$ 2,824,401	\$ (1,108,163)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,430,796	\$ 1,241,277	\$ 189,519
Special Revenue	450,926	315,640	135,286
Capital Projects	1,398,168	256,915	1,141,253
Enterprise	1,147,857	903,630	244,227
Total	\$ 4,427,747	\$ 2,717,462	\$ 1,710,285

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,190,965	\$ 1,217,158	\$ 26,193
Special Revenue	290,032	276,849	(13,183)
Capital Projects	72,907	188,740	115,833
Enterprise	730,064	764,583	34,519
Total	\$ 2,283,968	\$ 2,447,330	\$ 163,362

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,448,241	\$ 1,267,789	\$ 180,452
Special Revenue	502,904	310,735	192,169
Capital Projects	368,485	222,918	145,567
Enterprise	983,561	755,166	228,395
Total	\$ 3,303,191	\$ 2,556,608	\$ 746,583

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(continued)**

4. COMPLIANCE

- Contrary to Ohio Revised Code Section 5705.36(A)(4) the Village did not obtain an amended certificate of estimated resources when actual resources available were known to be less than estimated resources and the deficiency resulted in appropriations exceeding actual resources available in three funds in 2013 and five funds in 2012.
- Contrary to Ohio Revised Code, Section 5705.41(D), 30 percent of the expenditures tested did not contain the appropriate certification for the availability of funds prior to the ordering of goods and or services.

5. 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.

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 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.

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(continued)**

7. DEBT

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan (Main St.)	\$ 56,250	0.00%
OPWC Loan (Water Tower)	180,147	0.00%
OPWC Loan (Sludge)	248,984	0.00%
Police Administration Building Loan	137,983	5.00%
OWDA Water Treatment Plant Loan	1,057,310	2.75%
OPWC Loan (Wastewater Plant)	189,080	0.00%
Total	<u>\$ 1,869,754</u>	

The Village received an interest free loan from the Ohio Public Works Commission (OPWC) in the amount of \$150,000. This loan was used to finance the Main Street Improvement Project. The project was completed in 2001. The Village is making semi-annual payments of \$3,750 with the final payment due in January 2021.

The Village received an interest free loan from the OPWC in the amount of \$600,490. This loan was used to finance a water tower system improvements project. The Village completed the project in 1999. The Village is making semi-annual payments of \$15,012 with the final payment due in July 2019.

The Village received an interest free loan from the Ohio Public Works Commission in the amount of \$474,256. This loan was used to finance a sludge management facilities remodel project. The Village is making semi-annual payments of \$11,856 with the final payment due in January 2024.

The Village received a loan from First Financial Bank for \$300,000, at a 5 percent interest rate, during 2007. This loan was used to fund a new police administration building. The Village is making semi-annual payments of \$19,244 with the final payment due in June 2017.

The Village received a loan from the Ohio Water Development Authority (OWDA) for \$1,400,434 at a 2.75 percent interest rate. This loan was used to finance water treatment plant improvements. The Village is making semi-annual payments of \$45,751 with the final payment due in January 2028.

During 2012, the Village received an interest free loan from the Ohio Public Works Commission in the amount of \$1,300,000. This loan is being used to finance a wastewater treatment plant alterations project. As of December 31, 2013, \$189,080 of the funds had been disbursed by OPWC for project costs. The loan terms require repayment over 30 years following project completion. A future repayment amortization schedule of the loan is not currently available due to the interim nature of the project.

