



Dave Yost • Auditor of State

VILLAGE OF NORTH HAMPTON
GREENE COUNTY
DECEMBER 31, 2015 AND 2014

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of North Hampton
Clark County
250 West Clark Street
P.O. Box 457
North Hampton, Ohio 45349

To the Village Council and the 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 Hampton, Clark County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, 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 Village of North Hampton, Clark County as of December 31, 2015 and 2014, 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 September 6, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 6, 2017

Village of North Hampton Ohio
Clark County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$27,168		\$27,168
Intergovernmental	7,059	\$25,146	32,205
Fines, Licenses and Permits	197,193		197,193
Earnings on Investments	17		17
Miscellaneous	3,071		3,071
<i>Total Cash Receipts</i>	<u>234,508</u>	<u>25,146</u>	<u>259,654</u>
Cash Disbursements			
Current:			
Security of Persons and Property	149,326		149,326
Leisure Time Activities	4,704		4,704
Transportation		22,988	22,988
General Government	80,611		80,611
<i>Total Cash Disbursements</i>	<u>234,641</u>	<u>22,988</u>	<u>257,629</u>
<i>Net Change in Fund Cash Balances</i>	(133)	2,158	2,025
<i>Fund Cash Balances, January 1</i>	<u>(3,276)</u>	<u>84,479</u>	<u>81,203</u>
Fund Cash Balances, December 31			
Restricted		86,637	86,637
Unassigned (Deficit)	<u>(3,409)</u>		<u>(3,409)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$3,409)</u></u>	<u><u>\$86,637</u></u>	<u><u>\$83,228</u></u>

See accompanying notes to the financial statements

Village of North Hampton, Ohio
Clark County
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, 2015

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$394,436		\$394,436
Fines, Licenses and Permits		\$194,838	194,838
<i>Total Operating Cash Receipts</i>	<u>394,436</u>	<u>194,838</u>	<u>589,274</u>
Operating Cash Disbursements			
Personal Services	18,157		18,157
Employee Fringe Benefits	2,924		2,924
Contractual Services	248,279		248,279
Supplies and Materials	18,161		18,161
Other		196,482	196,482
<i>Total Operating Cash Disbursements</i>	<u>287,521</u>	<u>196,482</u>	<u>484,003</u>
<i>Operating Income (Loss)</i>	<u>106,915</u>	<u>(1,644)</u>	<u>105,271</u>
Non-Operating (Disbursements)			
Principal Retirement	(152,782)		(152,782)
Interest and Other Fiscal Charges	(120,113)		(120,113)
<i>Total Non-Operating (Disbursements)</i>	<u>(272,895)</u>		<u>(272,895)</u>
<i>Income (Loss) before Capital Contributions</i>	<u>(165,980)</u>	<u>(1,644)</u>	<u>(167,624)</u>
Capital Contributions	<u>111,303</u>		<u>111,303</u>
<i>Net Change in Fund Cash Balances</i>	<u>(54,677)</u>	<u>(1,644)</u>	<u>(56,321)</u>
<i>Fund Cash Balances, January 1</i>	<u>198,004</u>	<u>11,524</u>	<u>209,528</u>
<i>Fund Cash Balances, December 31</i>	<u>\$143,327</u>	<u>\$9,880</u>	<u>\$153,207</u>

See accompanying notes to the financial statements

Village of North Hampton Ohio
Clark County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2014

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$22,820		\$22,820
Intergovernmental	6,642	\$24,290	30,932
Fines, Licenses and Permits	192,703		192,703
Earnings on Investments	20	3	23
Miscellaneous	7,543		7,543
<i>Total Cash Receipts</i>	<u>229,728</u>	<u>24,293</u>	<u>254,021</u>
Cash Disbursements			
Current:			
Security of Persons and Property	160,804		160,804
Public Health Services	6,924		6,924
Transportation		43,252	43,252
General Government	79,358		79,358
<i>Total Cash Disbursements</i>	<u>247,086</u>	<u>43,252</u>	<u>290,338</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,358)</u>	<u>(18,959)</u>	<u>(36,317)</u>
Special Item	25		25
<i>Net Change in Fund Cash Balances</i>	(17,333)	(18,959)	(36,292)
<i>Fund Cash Balances, January 1</i>	<u>14,057</u>	<u>103,438</u>	<u>117,495</u>
Fund Cash Balances, December 31			
Restricted		84,479	84,479
Unassigned (Deficit)	(3,276)		(3,276)
<i>Fund Cash Balances, December 31</i>	<u>(\$3,276)</u>	<u>\$84,479</u>	<u>\$81,203</u>

See accompanying notes to the financial statements

Village of North Hampton, Ohio
Clark County
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, 2014

