



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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VILLAGE OF LITHOPOLIS FAIRFIELD COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2014 and 2013
Fiscal Years Audited Under GAGAS: 2014 and 2013



Dave Yost • Auditor of State

Village Council
Village of Lithopolis
11820 Lithopolis Rd
Lithopolis, OH 43136

We have reviewed the Independent Auditors' Report of the Village of Lithopolis, Fairfield County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2013 through December 31, 2014. 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 Lithopolis 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 24, 2015

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Village of Lithopolis
Fairfield County, Ohio
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Independent Auditor's Report

Village of Lithopolis
Fairfield County
11820 Lithopolis Road
Lithopolis, Ohio 43136

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Lithopolis, Fairfield County, (the Village), as of and for the years ended December 31, 2014 and 2013.

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 Principles

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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting 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 permitted 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, 2014 and 2013, or changes in financial position or cashflows 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 Lithopolis, Fairfield County, as of December 31, 2014 and 2013, 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 30, 2015, on our consideration of the Village's internal control over financial reporting and on 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 Standard* in considering the Village's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
May 30, 2015

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY**

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

	<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	\$ 50,751	\$ 11,171	\$ -	\$ 61,922
Municipal Income Tax	351,227	-	-	351,227
Intergovernmental	15,329	51,762	-	67,091
Charges for Services	330	-	-	330
Fines, Licenses, and Permits	85,594	47,427	-	133,021
Earnings on Investments	656	98	-	754
Contributions and Donations	25,195	-	-	25,195
Miscellaneous	10,165	-	51,473	61,638
	<u>539,247</u>	<u>110,458</u>	<u>51,473</u>	<u>701,178</u>
Total Cash Receipts				
	<u>539,247</u>	<u>110,458</u>	<u>51,473</u>	<u>701,178</u>
Cash Disbursements:				
Current:				
Security of Persons & Property	200,348	16,266	-	216,614
Public Health Service	6,672	-	-	6,672
Community Environment	17,970	-	-	17,970
Transportation	-	66,451	-	66,451
General Government	245,793	8,881	-	254,674
Capital Outlay	-	-	21,432	21,432
Debt Service:				
Redemption of Principal	11,992	21,842	-	33,834
Interest and Fiscal Charges	1,943	-	-	1,943
	<u>484,718</u>	<u>113,440</u>	<u>21,432</u>	<u>619,590</u>
Total Cash Disbursements				
	<u>484,718</u>	<u>113,440</u>	<u>21,432</u>	<u>619,590</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	54,529	(2,982)	30,041	81,588
Other Financing Receipts (Disbursements):				
Advances-In	33,114	-	-	33,114
	<u>33,114</u>	<u>-</u>	<u>-</u>	<u>33,114</u>
Total Other Financing Receipts (Disbursements)				
	<u>33,114</u>	<u>-</u>	<u>-</u>	<u>33,114</u>
<i>Net Change in Fund Cash Balances</i>	87,643	(2,982)	30,041	114,702
Fund Cash Balances, January 1	68,652	90,595	21,855	181,102
Restricted	-	87,613	51,896	139,509
Unassigned	156,295	-	-	156,295
	<u>156,295</u>	<u>87,613</u>	<u>51,896</u>	<u>295,804</u>
Fund Cash Balances, December 31				
	<u>\$ 156,295</u>	<u>\$ 87,613</u>	<u>\$ 51,896</u>	<u>\$ 295,804</u>

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

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY**

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 1,028,060	\$ -	\$ 1,028,060
Miscellaneous	447	-	447
 Total Operating Cash Receipts	 1,028,507	 -	 1,028,507
Operating Cash Disbursements			
Personal services	111,217	-	111,217
Fringe benefits	23,187	-	23,187
Contractual services	298,289	-	298,289
Supplies and Materials	82,981	-	82,981
Other	1,187	-	1,187
 Total Operating Cash Disbursements	 516,861	 -	 516,861
<i>Operating Income (Loss)</i>	511,646	-	511,646
Non-Operating Receipts (Disbursements)			
Capital Outlay	(128,080)	-	(128,080)
Debt Service:			
Principal	(92,860)	-	(92,860)
Interest	(122,423)	-	(122,423)
Other Non-operating Receipts	-	27,110	27,110
Other Non-operating Disbursements	-	(27,247)	(27,247)
 Total Non-Operating Receipts (Disbursements)	 (343,363)	 (137)	 (343,500)
<i>Income (Loss) Before Advances</i>	168,283	(137)	168,146
Advances			
Advances-Out	(33,114)	-	(33,114)
 Total Advances	 (33,114)	 -	 (33,114)
<i>Net Change in Fund Cash Balances</i>	135,169	(137)	135,032
Fund Cash Balances, January 1	200,168	4,156	204,324
Fund Cash Balances, December 31	\$ 335,337	\$ 4,019	\$ 339,356

