

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

**Financial Statements**  
**(Audited)**

**For the Years Ended**  
**December 31, 2019 and 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of North Lewisburg  
60 E. Maple Street  
P.O. Box 243  
North Lewisburg, Ohio 43060

We have reviewed the *Independent Auditor's Report* of the Village of North Lewisburg, Champaign County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2019. 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 Lewisburg is responsible for compliance with these laws and regulations

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

May 5, 2020

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**VILLAGE OF NORTH LEWISBURG  
CHAMPAIGN COUNTY**

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## Independent Auditor's Report

Village of North Lewisburg  
Champaign County  
60 E. Maple Street  
P.O. Box 243  
North Lewisburg, Ohio 43060

To the Members of Council and Mayor:

### *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 Lewisburg, Champaign County, Ohio, as of and for the years ended December 31, 2019 and 2018.

### *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 of North Lewisburg'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 of North Lewisburg's internal control. Accordingly, we express no such 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.

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

As described in Note 2 of the financial statements, the Village of North Lewisburg 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 of North Lewisburg 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 of North Lewisburg as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

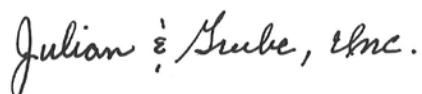
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of North Lewisburg, Champaign County, Ohio, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village of North Lewisburg. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2020, on our consideration of the Village of North Lewisburg'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 of North Lewisburg's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
April 16, 2020



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

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Property and Other Local Taxes	\$ 22,097	\$ 8,127	\$ -	\$ 30,224
Municipal Income Tax	309,912	-	-	309,912
Intergovernmental	14,347	82,103	300,000	396,450
Charges for Services	-	1,600	-	1,600
Fines, Licenses and Permits	17,908	697	-	18,605
Earnings on Investments	15,296	1,170	-	16,466
Miscellaneous	29,140	-	-	29,140
Total cash receipts	<u>408,700</u>	<u>93,697</u>	<u>300,000</u>	<u>802,397</u>
Cash disbursements:				
Current:				
Security of Persons and Property	142,674	-	-	142,674
Public Health Services	881	-	-	881
Leisure Time Activities	15,000	-	-	15,000
Basic Utility Services	8,000	-	-	8,000
Transportation	3,000	108,407	-	111,407
General Government	197,593	-	-	197,593
Capital Outlay	17,094	-	355,799	372,893
Debt Service:				
Principal Retirement	989	-	-	989
Total cash disbursements	<u>385,231</u>	<u>108,407</u>	<u>355,799</u>	<u>849,437</u>
Excess of receipts over (under) disbursements	<u>23,469</u>	<u>(14,710)</u>	<u>(55,799)</u>	<u>(47,040)</u>
Other Financing Receipts (Disbursements):				
Loan Proceeds	-	-	55,799	55,799
Other Financing Sources	13,337	-	-	13,337
Other Financing Uses	(11,935)	-	-	(11,935)
Total Other Financing Receipts (Disbursements)	<u>1,402</u>	<u>-</u>	<u>55,799</u>	<u>57,201</u>
Net change in fund cash balances	24,871	(14,710)	-	10,161
Fund cash balances, January 1, 2019	<u>507,225</u>	<u>180,331</u>	<u>-</u>	<u>687,556</u>
Fund cash balances:				
Restricted	-	97,136	-	97,136
Committed	-	68,485	-	68,485
Assigned	42,150	-	-	42,150
Unassigned (Deficit)	489,946	-	-	489,946
Fund cash balances, December 31, 2019	<u>\$ 532,096</u>	<u>\$ 165,621</u>	<u>\$ -</u>	<u>\$ 697,717</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Custodial	
Operating cash receipts:			
Charges for Services	\$ 728,797	\$ -	\$ 728,797
Fines, Licenses and Permits	-	22,285	22,285
Miscellaneous	647	-	647
Total operating cash receipts	<u>729,444</u>	<u>22,285</u>	<u>751,729</u>
Operating cash disbursements:			
Personal Services	147,322	-	147,322
Employee Fringe Benefits	56,273	-	56,273
Contractual Services	95,429	-	95,429
Supplies and Materials	75,147	-	75,147
Other	5,000	17,872	22,872
Total operating cash disbursements	<u>379,171</u>	<u>17,872</u>	<u>397,043</u>
Operating income (loss)	<u>350,273</u>	<u>4,413</u>	<u>354,686</u>
Nonoperating cash receipts/(disbursements):			
Intergovernmental	722	-	722
Capital Outlay	(23,250)	-	(23,250)
Debt service:			
Principal	(251,000)	-	(251,000)
Interest	(46,203)	-	(46,203)
Other Financing Sources	556	-	556
Total nonoperating cash receipts/(disbursements)	<u>(319,175)</u>	<u>-</u>	<u>(319,175)</u>
Net change in fund cash balances	31,098	4,413	35,511
Fund cash balances, January 1, 2019	<u>376,799</u>	<u>454</u>	<u>377,253</u>
Fund cash balances, December 31, 2019	<u>\$ 407,897</u>	<u>\$ 4,867</u>	<u>\$ 412,764</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**Village of North Lewisburg, Ohio**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 - Reporting Entity**

