

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

*Financial Statements
(Audited)*

For the Years Ended
December 31, 2016 and 2015

ELIZABETH MCJUNKIN, FISCAL OFFICER



Dave Yost • Auditor of State

Members of Council
Village of Lockbourne
85 Commerce Street
Lockbourne, Ohio 43137

We have reviewed the Independent Auditor's Report of the Village of Lockbourne, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2015 through December 31, 2016. 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 Lockbourne is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 6, 2017

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**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Village of Lockbourne
Franklin County
85 Commerce Street, P.O. Box 95
Lockbourne, Ohio 43137

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 Lockbourne, Franklin County, Ohio, as of and for the years ended December 31, 2016 and 2015.

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 Lockbourne'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 Lockbourne's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statements, the Village of Lockbourne 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 Lockbourne 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 Lockbourne as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Lockbourne, Franklin County, Ohio, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2017, on our consideration of the Village of Lockbourne'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 Lockbourne's internal control over financial reporting and compliance.



Julian & Grube, Inc.
March 16, 2017

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 8,090	\$ -	\$ 8,090
Municipal Income Tax	162,394	-	162,394
Intergovernmental	28,652	11,018	39,670
Fines, licenses, and permits	1,176	-	1,176
Earnings on Investments	44	6	50
Miscellaneous	5,122	-	5,122
Total cash receipts	<u>205,478</u>	<u>11,024</u>	<u>216,502</u>
Cash disbursements:			
Current:			
Security of persons and property	1,630	-	1,630
Leisure time activities	9,283	-	9,283
Community environment	232	-	232
Basic utility services	18,781	-	18,781
Transportation	-	3,555	3,555
General government	121,576	-	121,576
Debt service:			
Principal retirement	-	4,839	4,839
Total cash disbursements	<u>151,502</u>	<u>8,394</u>	<u>159,896</u>
Net change in fund cash balances	53,976	2,630	56,606
Fund cash balances, January 1, 2016	<u>224,758</u>	<u>55,806</u>	<u>280,564</u>
Fund cash balances, December 31, 2016			
Restricted	-	58,436	58,436
Unassigned	278,734	-	278,734
Fund cash balances, December 31, 2016	<u>\$ 278,734</u>	<u>\$ 58,436</u>	<u>\$ 337,170</u>

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

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES (CASH BASIS) - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2016

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 33,850
Total operating cash receipts	33,850
Operating cash disbursements:	
Contractual services	25,917
Total operating cash disbursements	25,917
Operating income/(loss)	7,933
Nonoperating cash receipts/(disbursements):	
Property and Other Local Taxes	15,000
Special assessments	6,607
Debt service:	
Principal	(22,422)
Interest	(3,577)
Total nonoperating cash receipts/(disbursements)	(4,392)
Net change in fund cash balances	3,541
Fund cash balances, January 1, 2016	158,670
Fund cash balances, December 31, 2016	\$ 162,211

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

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 7,357	\$ -	\$ 7,357
Municipal Income Tax	153,989	-	153,989
Intergovernmental	25,718	10,214	35,932
Fines, licenses, and permits	327	-	327
Interest	37	5	42
Miscellaneous	1,026	-	1,026
Total cash receipts	<u>188,454</u>	<u>10,219</u>	<u>198,673</u>
Cash disbursements:			
Current:			
Security of persons and property	1,645	-	1,645
Leisure time activities	12,284	-	12,284
Community environment	277	-	277
Basic utility services	18,349	-	18,349
Transportation	-	3,773	3,773
General government	113,016	-	113,016
Debt service:			
Principal retirement	-	4,840	4,840
Total cash disbursements	<u>145,571</u>	<u>8,613</u>	<u>154,184</u>
Net change in fund cash balances	42,883	1,606	44,489
Fund cash balances, January 1, 2015	<u>181,875</u>	<u>54,200</u>	<u>236,075</u>
Fund cash balances, December 31, 2015			
Restricted	-	55,806	55,806
Unassigned	224,758	-	224,758
Fund cash balances, December 31, 2015	<u>\$ 224,758</u>	<u>\$ 55,806</u>	<u>\$ 280,564</u>

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

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

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

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 33,938
Total operating cash receipts	33,938
Operating cash disbursements:	
Contractual services	2,337
Other	43
Total operating cash disbursements	2,380
Operating income/(loss)	31,558
Nonoperating cash receipts/(disbursements):	
Property and Other Local Taxes	15,000
Special assessments	6,017
Debt service:	
Principal	(21,057)
Interest	(10,275)
Total nonoperating cash receipts/(disbursements)	(10,315)
Net change in fund cash balances	21,243
Fund cash balances, January 1, 2015	137,427
Fund cash balances, December 31, 2015	\$ 158,670

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

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Lockbourne, Franklin County, (the “Village”), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities (basic utility services), and park operations (leisure time activities).

The Village contracts with the Franklin County Sheriff’s department to provide security of persons and property. The Village contracts with Hamilton Township to receive fire protection services.

