

***VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

Village Council
Village of North Kingsville
3541 East Center Street
North Kingsville, Ohio 44068

We have reviewed the *Report of Independent Accountants* of the Village of North Kingsville, Ashtabula County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Kingsville is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 18, 2009

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**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Village of North Kingsville
Ashtabula County
3541 East Center Street
North Kingsville, Ohio 44068-0253

To the Village Council:

We have audited the accompanying financial statements of the Village of North Kingsville, Ashtabula County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States. Those standards require that we plan and perform the audit obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has presented these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for both years. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances and reserves for encumbrances of the Village of North Kingsville, Ashtabula County, as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal controls over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

May 22, 2009

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 650,180	\$ 226,418	-	\$ 62,029	\$ 938,627
Special Assessments	-	3,068	-	9,102	12,170
Intergovernmental	78,431	153,489	-	104,344	336,264
Charges for Services	-	51,309	-	-	51,309
Fines, Licenses & Permits	67,415	3,514	-	-	70,929
Earnings on Investments	34,356	2,010	-	-	36,366
Miscellaneous	26,227	250	-	-	26,477
Total Cash Receipts	856,609	440,058	-	175,475	1,472,142
Cash Disbursements:					
Current:					
Security of Persons & Property	394,543	84,281	-	-	478,824
Public Health Services	31,817	8,849	-	-	40,666
Leisure Time Activities	-	10,698	-	-	10,698
Community Environment	8,324	-	-	-	8,324
Transportation	1,759	253,525	-	-	255,284
General Government	393,294	1,966	-	280	395,540
Capital Outlay	-	-	-	282,083	282,083
Debt Service:					
Principal Payment	10,037	-	\$ 50,834	6,419	67,290
Interest and Fiscal Charges	362	-	10,195	2,632	13,189
Total Cash Disbursements	840,136	359,319	61,029	291,414	1,551,898
Total Receipts Over/(Under) Disbursements	16,473	80,739	(61,029)	(115,939)	(79,756)
Other Financing Sources/(Uses):					
Transfers-In	-	18,500	61,029	213	79,742
Transfers-Out	(39,518)	(40,224)	-	-	(79,742)
Advances-In	38,511	5,000	-	38,511	82,022
Advances Out	(43,511)	-	-	(38,511)	(82,022)
Other Financing Uses	(499)	-	-	-	(499)
Total Other Financing Sources/(Uses)	(45,017)	(16,724)	61,029	213	(499)
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(28,544)	64,015	-	(115,726)	(80,255)
Restated Fund Cash Balance, January 1 See Note 11	285,786	483,708	-	166,049	935,543
Fund Cash Balance, December 31	\$ 257,242	\$ 547,723	\$ -	\$ 50,323	\$ 855,288
Reserve for Encumbrances, December 31	\$ 13,591	\$ 38,489	\$ -	\$ -	\$ 52,080

See accompanying Notes to the Financial Statements.

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Total</u>
	<u>Enterprise Fund</u>	<u>Agency Fund</u>	
Operating Cash Receipts:			
Charges for Services	\$ 441,220	\$ -	\$ 441,220
Miscellaneous	18,996	-	18,996
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	460,216	-	460,216
Operating Cash Disbursements:			
Personal Services	142,792	-	142,792
Employee Fringe Benefits	46,701	-	46,701
Contractual Services	106,176	-	106,176
Supplies & Materials	98,527	-	98,527
Miscellaneous	14,958	-	14,958
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	409,154	-	409,154
Operating Income/(Loss)	51,062	-	51,062
Non-Operating Cash Receipts/(Disbursements):			
Miscellaneous Receipts	-	71	71
Fines and Forfeitures	-	39,795	39,795
Distribution of Fines and Forfeitures	-	(39,795)	(39,795)
Capital Outlay	(5,955)	-	(5,955)
	<hr/>	<hr/>	<hr/>
Net Receipts Over Disbursements	45,107	71	45,178
Restated Fund Cash Balance, January 1 See Note 11	158,489	3,072	161,561
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31	\$ 203,596	\$ 3,143	\$ 206,739
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Reserve for Encumbrances, December 31	\$ 3,122	\$ -	\$ 3,122
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See accompanying Notes to the Financial Statements.