The Village of North Lewisburg, Champaign County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations, (leisure time activities). The Village contracts with the Mechanicsburg Police Department to provide security of persons and property. The Village receives fire protection and EMS services from The Northeast Champaign County Fire District. For more detail on the Northeast Champaign County Fire District, see Note 10.

***Jointly Governed Organizations, and Public Entity Risk Pools***

The Village participates in a jointly governed organization and a public entity risk pool. Notes 10 & 11 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund:*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***State Highway Fund:*** The State Highway Fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing the Village highways.

**Village of North Lewisburg, Ohio**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(continued)*

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***Permissive Motor Vehicle License Tax Fund:*** This fund receives motor vehicle tax money for constructing, maintaining and repairing Village streets.

***Impact Fee Fund:*** This fund is used to account for all financial resources committed to the construction of new residential properties within the Village.

***Mayor Computer Fund:*** This fund receives a portion of Mayor's Court receipts for purchasing, maintaining and repairing a Mayor's Court computer equipment.

***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 Capital Project Fund:

***Ohio Public Works Commission Fund:*** This fund accounts for and reports on-behalf revenues and disbursements from OPWC street projects.

***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:*** The water fund receives charges for services from residents to cover the cost of providing this utility.

***Sewer Fund:*** The sewer fund receives charges for services from residents to cover the cost of providing this utility.

***Utility Service Fund:*** The Utility fund receives deposits from residents to cover the cost of providing this utility.

***Fiduciary Funds:*** Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for all activity related to the Village's Mayor's Court.

***Basis of Accounting***

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).

**Village of North Lewisburg, Ohio**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(continued)*

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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.

***Budgetary Process***

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

***Appropriations:*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, 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.

***Estimated Resources:*** Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

***Encumbrances:*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2019 budgetary activity appears in Note 3.

***Capital Assets***

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

***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.

***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:

***Nonspendable:*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

**Village of North Lewisburg, Ohio**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(continued)*

**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.

**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.

**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.

**Note 3- Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$423,958	\$422,037	(\$1,921)
Special Revenue	70,092	93,697	23,605
Capital Projects	355,799	355,799	0
Enterprise	695,500	730,722	35,222
Total	\$1,545,349	\$1,602,255	\$56,906

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$469,048	\$397,166	\$71,882
Special Revenue	159,690	108,407	51,283
Capital Projects	355,799	355,799	0
Enterprise	790,430	699,624	90,806
Total	\$1,774,967	\$1,560,996	\$213,971

