



**Auditor of State
Betty Montgomery**

VILLAGE OF NORTH BEND
HAMILTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of North Bend
Hamilton County
21 Taylor Avenue
North Bend, Ohio 45052

To the Village Council:

We have audited the accompanying financial statements of the Village of North Bend, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001. 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 generally accepted accounting principles.

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, 2002 and 2001, 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 February 28, 2003, 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 management, the Village Council and other officials authorized to receive this report under Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 28, 2003

**VILLAGE OF NORTH BEND
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property Tax and Other Local Taxes	\$160,223	\$27,943	\$188,166
Special Assessments	0	11,409	11,409
Intergovernmental Receipts	123,874	33,643	157,517
Fines, Licenses, and Permits	13,859	0	13,859
Earnings on Investments	5,976	575	6,551
Miscellaneous	3,697	0	3,697
	<u>307,629</u>	<u>73,570</u>	<u>381,199</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	69,309	70,984	140,293
Public Health Services	3,689	0	3,689
Leisure Time Activities	779	0	779
Community Environment	3,619	0	3,619
Basic Utility Services	6,297	0	6,297
Transportation	0	15,472	15,472
General Government	107,143	378	107,521
Capital Outlay	0	13,230	13,230
	<u>190,836</u>	<u>100,064</u>	<u>290,900</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>116,793</u>	<u>(26,494)</u>	<u>90,299</u>
Other Financing Receipts and (Disbursements):			
Other Financing Uses	<u>(4,029)</u>	<u>0</u>	<u>(4,029)</u>
Total Other Financing Receipts/(Disbursements)	<u>(4,029)</u>	<u>0</u>	<u>(4,029)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	112,764	(26,494)	86,270
Fund Cash Balances, January 1	<u>247,755</u>	<u>88,002</u>	<u>335,757</u>
Fund Cash Balances, December 31	<u>\$360,519</u>	<u>\$61,508</u>	<u>\$422,027</u>
Reserves for Encumbrances, December 31	<u>\$23,024</u>	<u>\$52</u>	<u>\$23,076</u>

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

**VILLAGE OF NORTH BEND
HAMILTON 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**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property Tax and Other Local Taxes	\$146,023	\$25,905	\$0	\$171,928
Special Assessments	0	7,327	0	7,327
Intergovernmental Receipts	58,543	82,213	135,326	276,082
Fines, Licenses, and Permits	14,818	0	0	14,818
Earnings on Investments	11,083	1,101	0	12,184
Miscellaneous	5,550	0	0	5,550
	<u>236,017</u>	<u>116,546</u>	<u>135,326</u>	<u>487,889</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	59,266	53,773	0	113,039
Public Health Services	500	0	0	500
Leisure Time Activities	745	0	0	745
Basic Utility Services	7,767	0	0	7,767
Transportation	20,000	32,136	0	52,136
General Government	94,369	500	0	94,869
Capital Outlay	0	13,289	135,326	148,615
	<u>182,647</u>	<u>99,698</u>	<u>135,326</u>	<u>417,671</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>53,370</u>	<u>16,848</u>	<u>0</u>	<u>70,218</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		45,000		45,000
Transfers-Out	(45,000)			(45,000)
	<u>(45,000)</u>	<u>45,000</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	8,370	61,848	0	70,218
Fund Cash Balances, January 1	<u>239,385</u>	<u>26,154</u>	<u></u>	<u>265,539</u>
Fund Cash Balances, December 31	<u>\$247,755</u>	<u>\$88,002</u>	<u>\$0</u>	<u>\$335,757</u>
Reserves for Encumbrances, December 31	<u>\$79,870</u>	<u>\$0</u>	<u>\$0</u>	<u>\$79,870</u>

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

**VILLAGE OF NORTH BEND
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of North Bend, Hamilton County, Ohio (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 and road maintenance. The Village contracts with the Hamilton County Sheriff's department to provide security of persons and property. The Village contracts with Miami Township to provide fire protection services.

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 Deposits

The Village maintains all funds in an interest-bearing checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash deposits 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.

Permissive Sale Tax Fund

This fund receives permissive sale tax money for constructing, maintaining and repairing Village streets, curbs and sidewalks.

VILLAGE OF NORTH BEND
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each to be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund and function 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 2002 and 2001 budgetary activity appears in Note 3.

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. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2002	2001
Demand deposits	<u>\$422,027</u>	<u>\$335,757</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 BEND
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$206,929	\$307,629	\$100,700
Special Revenue	647,340	73,570	(573,770)
Total	\$854,269	\$381,199	(\$473,070)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$502,534	\$217,889	\$284,645
Special Revenue	679,712	100,116	579,596
Total	\$1,182,246	\$318,005	\$864,241

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$188,341	\$236,017	\$47,676
Special Revenue	457,485	161,546	(295,939)
Capital Projects	135,326	135,326	0
Total	\$781,152	\$532,889	(\$248,263)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$392,796	\$307,517	\$85,279
Special Revenue	448,307	99,698	348,609
Capital Projects	135,326	135,326	0
Total	\$976,429	\$542,541	\$433,888

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.

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.

**VILLAGE OF NORTH BEND
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. CAPITAL LEASE

Capital lease outstanding at December 31, 2002 was as follows:

	Principal	Interest
Maintenance Truck Lease	6,470	145
Total	\$6,470	\$145

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

	Lease
Year ending December 31:	
2003	6,614
Total	\$6,614

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001. The Village has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public official's liability; and
- Vehicles.



**Auditor of State
Betty Montgomery**

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

Village of North Bend
Hamilton County
21 Taylor Avenue
North Bend, Ohio 45052

To the Village Council:

We have audited the accompanying financial statements of the Village of North Bend, Hamilton County, Ohio, (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 28, 2003. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 28, 2003.

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 a matters involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 28, 2003.

This report is intended solely for the information and use of 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 28, 2003



**Auditor of State
Betty Montgomery**

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 BEND

HAMILTON 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
APRIL 1, 2003**