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Other Local Taxes	\$ 606,742	\$ 215,428	-	\$ 56,803	\$ 878,973
Special Assessments	-	5,045	-	8,415	13,460
Intergovernmental	94,055	183,715	-	-	277,770
Charges for Services	-	38,414	-	-	38,414
Fines, Licenses & Permits	91,885	5,025	-	-	96,910
Earnings on Investments	12,282	416	-	-	12,698
Miscellaneous	15,147	32,848	-	-	47,995
Total Cash Receipts	820,111	480,891	-	65,218	1,366,220
Cash Disbursements:					
Current:					
Security of Persons & Property	420,475	247,589	-	-	668,064
Public Health Services	31,718	7,030	-	-	38,748
Leisure Time Activities	-	10,176	-	-	10,176
Community Environment	4,833	-	-	-	4,833
Transportation	-	318,061	-	-	318,061
General Government	379,363	2,173	-	246	381,782
Capital Outlay	-	-	-	66,235	66,235
Debt Service:					
Principal Payment	-	-	\$ 53,407	6,699	60,106
Interest and Fiscal Charges	-	-	7,662	2,351	10,013
Total Cash Disbursements	836,389	585,029	61,069	75,531	1,558,018
Total Receipts Over/(Under) Disbursements	(16,278)	(104,138)	(61,069)	(10,313)	(191,798)
Other Financing Sources/(Uses):					
Sale of Fixed Assets	1,320	-	-	-	1,320
Transfers-In	-	14,300	61,069	857	76,226
Transfers-Out	(35,961)	(40,265)	-	-	(76,226)
Advances-In	5,000	-	-	-	5,000
Advances Out	-	(5,000)	-	-	(5,000)
Other Financing Uses	(3,057)	-	-	-	(3,057)
Other Financing Sources	2,625	-	-	-	2,625
Total Other Financing Sources/(Uses)	(30,073)	(30,965)	61,069	857	888
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(46,351)	(135,103)	-	(9,456)	(190,910)
Fund Cash Balance, January 1	257,242	547,723	-	50,323	855,288
Fund Cash Balance, December 31	\$ 210,891	\$ 412,620	\$ -	\$ 40,867	\$ 664,378
Reserve for Encumbrances, December 31	\$ 1,239	\$ 2,907	\$ -	\$ -	\$ 4,146

See accompanying Notes to the Financial Statements.

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Types</u> <u>Enterprise Fund</u>	<u>Fiduciary Fund Types</u> <u>Agency Fund</u>	<u>Total</u>
Operating Cash Receipts:			
Charges for Services	\$ 453,222	\$ -	\$ 453,222
Miscellaneous	5,199	-	5,199
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	458,421	-	458,421
Operating Cash Disbursements:			
Personal Services	169,301	-	169,301
Employee Fringe Benefits	54,705	-	54,705
Contractual Services	112,834	-	112,834
Supplies & Materials	111,729	-	111,729
Miscellaneous	16,660	-	16,660
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	465,229	-	465,229
Operating Income/(Loss)	(6,808)	-	(6,808)
Non-Operating Cash Receipts/(Disbursements):			
Miscellaneous Receipts	-	25	25
Fines and Forfeitures	-	68,160	68,160
Distribution of Fines and Forfeitures	-	(68,160)	(68,160)
Capital Outlay	(8,461)	-	(8,461)
	<hr/>	<hr/>	<hr/>
Net Receipts Over Disbursements	(15,269)	25	(15,244)
Fund Cash Balance, January 1	203,596	3,143	206,739
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Fund Cash Balance, December 31	\$ 188,327	\$ 3,168	\$ 191,495
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Reserve for Encumbrances, December 31	\$ 1,111	\$ -	\$ 1,111
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See accompanying Notes to the Financial Statements.

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of North Kingsville, Ashtabula County (the Village) is a body corporate and politic established for the purpose of exercising 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 seven member Council. The Village provides park operations, police services, and fire protection.

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

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

Investments are recorded as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Repurchase agreements (sweep account) are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. FUND ACCOUNTING (continued)

Governmental Fund Types:

General Fund: The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village has 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.

Rescue Service Fund – This fund receives fees for providing ambulance service.

Debt Service Funds: These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village has the following significant Debt Service Fund:

Golf Course Capital Improvement Bond Fund – This fund receives proceeds from the golf course to repay these bonds.

Capital Projects: These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project fund:

Municipal Income Tax Capital Improvement Fund – This fund receives proceeds from the Villages Municipal Income Tax for capital improvements of the Village.

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. FUND ACCOUNTING (continued)

Proprietary Fund Types:

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

Municipal Golf Course – This fund receives charges for services from the golf course to cover the cost of operating this facility.

Fiduciary Funds (Agency Funds): These funds are used to account for custodial funds held by the Village acting as an agent for another government, organization, individual or fund. The Village had the following Fiduciary Fund:

Mayor Court Fund – This fund receives fine and court cost monies. The proceeds are distributed to the State as required by law and to the General Fund.

E. BUDGETARY PROCESS

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve the appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

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

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS

3. Encumbrances

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

A summary of 2008 and 2007 budgetary activity appears in Note 5.

F. PROPERTY, PLANT AND EQUIPMENT

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

G. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	2008	2007
Demand Deposits	\$ 534,116	\$ 718,962
Investments:		
STAR Ohio	321,757	343,065
Total deposits and investments	\$ 855,873	\$ 1,062,027

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

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

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

3. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

4. 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.

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.

5. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2008 as follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 821,807	\$ 895,120	\$ 73,313
Special Revenue	455,505	463,558	8,053
Debt Service	61,029	61,029	-
Capital Projects	178,465	214,199	35,734
Enterprise	444,074	460,216	16,142
Total	\$ 1,960,880	\$ 2,094,122	\$ 133,242

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

5. BUDGETARY ACTIVITY – (continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,050,454	\$ 937,255	\$ 113,199
Special Revenue	549,397	438,032	111,365
Debt Service	61,029	61,029	-
Capital Projects	342,815	329,925	12,890
Enterprise	527,552	418,231	109,321
Total	<u>\$ 2,531,247</u>	<u>\$ 2,184,472</u>	<u>\$ 346,775</u>

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 824,228	\$ 826,431	\$ 2,203
Special Revenue	446,786	495,191	48,405
Debt Service	61,069	61,069	-
Capital Projects	72,350	66,075	(6,275)
Enterprise	454,178	458,421	4,243
Total	<u>\$ 1,858,611</u>	<u>\$ 1,907,187</u>	<u>\$ 48,576</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,000,080	\$ 876,646	\$ 123,434
Special Revenue	721,640	201	721,439
Debt Service	61,069	61,069	-
Capital Projects	112,429	75,531	36,898
Enterprise	569,396	474,801	94,595
Total	<u>\$ 2,464,614</u>	<u>\$ 1,488,248</u>	<u>\$ 976,366</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police & Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are cost sharing, multiple employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

6. RETIREMENT SYSTEMS – (continued)

Contribution rates are prescribed by the Ohio Revised Code. For 2008 and 2007, OP&F participants contributed 10.00% of their wages. The Village contributed an amount equal to 19.50% of police participant wages. In 2007, OPERS members contributed 9.50% of their wages. The Village contributed an amount equal to 13.85% of participants' gross salaries. In 2008, OPERS members contributed 10.00% of their wages. The Village contributed an amount equal to 14.00% of participants' gross salaries. The Village has paid all contributions through December 31, 2008.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs. The rate is calculated based on accident history and administrative costs.

8. DEBT

Debt outstanding at December 31, 2008 is as follows:

<u>Description</u>	<u>Principal</u>	<u>Interest Rate</u>
Tamkrist Trail Improvement Bond	\$ 46,845	4.39%
General Obligation Bond - Vehicles	39,755	3.70%
General Obligation Bond - Fire Truck	<u>75,200</u>	5.60%
	<u>\$ 161,800</u>	

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007**

8. DEBT – (continued)

The General Obligation Bonds are collateralized by the Village’s taxing authority and are for a police car, dump truck, and a fire truck.

The Tamkrist Trail Improvement Bond issued in 2004, relate to the improvement and pavement of Tamkrist Trail.

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

Year Ended:	<u>Tamkrist Trail Improvement Bond</u>	<u>G.O. Bond Fire Truck</u>	<u>G.O. Bond Vehicle Acquisition</u>
2009	\$ 9,050	\$ 40,299	\$ 20,805
2010	9,050	40,221	20,805
2011	9,050	-	-
2012	9,050	-	-
2013	9,050	-	-
2014	9,050	-	-
Total	<u>\$ 54,300</u>	<u>\$ 80,520</u>	<u>\$ 41,610</u>

9. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

10. INTERFUND TRANSFERS

In 2007 and 2008, the Village had transfers out of the special revenue fund Fire Truck Bond Levy and General Fund into the Debt Service funds General Obligation Bond-Fire Truck and the General Obligation Bond-Vehicles to pay the respective debt issues. All transfers were in compliance with applicable Ohio Revised Code sections.

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
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For the Years Ended December 31, 2008 and 2007**

11. RESTATEMENT OF BEGINNING BALANCES

The Village's General, Special Revenue, Enterprise, and Agency Funds had beginning balance restatements, due to voided checks being added back to the beginning fund balance in the UAN system. The adjustments were as follows:

	Fund Types			
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Agency</u>
Fund Cash Balance 12/31/2006	\$ 280,704	483,472	158,467	2,076
Restatement	5,082	236	22	996
Fund Cash Balance 1/1/2007	<u>\$ 285,786</u>	<u>\$ 483,708</u>	<u>\$ 158,489</u>	<u>\$ 3,072</u>

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of North Kingsville
Ashtabula County
3541 East Center Street
North Kingsville, Ohio 44068-0253

To the Village Council:

We have audited the financial statements of the Village of North Kingsville, Ashtabula County, Ohio, (the Village) as and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 22, 2009, wherein we noted the Village follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices prescribed or permitted by the Auditor of State of Ohio such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the Village in a separate letter dated May 22, 2009.

This report is intended for the information and use of management and the Village Council and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.

May 22, 2009

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY, OHIO
For the Years Ended December 31, 2007 & 2008

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit, for the years ended December 31, 2005 and 2006, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 1, 2009