**Village of North Lewisburg, Ohio**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(continued)*

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**Note 4 – Deposits**

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

	2019
Demand deposits	\$ 539,502
Certificates of deposit	570,979
Total deposits	<u>\$ 1,110,481</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

***Income Taxes***

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Village of North Lewisburg, Ohio**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(continued)*

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**Note 6 - Risk Management**

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2018, (the latest information available) PEP retained \$500,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2018 and 2017 (the latest information available):

	<u>2018</u>	<u>2017</u>
Assets	\$49,921,998	\$44,452,326
Liabilities	(14,676,199)	(13,004,011)
Net Position	\$35,245,799	\$31,448,315

At December 31, 2018 and 2017, respectively, the liabilities above include approximately \$13.0 million and \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.8 million and \$11.2 million of unpaid claims to be billed. The Pool's membership increased from 527 members in 2017 to 538 members in 2018. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2019, the Village's share of these unpaid claims collectible in future years is approximately \$14,000.



**Village of North Lewisburg, Ohio**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(continued)*

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

<u><b>2019 Contributions to PEP</b></u> <u><b>\$22,662</b></u>	<u><b>2018 Contributions to PEP</b></u> <u><b>\$22,575</b></u>
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**Note 7 - Defined Benefit Pension Plans**

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

The Ohio Revised Code also prescribes contribution rates. 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, 2019.

**Social Security:** Some of the Village's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 8 - Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

**Village of North Lewisburg, Ohio**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(continued)*

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**Note 9 - Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
Mortgage Revenue Refunding Bonds	\$85,000	5.25%
Ohio Water Development Authority Loan 4527	\$1,315,095	2.65%
Ohio Public Works Commission Loan CK10V	\$55,799	0.00%
Ohio Public Works Commission Loan CK21H	\$285,000	0.00%
Ohio Public Works Commission Loan CK17T	\$366,840	0.00%
Ohio Public Works Commission Loan CT09U	36,594	0.00%
Total	\$2,144,328	

The Village had four loans with the Ohio Public Works Commission (OPWC) during 2019. Loan CK21H was issued in 2009, in the amount of \$600,000, for wastewater system improvements. Loan CK17T was issued in 2017, in the amount of \$400,189, for wastewater system improvements. Loan CT09U was issued in 2017, in the amount of \$39,561, for street paving. The Village will repay Loans CK21H, CK17T, and CT09U in semiannual installments of \$15,000, \$6,670, and \$989, over a period of 20 years, 30 years, and 20 years, respectively. Loans CK21H, CK17T, and CT09U are being repaid through the Water Fund, Sewer Fund, and State Highway Fund, respectively. Loan CK10V is not finalized as of December 31, 2019 and no amortization schedule is available until the project is finalized.

The Ohio Water Development Authority (OWDA) loan 4527 relates to a water and sewer plant expansion project. This loan was originally issued in the amount of \$2,551,833, in 2009, with a 2.65% annual interest rate. The Village will repay the loan in semiannual installments from the Sewer Fund.

The Mortgage Revenue Refunding Bonds were issued in 2003 to refund the 1995 Waterworks System Mortgage Revenue Bonds. These bonds are being repaid from the Water Fund.

***Leases***

The Village leases a 2016 Ford F-550 dump truck with plow. The Village disbursed \$16,062 to pay lease costs for the year ended December 31, 2019.

**Village of North Lewisburg, Ohio**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(continued)*

**Amortization**

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

Year Ending December 31:	Leases	OWDA Loan	Mortgage Revenue Refunding Bonds	OPWC Loan CK21H	OPWC Loan CK17T	OPWC Loan CT09U
2020	16,062	165,200	89,463	30,000	13,340	1,978
2021		165,200		30,000	13,340	1,978
2022		165,200		30,000	13,340	1,978
2023		165,200		30,000	13,340	1,978
2024		165,200		30,000	13,340	1,978
2025-2029		660,800		135,000	66,698	9,890
2030-2034					66,698	9,890
2035-2039					66,698	6,924
2040-2044					66,698	
2045-2047					33,348	
	<u>\$16,062</u>	<u>\$1,486,800</u>	<u>\$89,463</u>	<u>\$285,000</u>	<u>\$366,840</u>	<u>\$36,594</u>

**Note 10 – Jointly Governed Organizations**

The Village of North Lewisburg, along with the Village of Woodstock and the Townships of Rush and Wayne have joined to form The Northeast Champaign County Fire District to provide fire and EMS protection for said Villages and Townships. Two members from each board consists of The Northeast Fire District’s board with only one member a voting member.