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

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY**

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

	<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	\$ 60,853	\$ 13,317	\$ -	\$ 74,170
Municipal Income Tax	322,261	-	-	322,261
Intergovernmental	32,897	56,339	-	89,236
Charges for Services	6,512	-	-	6,512
Fines, Licenses, and Permits	95,694	63,521	-	159,215
Earnings on Investments	357	53	-	410
Contributions and Donations	24,760	-	-	24,760
Miscellaneous	12,548	-	-	12,548
	<u>555,882</u>	<u>133,230</u>	<u>-</u>	<u>689,112</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons & Property	160,259	15,999	-	176,258
Public Health Service	6,500	-	-	6,500
Community Environment	25,114	-	-	25,114
Transportation	-	48,879	-	48,879
General Government	257,735	7,452	-	265,187
Debt Service:				
Redemption of Principal	11,992	21,842	-	33,834
Interest and Fiscal Charges	2,007	-	-	2,007
	<u>463,607</u>	<u>94,172</u>	<u>-</u>	<u>557,779</u>
Total Cash Disbursements				
<i>Excess of Receipts Over (Under) Disbursements</i>	92,275	39,058	-	131,333
Other Financing Receipts (Disbursements):				
Advances-In	35,826	-	-	35,826
Advances-Out	(67,343)	(10,826)	-	(78,169)
	<u>(31,517)</u>	<u>(10,826)</u>	<u>-</u>	<u>(42,343)</u>
Total Other Financing Receipts (Disbursements)				
<i>Net Change in Fund Cash Balances</i>	60,758	28,232	-	88,990
Fund Cash Balances, January 1	<u>7,894</u>	<u>62,363</u>	<u>21,855</u>	<u>92,112</u>
Restricted	-	90,595	21,855	112,450
Committed	3,482	-	-	3,482
Unassigned	65,170	-	-	65,170
	<u>68,652</u>	<u>90,595</u>	<u>21,855</u>	<u>181,102</u>
Fund Cash Balances, December 31				

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

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 930,627	\$ -	\$ 930,627
 Total Operating Cash Receipts	 930,627	 -	 930,627
Operating Cash Disbursements			
Personal services	109,107	-	109,107
Fringe benefits	20,123	-	20,123
Contractual services	356,384	-	356,384
Supplies and Materials	65,055	-	65,055
Other	4,996	-	4,996
 Total Operating Cash Disbursements	 555,665	 -	 555,665
<i>Operating Income (Loss)</i>	374,962	-	374,962
Non-Operating Receipts (Disbursements)			
Capital Outlay	(26,093)	-	(26,093)
Debt Service:			
Principal	(186,514)	-	(186,514)
Interest	(127,727)	-	(127,727)
Other Non-operating Receipts	-	42,244	42,244
Other Non-operating Disbursements	-	(41,021)	(41,021)
 Total Non-Operating Receipts (Disbursements)	 (340,334)	 1,223	 (339,111)
<i>Income (Loss) Before Advances</i>	34,628	1,223	35,851
Advances			
Advances-In	67,343	-	67,343
Advances-Out	(25,000)	-	(25,000)
 Total Advances	 42,343	 -	 42,343
<i>Net Change in Fund Cash Balances</i>	76,971	1,223	78,194
Fund Cash Balances, January 1 - As Restated	123,197	2,933	126,130
 Fund Cash Balances, December 31	 <u>\$ 200,168</u>	 <u>\$ 4,156</u>	 <u>\$ 204,324</u>

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

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Lithopolis, Fairfield County, Ohio, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations (leisure time activities), and police services.

The Village management believes these financial statements represent 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 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.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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 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 LITHOPOLIS
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (continued)

3. Capital Projects 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:

TIF Capital Improvement Fund – This fund was established to account for the proceeds from TIF funding and expenditures for capital outlay.

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 the cost of providing water services.

Sewer Fund – This fund receives charges for services from residents to cover the cost of providing sewer services.

Solid Waste Utility Fund – This fund receives charges for services from residents to cover the cost of providing garbage services.

5. Fiduciary Funds:

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Mayor's Court activity.

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. Unencumbered appropriations lapse at year end.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process (continued)

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 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.

A summary of 2014 and 2013 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.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance (continued)

5. Unassigned

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

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

G. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. 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:

	<u>2014</u>	<u>2013</u>
Total deposits:	<u>\$635,160</u>	<u>\$385,426</u>

Deposits: The Village's deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and December 31, 2013, was as follows:

2014 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$486,300	\$539,247	\$52,947
Special Revenue	102,689	110,458	7,769
Capital Projects	545,342	51,473	(493,869)
Enterprise	<u>1,033,254</u>	<u>1,028,507</u>	<u>(4,747)</u>
Total	<u>\$2,167,585</u>	<u>\$1,729,685</u>	<u>\$(437,900)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$516,913	\$484,718	\$32,195
Special Revenue	128,190	113,440	14,750
Capital Projects	530,297	21,432	508,865
Enterprise	<u>1,040,149</u>	<u>860,224</u>	<u>179,925</u>
Total	<u>\$2,215,549</u>	<u>\$1,479,814</u>	<u>\$735,735</u>

2013 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$536,932	\$555,882	\$18,950
Special Revenue	114,444	133,230	18,786
Capital Projects	-	-	-
Enterprise	<u>988,113</u>	<u>930,627</u>	<u>(57,486)</u>
Total	<u>\$1,639,489</u>	<u>\$1,619,739</u>	<u>\$(19,750)</u>

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

3. BUDGETARY ACTIVITY (CONTINUED)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$527,423	\$463,607	\$63,816
Special Revenue	100,821	94,172	6,649
Capital Projects	-	-	-
Enterprise	<u>949,489</u>	<u>895,999</u>	<u>53,490</u>
Total	<u>\$1,577,733</u>	<u>\$1,453,778</u>	<u>\$123,955</u>

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.