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

B. 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 the proprietary fund type which are organized on a fund type basis.

C. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

D. Deposits and Investments

The Village’s accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively. The Village had no investments in 2015 or 2016.

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as 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 Fund:

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

Enterprise Funds

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

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

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

F. Property, Plant, and Equipment

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

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Budgetary Process

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

1. **Appropriations**

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

2. **Estimated Resources**

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

3. **Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. **Nonspendable**

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

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws of regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes, but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

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

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 2 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2015</u>	<u>2016</u>
Demand deposits	<u>\$ 439,234</u>	<u>\$ 499,381</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

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**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 92,719	\$ 205,478	\$ 112,759
Special Revenue	9,357	11,024	1,667
Enterprise	52,500	55,457	2,957
Total	\$ 154,576	\$ 271,959	\$ 117,383

2016 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 204,795	\$ 151,502	\$ 53,293
Special Revenue	13,495	8,394	5,101
Enterprise	83,700	51,916	31,784
Total	\$ 301,990	\$ 211,812	\$ 90,178

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,768	\$ 188,454	\$ 101,686
Special Revenue	8,813	10,219	1,406
Enterprise	54,005	54,955	950
Total	\$ 149,586	\$ 253,628	\$ 104,042

2015 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 196,112	\$ 145,571	\$ 50,541
Special Revenue	12,995	8,613	4,382
Enterprise	58,700	33,712	24,988
Total	\$ 267,807	\$ 187,896	\$ 79,911

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 4 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

NOTE 5 - LOCAL INCOME TAX

The Village levies a municipal income tax of one 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. The Village utilizes the Regional Income Tax Agency (RITA) for the collection of income taxes on its behalf.

NOTE 6 - DEBT

At December 31, 2016 and 2015, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2016</u>	<u>Balance at 12/31/2015</u>	<u>Interest Rate</u>
OWDA Loan #3072	\$ 73,193	\$ 86,723	4%
OWDA Loan #3086	41,135	50,028	4%
OPWC Loan #CT07F	45,975	50,814	0%
Total	<u>\$ 160,303</u>	<u>\$ 187,565</u>	

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

NOTE 6 - DEBT - (Continued)

The Ohio Water Development Authority (OWDA) loans relate to a sewer construction project within the Village. The Village will repay the loans in semiannual installments over 25 years, with only 5 more years for payoff. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. Interest Rate is now 4.0% for both loans. Both OWDA loans are being repaid from the Sewer Fund. The Ohio Public Works Commission (OPWC) loan relates to the Mechanics Street Reconstruction Project. The loan will be repaid in semi-annual installments over 20 years and matures on July 1, 2026. The OPWC loan is being repaid from the Street Construction, Maintenance and Repair Fund. There is no interest rate on this loan.

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

Year Ending December 31,	OPWC Loan CTO7F	OWDA Loan 3072	OWDA Loan 3086
2017	\$ 4,839	\$ 17,387	\$ 11,063
2018	4,839	17,802	11,242
2019	4,839	18,246	11,431
2020	4,839	18,719	11,632
2021	4,839	9,482	-
2022-2026	21,780	-	-
Total	<u>\$ 45,975</u>	<u>\$ 81,636</u>	<u>\$ 45,368</u>

The OPWC debt covenant between the Village of Lockbourne and the Ohio Public Works Commission (OPWC) requires the Village to maintain insurance for the project and that any such insurance policy shall be written or endorsed to the OSGCIC (Ohio Small Government Capital Improvement Commission). The Village maintained liability insurance in 2016 and 2015 and the OSGCIC was named in the policy. Additionally, the Ohio Water Development Authority (OWDA) debt covenants requires the Village to submit annual reports of the operation and income of the system to OWDA and require OWDA to be an additional insured party under the Village's liability policy covering the projects. In 2016 and 2015, the Village filed the required annual reports with OWDA and the Village maintained liability insurance, OWDA was named as an additional insured party under the policy.

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Social Security

One Village employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

The employee contributed 6.2 percent of their gross salary. The Village contributed an amount equal to 6.2 percent of the participant's gross salary. The Village has paid all contributions required through December 31, 2016.

Ohio Public Employees Retirement System

All other Village 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 postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015. 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, 2016.

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. OPERS contributes 2 percent of the employer contribution to fund these benefits.

NOTE 9 - RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

Village of Lockbourne
Franklin County
85 Commerce Street, P.O. Box 95
Lockbourne, Ohio 43137

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 Lockbourne, Franklin County, Ohio, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated March 16, 2017, wherein we noted the Village of Lockbourne followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of Lockbourne's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Lockbourne'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 Lockbourne's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Members of Council and Mayor
Village of Lockbourne

Compliance and Other Matters

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

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 Lockbourne'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 Lockbourne's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
March 16, 2017



Dave Yost • Auditor of State

VILLAGE OF LOCKBOURNE

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 20, 2017