**Note 11 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Village of North Lewisburg, Ohio**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*  
*(continued)*

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**Note 12 – Compliance**

The Village had noncompliance with Ohio Revised Code Section 5705.42 for not recording Ohio Public Works Commissions' on-behalf transactions.

**Note 13 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, receipts, and any recovery from emergency funding, either federal or state, cannot be estimated.

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

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Property and Other Local Taxes	\$ 23,770	\$ 7,843	\$ 31,613
Municipal Income Tax	319,834	-	319,834
Intergovernmental	13,409	64,663	78,072
Charges for Services	-	3,200	3,200
Fines, Licenses and Permits	37,887	728	38,615
Earnings on Investments	5,379	538	5,917
Miscellaneous	23,675	-	23,675
Total cash receipts	<u>423,954</u>	<u>76,972</u>	<u>500,926</u>
Cash disbursements:			
Current:			
Security of Persons and Property	147,252	-	147,252
Public Health Services	999	-	999
Leisure Time Activities	4,882	-	4,882
Basic Utility Services	8,000	-	8,000
Transportation	3,741	74,533	78,274
General Government	195,590	-	195,590
Capital Outlay	21,289	2,000	23,289
Total cash disbursements	<u>381,753</u>	<u>76,533</u>	<u>458,286</u>
Excess of receipts over (under) disbursements	<u>42,201</u>	<u>439</u>	<u>42,640</u>
Other Financing Receipts (Disbursements):			
Other Financing Sources	21,504	-	21,504
Other Financing Uses	<u>(11,080)</u>	<u>-</u>	<u>(11,080)</u>
Total Other Financing Receipts (Disbursements)	<u>10,424</u>	<u>-</u>	<u>10,424</u>
Net change in fund cash balances	52,625	439	53,064
Fund cash balances, January 1, 2018	<u>454,600</u>	<u>179,892</u>	<u>634,492</u>
Fund cash balances:			
Restricted	-	113,446	113,446
Committed	-	66,885	66,885
Assigned	21,048	-	21,048
Unassigned (Deficit)	486,177	-	486,177
Fund cash balances, December 31, 2018	<u>\$ 507,225</u>	<u>\$ 180,331</u>	<u>\$ 687,556</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for Services	\$ 727,961	\$ -	\$ 727,961
Fines, Licenses and Permits	-	34,223	34,223
Miscellaneous	280	-	280
Total operating cash receipts	<u>728,241</u>	<u>34,223</u>	<u>762,464</u>
Operating cash disbursements:			
Personal Services	149,253	-	149,253
Employee Fringe Benefits	50,530	-	50,530
Contractual Services	154,053	-	154,053
Supplies and Materials	85,075	-	85,075
Other	4,165	40,343	44,508
Total operating cash disbursements	<u>443,076</u>	<u>40,343</u>	<u>483,419</u>
Operating income (loss)	<u>285,165</u>	<u>(6,120)</u>	<u>279,045</u>
Nonoperating cash receipts/(disbursements):			
Insurance Proceeds	52,965	-	52,965
Capital Outlay	(2,500)	-	(2,500)
Debt service:			
Principal	(244,824)	-	(244,824)
Interest	(53,421)	-	(53,421)
Total nonoperating cash receipts/(disbursements)	<u>(247,780)</u>	<u>-</u>	<u>(247,780)</u>
Net change in fund cash balances	37,385	(6,120)	31,265
Fund cash balances, January 1, 2018	<u>339,414</u>	<u>6,574</u>	<u>345,988</u>
Fund cash balances, December 31, 2018	<u>\$ 376,799</u>	<u>\$ 454</u>	<u>\$ 377,253</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**Village of North Lewisburg, Ohio**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

