



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of North Lewisburg
Champaign County
60 East Maple Street
North Lewisburg, Ohio 43060

To the Village Council:

We have audited the accompanying financial statements of the Village of North Lewisburg, Champaign County (the "Village"), as of and for the years ended December 31, 2001 and 2000. 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 Comptroller General of the United States. Those standards require that we plan and perform the audit to 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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 30, 2002

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$209,407			\$209,407
Special Assessments	1,293			1,293
Intergovernmental Receipts	86,840	50,471	53,057	190,368
Fines, Licenses, and Permits	16,104			16,104
Earnings on Investments	31,672	841		32,513
Miscellaneous	10,809	16,800		27,609
	<u>356,125</u>	<u>68,112</u>	<u>53,057</u>	<u>477,294</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	36,445	4,046		40,491
Public Health Services	3,609			3,609
Leisure Time Activities	1,359			1,359
Transportation	40,338	32,597		72,935
General Government	214,036	9,500		223,536
Capital Outlay		20,302	53,057	73,359
	<u>295,787</u>	<u>66,445</u>	<u>53,057</u>	<u>415,289</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>60,338</u>	<u>1,667</u>		<u>62,005</u>
Other Financing Receipts and (Disbursements):				
Transfers-Out	(75,000)			(75,000)
Other Sources	6,897			6,897
	<u>(68,103)</u>			<u>(68,103)</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,765)	1,667		(6,098)
Fund Cash Balances, January 1	<u>515,004</u>	<u>145,093</u>		<u>660,097</u>
Fund Cash Balances, December 31	<u>\$507,239</u>	<u>\$146,760</u>	<u>\$0</u>	<u>\$653,999</u>
Reserves for Encumbrances, December 31	<u>\$84,306</u>	<u>\$5,990</u>	<u>\$0</u>	<u>\$90,296</u>

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

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$405,185
Miscellaneous	4,509
	<u>409,694</u>
Total Operating Cash Receipts	<u>409,694</u>
Operating Cash Disbursements:	
Personal Services	85,377
Contractual Services	60,484
Supplies and Materials	17,666
	<u>163,527</u>
Total Operating Cash Disbursements	<u>163,527</u>
Operating Income	<u>246,167</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>394</u>
Non-Operating Cash Disbursements:	
Debt Service	256,021
Other Non-Operating Cash Disbursements	412
	<u>256,433</u>
Total Non-Operating Cash Disbursements	<u>256,433</u>
Receipts (Under) Disbursements Before Interfund Transfers	(9,872)
Transfers-In	75,048
Transfers-Out	(48)
	<u>65,128</u>
Net Receipts Over Disbursements	<u>65,128</u>
Fund Cash Balances, January 1	<u>335,860</u>
Fund Cash Balances, December 31	<u>\$400,988</u>
Reserve for Encumbrances, December 31	<u>\$9,661</u>

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

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$198,967			\$198,967
Special Assessments	45			45
Intergovernmental Receipts	101,011	79,009	207,824	387,844
Fines, Licenses, and Permits	13,913			13,913
Earnings on Investments	31,476	1,050		32,526
Miscellaneous	12,884	36,000		48,884
Total Cash Receipts	<u>358,296</u>	<u>116,059</u>	<u>207,824</u>	<u>682,179</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	24,307	11,339		35,646
Public Health Services	3,573			3,573
Leisure Time Activities	290			290
Transportation	121,870	49,176		171,046
General Government	150,302			150,302
Capital Outlay	7,000	51,296	207,824	266,120
Total Cash Disbursements	<u>307,342</u>	<u>111,811</u>	<u>207,824</u>	<u>626,977</u>
Total Receipts Over Disbursements	50,954	4,248		55,202
Other Financing Receipts:				
Other Sources	4,446			4,446
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	55,400	4,248		59,648
Fund Cash Balances, January 1	459,604	140,845		600,449
Fund Cash Balances, December 31	<u>\$515,004</u>	<u>\$145,093</u>	<u>\$0</u>	<u>\$660,097</u>
Reserves for Encumbrances, December 31	<u>\$61,175</u>	<u>\$2,432</u>	<u>\$0</u>	<u>\$63,607</u>