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(continued)**

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

Year ending December, 31:	OPWC (Main Street Project)	OPWC (Water Tower)	OPWC (Sludge Maintenance Project)	Police Administration Building	OWDA Water Treatment Plant	Total
2014	\$ 7,500	\$ 30,024	\$ 23,713	\$ 38,488	\$ 91,502	\$ 191,227
2015	7,500	30,025	23,713	38,488	91,502	191,228
2016	7,500	30,024	23,713	38,488	91,502	191,227
2017	7,500	30,025	23,712	38,019	91,502	190,758
2018	7,500	30,025	23,713	-	91,502	152,740
2019-2023	18,750	30,024	118,564	-	457,512	624,850
2024-2028	-	-	11,856	-	366,008	377,864
Total	<u>\$ 56,250</u>	<u>\$ 180,147</u>	<u>\$ 248,984</u>	<u>\$ 153,483</u>	<u>\$ 1,281,030</u>	<u>\$ 1,919,894</u>

8. RETIREMENT SYSTEMS

The Village's full-time Police Officers and Fire Fighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 2012 through June 2013, OP&F participants contributed 10 percent of their gross wages. For July 2013 through December 2013, OP&F participants contributed 10.75 percent of their gross wages. The Village contributed an amount equal to 19.5 percent of police members' and 24 percent of fire members' wages. For 2013 and 2012, OPERS members contributed 10 percent of their gross wages and the Village contributed an amount equal to 14 percent of participants' gross wages. The Village has paid all contributions required through December 31, 2013.

9. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

10. RELATED ORGANIZATION

The Brown Memorial Library is a related organization to the Village. The Village Council is responsible for appointing the trustees of the Library Board; however, the Village Council cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden on the Village.

Bastin & Company, LLC

Certified Public Accountants

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

Village of Lewisburg
Preble County
112 South Commerce Street
Lewisburg, Ohio 45338

To the Members of Village Council:

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 Village of Lewisburg, Preble County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated May 7, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Controls 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(s) 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.

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 instances of noncompliance or other matters we must report under Government Auditing Standards, which are described in the accompanying schedule of findings as items 2013-01 and 2013-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 7, 2014.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
May 7, 2014

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDING NUMBER 2013-01

Noncompliance Citation

Ohio Revised Code Section 5705.36(A)(4) requires that when it is known that actual resources will be less than currently estimated resources, and the deficiency will reduce available resources below the current level of appropriation, an amended certificate of estimated resources should be obtained to reduce estimated resources available for appropriation. In addition, Ohio Revised Code Section 5705.36(A)(5) limits appropriations to estimated resources, or any amendments thereof.

The following funds had estimated resources available that exceeded actual resources available, and the deficiency reduced available resources below the current level of appropriation contrary to Ohio Revised Code Section 5705.36(A)(4) and Ohio Revised Code Section 5705.36(A)(5):

<u>Year/Fund</u>	<u>Actual Resources Available</u>	<u>Appropriations</u>	<u>Variance</u>
<i>2013</i>			
Fire/Ambulance Levy	\$141,233	\$147,671	(\$6,438)
Capital Improvement Projects	513,126	1,281,871	(768,745)
Brown Library	32,374	35,695	(3,321)
<i>2012</i>			
Fire/Ambulance Levy	175,789	188,187	(12,398)
Brown Library	33,907	40,834	(6,927)
Sewer	409,613	412,695	(3,082)
Recreation	38,116	42,603	(4,487)
DUI Enforcement	1,256	2,146	(890)

We recommend that the Village implement procedures to ensure compliance with the requirements of the Ohio Revised Code.

Village's Response

The Village will more closely monitor actual resources compared to appropriated amounts to ensure compliance in the future.

FINDING NUMBER 2013-02

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The availability of funds was not certified prior to the time of commitment in 30 percent of expenditures tested in 2013 and 2012, nor did the Village use the aforementioned exceptions.

We recommend that the Village implement procedures to ensure compliance with the requirements of the Ohio Revised Code.

Village's Response

The Village concurs and will attempt to ensure certifications are properly performed in the future.

**VILLAGE OF LEWISBURG
PREBLE COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation
2011-01	Water and sewer billings	Yes	Condition not evident during current audit period
2011-02	ORC Section 5705.36(A)(4) Appropriations exceeded actual resources	No	Condition existed during current audit period, reissued as finding 2013-01
2011-03	ORC section 5705.41(D) Fiscal Officer certification	No	Condition existed during current audit period, reissued as finding 2013-02



Dave Yost • Auditor of State

VILLAGE OF LEWISBURG

PREBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 24, 2014**