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

The income tax is collected by the Regional Income Tax Agency (R.I.T.A) and is remitted to the Village. Income tax receipts are credited to the Village's General Fund.

6. DEBT

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building Bond Anticipation Note	\$182,700	6.00%
OWDA Loan 3920	2,406,093	4.35%
OPWC Loan CQ10N	<u>611,567</u>	0.00%
Total	<u>\$3,200,360</u>	

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

6. DEBT (CONTINUED)

The Village issued Administration Building Improvement Notes from Savings Bank on June 1, 2012 in the amount of \$219,100 with an interest rate of 4.50% for the new Village administration and utilities office. Payments for this loan began on June 1, 2013 and the loan will mature on June 1, 2017.

The Ohio Water Development Authority (OWDA) loan #3920 relates to the water system improvements and was awarded in July of 2003 in the amount, not to exceed, of \$3,000,000 with payments beginning on 01/01/2005. This loan matures July 1, 2034.

The Ohio Public Works Commission (OPWC) loan #CQ10N was awarded for the Columbus Street Reconstruction project in 2012 in the amount of \$644,329. The loan will be repaid in semiannual payments of \$10,921 until it matures on June 30, 2042.

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

Year Ending December 31:	Building Bond	OPWC Loan	OWDA Loan
2015	\$27,722	\$21,842	\$155,051
2016	27,644	21,842	161,869
2017	149,331	21,842	168,987
2018	0	21,842	176,418
2019	0	21,842	184,176
2020-2024	0	109,210	935,525
2025-2029	0	109,210	1,415,953
2030-2034	0	109,210	1,534,235
2035-2039	0	109,210	0
2040-2042	0	65,517	0
Totals	<u>\$204,697</u>	<u>\$611,567</u>	<u>\$4,732,214</u>

7. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. From January 1, 2013 through June 30, 2013, OP&F participants contributed 10% of their wages, from July 1, 2013 through June 30, 2014, OP&F participants contributed 10.75% of their wages, from July 1, 2014 through December 31, 2014, OP&F participants contributed 11.5% of their wages. The Village contributed an amount equal to 19.5% of police participant wages and 21% of fire fighters wages. PERS members contributed 10% of gross wages. The Village contributed an amount equal to 14% of participants' gross wages. The Village has paid all contributions required through December 31, 2014.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

9. INTERFUND TRANSACTIONS

The following is a summary of advances in and out for 2014:

<u>Opinion Unit</u>	<u>Advances In</u>	<u>Advances Out</u>
General	\$33,114	\$0
Enterprise	0	33,114
Total	<u>\$33,114</u>	<u>\$33,114</u>

The following is a summary of advances in and out for 2013:

<u>Opinion Unit</u>	<u>Advances In</u>	<u>Advances Out</u>
General	\$35,826	\$67,343
Special Revenue	0	10,826
Enterprise	67,343	25,000
Total	<u>\$103,169</u>	<u>\$103,169</u>

Advances were made from the General Fund to provide temporary support to other Village funds. The advances in to the General Fund are to repay previous advances.



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Village of Lithopolis
Fairfield County
11820 Lithopolis Road
Lithopolis, Ohio 43136

To the Village Council:

We have audited, in accordance with the 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 Lithopolis, Fairfield County, (the Village) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, and have issued our report thereon dated May 30, 2015, wherein we noted the Village followed financial reporting provisions that 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or 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 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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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*.

Entity's Response to Findings

The entity's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control testing 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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Worthington, Ohio
May 30, 2015

**Village of Lithopolis
Fairfield County
Schedule of Findings
December 31, 2014 and 2013**

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

FINDING NUMBER	2014-001
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MATERIAL WEAKNESS

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Misstatements were identified in the following areas:

- Intergovernmental revenues,
- Contribution and Donation revenues,
- Principal Payments expense,
- Interest and Fiscal Charges expense,
- Fund Balance

All of the above noted adjustments have been posted to the financial statements and to the Village's UAN accounting system.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Village Officer's Handbook for guidance on the correct line item to post various receipts and expenditures of the Village.

Client Response: The Fiscal Officer will be more aware of proper posting of revenues and expenditures.

**Village of Lithopolis
Fairfield County
Schedule of Prior Audit Findings
December 31, 2014 and 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2012-001	Material Weakness – Financial Reporting	No	Reissued as 2014-001

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Dave Yost • Auditor of State

VILLAGE OF LITHOPOLIS

FAIRFIELD 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 3, 2015**