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

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$401,147
Miscellaneous	3,708
	<u>404,855</u>
Total Operating Cash Receipts	<u>404,855</u>
Operating Cash Disbursements:	
Personal Services	77,987
Contractual Services	52,677
Supplies and Materials	30,184
	<u>160,848</u>
Total Operating Cash Disbursements	<u>160,848</u>
Operating Income	<u>244,007</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>256</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>250,746</u>
Receipts (Under) Disbursements Before Interfund Transfers	(6,483)
Transfers-In	587
Transfers-Out	(587)
	<u>(6,483)</u>
Net Receipts (Under) Disbursements	(6,483)
Fund Cash Balances, January 1	<u>342,343</u>
Fund Cash Balances, December 31	<u><u>\$335,860</u></u>
Reserve for Encumbrances, December 31	<u><u>\$11,515</u></u>

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

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of North Lewisburg, Champaign 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 water and sewer utilities and park operations (leisure time activities). The Village contracts with the Champaign County Sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

These financial statements follow 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).

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

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. 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.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Impact Fees Fund - This fund is used to account for all financial resources restricted to the construction of new residential properties within the Village.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Funds

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:

State Route 245 Reconstruction Fund - This fund receives grant money for the reconstruction and improvements of State Route 245.

4. 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:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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 Council must annually approve 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.

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 reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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:

	2001	2000
Demand deposits	\$642,265	\$548,235
Certificates of deposit	412,722	447,722
Total deposits and investments	\$1,054,987	\$995,957

Deposits: Deposits are either (1) insured by the Federal Depository 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.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$275,426	\$363,022	\$87,596
Special Revenue	56,553	68,112	11,559
Capital Projects		53,057	53,057
Enterprise	466,760	485,136	18,376
Total	\$798,739	\$969,327	\$170,588

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$576,634	\$455,093	\$121,541
Special Revenue	179,478	72,435	107,043
Capital Projects		53,057	(53,057)
Enterprise	499,436	429,669	69,767
Total	<u>\$1,255,548</u>	<u>\$1,010,254</u>	<u>\$245,294</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$268,806	\$362,742	\$93,936
Special Revenue	97,655	116,059	18,404
Capital Projects		207,824	207,824
Enterprise	390,320	405,698	15,378
Total	<u>\$756,781</u>	<u>\$1,092,323</u>	<u>\$335,542</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$476,146	\$368,517	\$107,629
Special Revenue	208,341	114,243	94,098
Capital Projects		207,824	(207,824)
Enterprise	521,822	423,696	98,126
Total	<u>\$1,206,309</u>	<u>\$1,114,280</u>	<u>\$92,029</u>

Expenditures exceeded appropriations at the legal level of control for various accounts in the General Fund and the Enterprise Water Fund during 2001, and in the General Fund and the Special Revenue Permissive Tax Fund during 2000. This violated Ohio Rev. Code Section 5705.41(B).

During 2001 and 2000, the Ohio Public Works Commission expended funds on behalf of the Village. While this activity was posted to the Village ledgers and included in the accompanying financial statements in the Capital Projects Fund, these transactions were not properly budgeted as required by Ohio Revised Code Sections 5705.36 and 5705.41(B).

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date 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 the 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.

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

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.