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$372,354		\$372,354
Fines, Licenses and Permits		\$186,496	186,496
<i>Total Operating Cash Receipts</i>	<u>372,354</u>	<u>186,496</u>	<u>558,850</u>
Operating Cash Disbursements			
Personal Services	9,823		9,823
Employee Fringe Benefits	1,620		1,620
Contractual Services	230,118		230,118
Supplies and Materials	8,345		8,345
Other	417	194,737	195,154
<i>Total Operating Cash Disbursements</i>	<u>250,323</u>	<u>194,737</u>	<u>445,060</u>
<i>Operating Income (Loss)</i>	<u>122,031</u>	<u>(8,241)</u>	<u>113,790</u>
Non-Operating (Disbursements)			
Principal Retirement	(149,295)		(149,295)
Interest and Other Fiscal Charges	(123,687)		(123,687)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(272,982)</u>		<u>(272,982)</u>
<i>Income (Loss) before Capital Contributions</i>	(150,951)	(8,241)	(159,192)
Capital Contributions	131,483		131,483
<i>Net Change in Fund Cash Balances</i>	(19,468)	(8,241)	(27,709)
<i>Fund Cash Balances, January 1</i>	217,472	19,765	237,237
<i>Fund Cash Balances, December 31</i>	<u>\$198,004</u>	<u>\$11,524</u>	<u>\$209,528</u>

See accompanying notes to the financial statements

**VILLAGE OF NORTH HAMPTON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Accounting Basis

These financial statements follow the accounting basis 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 Administration Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. The basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains and losses at the time of sale as receipts of disbursements, respectively.

The Village's funds are held in interest bearing checking accounts. The Village has no investments.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

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.

**VILLAGE OF NORTH HAMPTON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Fund

These funds account for and report the proceeds of specific revenue sources (other than from trusts or for capital projects) that are restricted or committed to expenditure for specified purposes other than debt service of capital projects. The Village had the following significant Special Revenue Funds:

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

State Highway Fund – receives gasoline tax and motor vehicle tax money for the State's share of the cost of constructing, widening, maintaining and reconstructing the state highways.

Permissive Motor Vehicle License Fund – receives motor vehicle license tax money which must be used for highway, roads, streets and bridges.

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 the services from residents and outside contracted parties to cover the cost of providing water utility.

Sewer Fund – This fund receives charges for the services from residents and outside contracted parties to cover the cost of providing sewer utility.

Fiduciary Funds

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization, or other government. The Village had the following significant fiduciary Agency Fund:

Magistrate Court Fund (Agency Fund) – The fund reports the financial activity of the Village Magistrate court fines, forfeitures, and bonds.

E. Budgetary Process

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

**VILLAGE OF NORTH HAMPTON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 amendment. 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 approve estimated resources.

3. Encumbrances

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

F. Fund Balance

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

1. Non-spendable

The Village classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

2. Restricted

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

3. Committed

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

4. Assigned

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

**VILLAGE OF NORTH HAMPTON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS

The Village maintains a cash and investments 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:

	2015	2014
Demand deposits	\$ 236,435	\$290,731
Total deposits	<u>\$236,435</u>	<u>\$290,731</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.

**VILLAGE OF NORTH HAMPTON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

3. BUDGETARY ACTIVITY

Budgetary Activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 247,835	\$ 234,508	\$ (13,327)
Special Revenue	24,500	25,146	646
Enterprise	493,000	505,739	12,739
Total	\$ 765,335	\$ 765,393	\$ 58

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 257,743	\$ 241,124	\$ 16,619
Special Revenue	24,815	23,392	1,423
Enterprise	578,644	578,625	19
Total	\$ 861,202	\$ 843,141	\$ 18,061

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 253,374	\$ 229,753	\$ (23,621)
Special Revenue	23,400	24,293	893
Enterprise	537,000	503,837	(33,163)
Total	\$ 813,774	\$ 757,883	\$ (55,891)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 257,543	\$ 255,297	\$ 2,246
Special Revenue	46,872	43,485	3,387
Enterprise	567,921	550,900	17,021
Total	\$ 872,336	\$ 849,682	\$ 22,654

**VILLAGE OF NORTH HAMPTON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 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.