The Village of North Lewisburg, Champaign County, 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. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and park operations, (leisure time activities). The Village contracts with the Mechanicsburg Police Department to provide security of persons and property. The Village receives fire protection and EMS services from The Northeast Champaign County Fire District. For more detail on the Northeast Champaign County Fire District, see Note 10.

***Jointly Governed Organizations, and Public Entity Risk Pools***

The Village participates in a jointly governed organization and a public entity risk pool. Notes 10 & 11 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund:*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***State Highway Fund:*** The State Highway Fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing the Village highways.

**Village of North Lewisburg**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(continued)*

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***Permissive Motor Vehicle License Tax Fund:*** This fund receives motor vehicle tax money for constructing, maintaining and repairing Village streets.

***Impact Fee Fund:*** This fund is used to account for all financial resources committed to the construction of new residential properties within the Village.

***Mayor Computer Fund:*** This fund receives a portion of Mayor's Court receipts for purchasing, maintaining and repairing a Mayor's Court computer equipment.

***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:*** The water fund receives charges for services from residents to cover the cost of providing this utility.

***Sewer Fund:*** The sewer fund receives charges for services from residents to cover the cost of providing this utility.

***Utility Service Fund:*** The Utility fund receives deposits from residents to cover the cost of providing this utility.

***Fiduciary Funds:*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's agency fund accounts for all activity related to the Village's Mayor's Court.

***Basis of Accounting***

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.



**Village of North Lewisburg**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(continued)*

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***Budgetary Process***

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

***Appropriations:*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, 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.

***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.

***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 2018 budgetary activity appears in Note 3.

***Capital Assets***

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

***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.

***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:

***Nonspendable:*** The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***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.

***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 North Lewisburg**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(continued)*

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**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.

**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.

**Note 3- Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$367,846	\$445,458	\$77,612
Special Revenue	67,569	76,972	9,403
Enterprise	738,465	781,206	42,741
Total	\$1,173,880	\$1,303,636	\$129,756

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$433,117	\$393,781	\$39,336
Special Revenue	142,775	77,723	65,052
Enterprise	793,775	747,616	46,159
Total	\$1,369,667	\$1,219,120	\$150,547

**Village of North Lewisburg**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(continued)*

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**Note 4 – Deposits**

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

	<u>2018</u>
Demand deposits	\$644,135
Certificates of deposit	420,674
Total deposits	<u>1,064,809</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

***Property Taxes***

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

***Income Taxes***

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Village of North Lewisburg**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(continued)*

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**Note 6 - Risk Management**

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

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

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2018, PEP retained \$500,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Assets	\$49,921,998	\$44,452,326
Liabilities	(14,676,199)	(13,004,011)
Net Position	\$35,245,799	\$31,448,315

At December 31, 2018 and 2017, respectively, the liabilities above include approximately \$13.0 million and \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.8 million and \$11.2 million of unpaid claims to be billed. The Pool's membership increased from 527 members in 2017 to 538 members in 2018. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2018, the Village's share of these unpaid claims collectible in future years is approximately \$14,000.

**Village of North Lewisburg**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(continued)*

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

<u><b>2018 Contributions to PEP</b></u>	<u><b>2017 Contributions to PEP</b></u>
<u><b>\$22,575</b></u>	<u><b>\$21,540</b></u>

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

**Note 7 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System:** Some of the employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2018.