5. LOCAL INCOME TAX

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

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village's third party administrator, Regional Income Tax Authority, either monthly or quarterly, as required. The Regional Income Tax Authority remits collected taxes to the Village monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Sewer Bonds	\$135,000	6.5 -7.125%
Ohio Water Development Authority Loan-Sewer	602,111	5.20%
Ohio Public Works Commission Loan-Sewer	330,000	0.00%
Ohio Water Development Authority Loan-Water	13,166	7.36%
Ohio Public Works Commission Loan-Water	294,845	0.00%
Mortgage Revenue Bonds	<u>1,060,000</u>	6.50%
Total	<u><u>\$2,300,122</u></u>	

On August 1, 1989, the Village issued \$240,000 of general obligation sewer bonds for the construction of a sewer treatment plant. The bonds are redeemed in annual principal and semiannual interest payments. The bonds mature on August 1, 2009. The debt is to be repaid with user fees.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. DEBT (Continued)

The Ohio Water Development Authority (OWDA) loans relate to the construction of the wastewater treatment facilities, a water supply well, and a water main. On October 24, 1991, the Village borrowed \$895,659 for the construction of the wastewater treatment facilities, which is to be repaid with semi-annual payments over 20 years. On February 23, 1987 the Village borrowed \$30,920 for the construction of a water supply well and water main, which is to be repaid in semi-annual payments over 20 years. Both of these debt issues are to be repaid with user fees.

The Ohio Public Works Commission (OPWC) loans relate to the wastewater treatment plant and water system improvements projects. On July 31, 1991, the Village borrowed \$600,000 for its wastewater treatment plant improvements project, which is to be repaid with semi-annual payments over 20 years. On July 1, 1995, the Village borrowed \$393,127 for its water system improvements project, which is to be repaid with semi-annual payments over 20 years. Both of these debt issues are to be repaid with user fees.

On December 18, 1995, the Village issued \$1,450,000 of mortgage revenue bonds for the purpose of paying the costs of certain waterworks system improvements. The bonds are redeemed in semiannual payments of varying principal and interest amounts. The bonds mature December 1, 2020. The debt is to be repaid with user fees.

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

	General Obligation Bonds
Year ending December 31:	
2002	\$268,782
2003	267,373
2004	266,835
2005	265,101
2006	264,237
2007-2011	1,277,810
2012-2016	861,470
2017-2018	247,758
Total	\$3,719,366

7. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000.

PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

8. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The Pool covers the following risks:

- General liability and casualty;
- Public official's liability; and
- Vehicle.

The Village also provides health insurance coverage to full-time employees through a private carrier.

9. SUBSEQUENT EVENTS

During July 2002, the Village entered into a contract with Heater Construction for Phase IV of the State Route 245 reconstruction project. The contract amount was approximately \$432,000. The Village also applied for financial assistance from Ohio Department of Transportation (ODOT) and Ohio Public Works Commission (OPWC) to help finance this and other road improvement projects.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of North Lewisburg
Champaign County
60 East Maple Street
North Lewisburg, Ohio 43060

To the Village Council:

We have audited the accompanying financial statements of the Village of North Lewisburg, Champaign County (the "Village"), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 30, 2002. 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 Comptroller General of the United States.

Compliance

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 and grants, 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-30311-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 30, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 30, 2002.

Village of North Lewisburg
Champaign County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

July 30, 2002

**VILLAGE OF NORTH LEWISBURG
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-30311-001

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. During 2001, the following violations of this requirement were noted:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund			
Security Services	\$30,000	\$32,302	(\$2,302)
Land/Build. Benefits	\$40,000	\$40,817	(\$817)
Water Fund			
Pumping Supplies	\$2,000	\$6,748	(\$4,748)

Fund expenditures for the General and Permissive Motor Vehicle Tax funds exceeded appropriations during 2000 as follows:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund			
Street Services	\$25,000	\$78,485	(\$53,485)
Permissive Tax			
Trans. Maintenance	\$ 0	\$18,200	(\$18,200)

The failure to monitor appropriations versus expenditures could result in expenditures exceeding available resources and possibly result in deficit spending. The Village should monitor budget versus actual reports to help identify potential violations of this requirement and to help prevent deficit spending.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF NORTH LEWISBURG

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 12, 2002**