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest
United States Dept. of Agriculture (USDA)	\$ 876,000	5.125%
OWDA Loan - #3772 Water Treatment	687,663	4.34%
OWDA Loan - #4276 Sewer Line	753,197	1.00%
OWDA Loan - #4547 Water Line	1,279,396	1.50%
OWDA Loan - #4817 Water Line	701,248	1.50%
OWDA Loan - #5999 Water Tower	107,734	1.50%
Security National Bank Loan 1548549	20,166	5.55%
Security National Bank Loan 1204110412092	50,098	4.26%
Dollar Bank - Police Cruiser	2,881	8.11%
Motorola Solutions - Police Radio	7,094	4.89%
Total	<u>\$ 4,485,477</u>	

The Village received a loan from the United States Department of Agriculture (USDA). The USDA loan relates to the construction and installation of a municipal sewer system. The loan will be repaid in annual payments through 2040 with an interest rate of 5.125%. The loan is collateralized by sewer receipts.

The Ohio Water Development Authority (OWDA) #3772 Water Treatment Loan was used to fund the expansion and renovations of the water treatment plant. The Village was approved for \$878,160 at 4.34% interest. The loan is collateralized by receipts from South Bay, LLC who is to pay 10 semiannual payments of \$25,000 less tap fees collected by the Village. In addition, the Village collects receipts from German Township who is responsible for semi-annual payments of \$12,700 each. German Township, on July 18, 2012, remitted to the Village, their portion of the outstanding agreement in the amount of \$257,397; which paid their portion in full. The Village uses a portion of this amount to make its semi-annual loan payment to the OWDA. The remaining payoff funds have been retained in the Water fund as of December 31, 2015.

**VILLAGE OF NORTH HAMPTON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

5. DEBT (Continued)

The Ohio Water Development Authority (OWDA) #4276 Sewer Line Loan was obtained to fund the upgrades and expansion of the Villages sewer system. The Village was approved for \$1,030,722 at 1.0% interest. The Village will make semi-annual payments beginning July 1, 2005 with a maturity date of July 1, 2036. The loan is collateralized by receipts from contractual obligations shared by Northwestern Local Schools (semi-annual payments of \$9,225 each) and Chateau Estates Mobile Home Park (semi-annual payments of \$10,825). These receipts total \$40,100 annually.

The Ohio Water Development Authority (OWDA) #4547 Water Line Loan was used to fund the improvements of the water system. The Village was approved for \$1,618,799 at 1.5% interest. The Village will make semi-annual principal and interest payments began July 1, 2008 with a maturity date of July 1, 2038. The loan will be collateralized by receipts from contractual obligations with Northwestern Local Schools (semi-annual payments of \$12,405 each). In addition, the Village also collects revenue from metered utilities proved to Northwestern Local Schools.

The Ohio Water Development Authority (OWDA) #4817 Water Line Loan was used to fund the expansion of the water line. The Village was approved for \$944,894 at 1.5% interest. The Village will make semi-annual principal and interest payments beginning July 1, 2010 with a maturity date of January 1, 2040.

The Ohio Water Development Authority (OWDA) #5999 Water Tower Loan was used to fund the refurbishment of the water tower and equipment. The Village was approved for \$119,033 at 1.5% interest. The Village will make semi-annual principal and interest payments beginning July 1, 2012 with a maturity date of July 1, 2042.

The Village obtained a Sewer Improvement Bond during 2006 in the amount of \$60,500 from Security National Bank for financing sewer improvements within the Village. Fixed annual payments of \$4,033 plus interest are due beginning August 15, 2006 with a maturity date of August 15, 2020. Interest rates were changed August 2015 to 5.55%.

The Village obtained a Water System Revenue Bond during 2012 in the amount of \$61,000 from Security National Bank for water improvements within the Village. Fixed quarterly payments of \$1,388 plus interest are due beginning July 15, 2012 with a maturity date of April 15, 2027. Interest rates are adjusted after five years and are subject to adjustment July 15, 2017.

**VILLAGE OF NORTH HAMPTON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

5. DEBT (Continued)

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

	Security National Bank Loans		OWDA Loans		USDA Sewer Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$7,475	\$3,231	\$130,846	\$68,092	\$18,000	\$44,895
2017	7,602	2,880	133,316	65,622	19,000	43,973
2018	7,768	2,521	135,852	63,087	20,000	42,999
2019	7,936	2,129	138,454	60,484	21,000	41,974
2020	8,107	1,733	141,125	57,813	22,000	40,898
2021-2025	23,320	4,599	748,296	246,395	128,000	186,396
2026-2030	8,056	316	826,978	167,713	165,000	149,958
2031-2035			891,256	77,122	211,000	103,269
2036-2040			375,811	11,161	272,000	43,204
2041-2042			7,304	110		
Total	<u>\$70,264</u>	<u>\$17,409</u>	<u>\$3,529,238</u>	<u>\$817,599</u>	<u>\$876,000</u>	<u>\$697,566</u>

6. RETIREMENT SYSTEMS

The Village's 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 2015 and 2014, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14% of covered payroll; public safety and law enforcement employer units contributed to OPERS at 18.1. The Village has paid all contributions required through December 31, 2015.