**Social Security:** Some of the Village’s employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

**Village of North Lewisburg**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(continued)*

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**Note 9 – Debt:**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Mortgage Revenue Refunding Bonds	\$165,000	5.25%
Ohio Water Development Authority Loan 4527	\$1,442,902	2.65%
Ohio Public Works Commission Loan CK21H	\$315,000	0.00%
Ohio Public Works Commission Loan CK17T	\$380,180	0.00%
Ohio Public Works Commission Loan CT09U	38,572	0.00%
Total	\$2,341,654	

The Village had three loans with the Ohio Public Works Commission (OPWC) during 2018. Loan CK21H was issued in 2009, in the amount of \$600,000, for wastewater system improvements. Loan CK17T was issued in 2017, in the amount of \$400,189, for wastewater system improvements. Loan CT09U was issued in 2017, in the amount of \$39,561, for street paving. The Village will repay Loans CK21H, CK17T, and CT09U in semiannual installments of \$15,000, \$6,670, and \$989, over a period of 20 years, 30 years, and 20 years, respectively. Loans CK21H, CK17T, and CT09U are being repaid through the Water Fund, Sewer Fund, and State Highway Fund, respectively.

The Ohio Water Development Authority (OWDA) loan 4527 relates to a water and sewer plant expansion project. This loan was originally issued in the amount of \$2,551,833, in 2009, with a 2.65% annual interest rate. The Village will repay the loan in semiannual installments from the Sewer Fund.

The Mortgage Revenue Refunding Bonds were issued in 2003 to refund the 1995 Waterworks System Mortgage Revenue Bonds. These bonds are being repaid from the Water Fund.

***Leases***

The Village leases a 2016 Ford F-550 dump truck with plow. The Village disbursed \$16,062 to pay lease costs for the year ended December 31, 2018.

**Village of North Lewisburg**  
*Champaign County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*  
*(continued)*

***Amortization***

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

Year Ending December 31:	Leases	OWDA Loan	Mortgage Revenue Refunding Bonds	OPWC Loan CK21H	OPWC Loan CK17T	OPWC Loan CT09U
2019	16,062	165,200	88,663	30,000	13,340	1,978
2020	16,062	165,200	89,463	30,000	13,340	1,978
2021		165,200		30,000	13,340	1,978
2022		165,200		30,000	13,340	1,978
2023		165,200		30,000	13,340	1,978
2024-2028		826,004		150,000	66,698	9,890
2029-2033				15,000	66,698	9,890
2034-2038					66,698	8,902
2039-2043					66,698	
2044-2047					46,688	
	<u>\$32,124</u>	<u>\$1,652,004</u>	<u>\$178,126</u>	<u>\$315,000</u>	<u>\$380,180</u>	<u>\$38,572</u>

**Note 10 – Jointly Governed Organizations**

The Village of North Lewisburg, along with the Village of Woodstock and the Townships of Rush and Wayne have joined to form The Northeast Champaign County Fire District to provide fire and EMS protection for said Villages and Townships. Two members from each board consists of The Northeast Fire District’s board with only one member a voting member.

**Note 11 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

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

Village of North Lewisburg  
Champaign County  
60 E. Maple Street  
P.O. Box 243  
North Lewisburg, Ohio 43060

To the Members of Council and Mayor:

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 Lewisburg, Champaign County, Ohio, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated April 16, 2020, wherein we noted the Village of North Lewisburg followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 13 to the financial statements for the year ended December 31, 2019, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village of North Lewisburg's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of North Lewisburg'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 of North Lewisburg'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2019-001 and 2019-002 to be material weaknesses.



***Compliance and Other Matters***

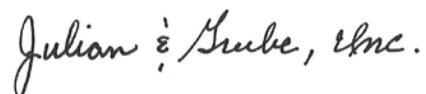
As part of reasonably assuring whether the Village of North Lewisburg's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2019-002.

***Village of North Lewisburg's Responses to Findings***

The Village of North Lewisburg's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not subject the Village of North Lewisburg's responses to the auditing procedures applied in the audit of the financial statements 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 of North Lewisburg's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of North Lewisburg's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
April 16, 2020

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

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2019-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made.