Elected officials, with the exception of the Village Mayor and Fiscal Officer, contribute to Social Security. This provides retirement benefits, including survivor and disability benefits to participants. For 2015, these officials contributed 6.2% of their gross salaries. The Village contributes an equal amount of 6.2% of participant's gross salaries. The Village has paid all contributions required through December 31, 2015.

7. RISK MANAGEMENT

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

**VILLAGE OF NORTH HAMPTON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

7. RISK MANAGEMENT (Continued)

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2015, retention levels are \$50,000 and \$100,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at March 31, 2015 and 2014:

	2015	2014
Assets	\$1,339,719	\$1,030,198
Liabilities	(1,051,927)	(882,203)
Accumulated Surplus	\$287,792	\$147,995

Settlement claims have not exceeded insurance in the last three fiscal years.

8. LEASES

The Village entered into a five year lease agreement with Dollar Leasing Corp, for the acquisition of a 2011 Dodge Charger Police Cruiser with quarterly payments beginning June 1, 2011 through 2016. The Village holds a bargain purchase option for one dollar (\$1) that may be exercised at the end of the lease period whereby the Village will retain ownership of the vehicle.

The Village entered into a five year lease agreement with Motorola Solutions, Inc. for the acquisition of Police Radio Systems with annual payments beginning October 1, 2014 through 2018. The Village holds a bargain purchase option for one dollar (\$1) that may be exercised at the end of the lease period whereby the Village will retain ownership of the equipment.

Future lease payments for the above leases are as follows:

	Dollar Bank		Motorola Solutions	
	Principal	Interest	Principal	Interest
2016	\$2,881	\$88	\$2,253	\$347
2017			2,363	237
2018			2,478	121
	\$2,881	\$88	\$7,094	\$705

**VILLAGE OF NORTH HAMPTON
CLARK COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Continued)

9. DEFICIT FUND BALANCES

At December 31, 2015, the Village had a deficit of \$3,409 in the General Fund. The Village has taken steps to reduce spending to help reduce this deficit balance. The Auditor of State's Local Government Services Division monitors the Village's fund balances.

10. ADVANCES

During 2003 the Village made the following advance:

Advance from the Enterprise Fund to General Fund	\$10,000
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The advance to the General Fund from the Enterprise Fund was made during 2003 for general purposes and was due to be repaid during 2004. As of December 31, 2015 the advance remains outstanding.

11. UNCOLLECTED CAPITAL RECOVERY

As mentioned in Note 5, the Village has a loan collateralized in part by \$250,000 in receipts less tap fees from South Bay, LLC. South Bay, LLC was to develop 150 to 180 residential units. In 2008 the development faltered and South Bay, LLC discontinued development and stopped paying their semi-annual payments to the Village.

South Bay, LLC was to complete the development of 160 units no later than November 1, 2010. If South Bay, LLC failed to develop 160 homes they were to pay the Village the remaining balance of the \$250,000 less tap fees at that time. At December 31, 2015 South Bay, LLC still owes \$125,000 per this agreement. The Village council has been actively exploring means to recuperate the funds through real estate tax assessments or attracting a new developer to the area to complete the project.



Dave Yost • Auditor of State

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

Village of North Hampton
Clark County
250 West Clark Street
PO Box 457
North Hampton, Ohio 45349

To the Village Council and the 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 Hampton, Clark County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated September 6, 2017 wherein we noted the Village 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's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

September 6, 2017

**VILLAGE OF NORTH HAMPTON
CLARK COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Ohio Rev. Code § 5705.41 – actual expenditures exceeding appropriations.	Corrective Action Taken and Finding is Fully Corrected	
2013-002	Ohio Rev. Code § 5705.10 – the Village had a long outstanding advance	Not Corrected	Repeated as management letter comment. The Council approved for the \$10,000 to be paid back but the Village does not have \$10,000 in the general fund to pay it back.
2013-003	Improper billing to Chateau Estates	Not Corrected	Repeated as Management Letter Comment. This finding was discussed with the council during the February 2017 meeting. The Mayor suggested not resolving this at this time because the Village had a negative balance in the sewer fund so the Village can't afford to reimburse the \$15,000.
2013-004	Insufficient debt service collections	Corrective Action Taken and Finding is Fully Corrected	
2013-005	Ohio Rev. Code §5705.41(D) – proper certification of funds	Not Corrected	Repeated as Management Letter Comment. The Village continues to monitor this and it has been discussed with council. The water department can't always wait for the expense to be approved. The Village Clerk did not know that Then and Now were limited to \$3,000.

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VILLAGE OF NORTH HAMPTON

CLARK 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
OCTOBER 19, 2017