Numerous adjustments were made to the financial statements and note disclosures to properly state amounts. In addition, activity for the Mayor’s Court was not posted in the Village’s Uniform Accounting Network system and therefore was not included on the Village’s unaudited financial statements for 2019 and 2018. The audited financial statements, note disclosures, and Village records have been adjusted for the misstatements identified during the audit.

Control procedures not properly developed related to the financial reporting process limit management’s ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the Village of North Lewisburg implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the monthly cash activity and financial statements by someone other than the individual preparing them would be beneficial.

*Client Response:* The Fiscal Officer will work to provide a sound fiscal environment for the Village and has implemented additional policies and procedures to help with financial statement presentation.

Finding Number	2019-002
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Material Weakness/Noncompliance – OPWC On-Behalf Payments

Ohio Rev. Code § 5705.42 states when the United States government or the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of section 5705.41 of the Revised Code. In addition, Auditor of State (AOS) Bulletin 2000-008 indicates that when a local government enters into an on-behalf-of program agreement with another local government or the state, whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2019 AND 2018**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</b>	
Finding Number	2019-002 – (Continued)

The Village entered into agreements with the Ohio Public Works Commission (OPWC) for a grant and loan during the year ending December 31, 2019. AOS Bulletin 2002-004 outlines the accounting requirements for OPWC grants. The OPWC will make payments to the contractor(s) for its share based on invoices submitted by the fiscal officer or to the local government as a reimbursement. For payments made to the contractor, the state will notify the fiscal officer of the amount disbursed. Upon receipt of this notice, each local government shall record a receipt and expenditure in the appropriate governmental and/or enterprise capital projects fund equal to the amount disbursed by the OPWC.

The Village did not record the payments made directly to contractors as part of the OPWC projects. In 2019, the Village failed to report \$55,799 in OPWC loan proceeds, \$300,000 in OPWC intergovernmental revenues, and \$355,799 in OPWC capital outlay disbursements in the Capital Projects fund for a street paving project. The financial statements have been adjusted to properly report the activity.

The failure to record grant and loan activity results in understated receipts and disbursements on the financial statements and understated obligations in the financial statement notes.

To improve financial reporting, the Village should establish procedures to account for all payments made directly to contractors to ensure that the financial statements reflect the receipts and disbursements for all grant activity.

*Client Response:* The Fiscal Officer will work to provide a sound fiscal environment for the Village and is in the process of evaluating other options to help improve the Village’s policies and procedures associated with financial statement presentation.

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b><u>Finding Summary</u></b>	<b>Status</b>	<b>Additional Information</b>
2017-001	2017	<u>Noncompliance and Material Weakness - Budgetary</u> – The Village had numerous budgetary citations including but not limited to, appropriations exceeding estimated resources, appropriation changes to the accounting system not agreeing to official budgetary documents, and appropriations not being filed with the County Budget Commission.	Corrective Action Taken and Finding is Fully Corrected	N/A
2017-002	2017	<u>Noncompliance and Material Weakness - Financial Reporting</u> - A monitoring system by the Fiscal Officer and Village Council should be in place to prevent or detect material misstatements for the accurate presentation to the Village's financial statements. The Village had several audit adjustments.	Not Corrected	Finding repeated as 2019-001 as the Village's financial report required audit adjustments.
2007-003	2017	<u>Noncompliance and Material Weakness – OPWC On-Behalf Monies</u> – The Village did not record on-behalf monies from the Ohio Public Works Commission in the Uniform Accounting Network system.	Not Corrected	Finding repeated as 2019-002 as the Village's financial report required audit adjustments related to on-behalf monies from the Ohio Public Works Commission.

OHIO AUDITOR OF STATE  
**KEITH FABER**



**VILLAGE OF NORTH LEWISBURG**

**CHAMPAIGN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 19, 2020**