

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2000 and 1999

ERIC LONG, DEPUTY CLERK/TREASURER



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of Council and Mayor
Village of Lithopolis
33 North Market Street
Lithopolis, Ohio 45167

We have reviewed the Independent Auditor's Report of the Village of Lithopolis, Fairfield County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 1999 through December 31, 2000. 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 Lithopolis is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

October 15, 2001

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**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Cash Fund Balances - All Fund Types - 2000 and 1999	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances (Deficits) - Proprietary Fund Type and Similar Fiduciary Fund Type - 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - 2000	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - 1999	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type and Similar Fiduciary Fund Type - 1999	7
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - 1999	8
Notes to the Financial Statements	9 - 22
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	23 - 24
Schedule of Findings	25 - 26

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Independent Auditor's Report

Members of Council and Mayor
Village of Lithopolis
33 North Market Street
Lithopolis, Ohio 45167

We have audited the accompanying financial statements of the Village of Lithopolis, Fairfield County, Ohio as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village of Lithopolis'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 2, the Village of Lithopolis prepares its financial statements on the basis of accounting prescribed or permitted by 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 cash balances and fund balances of the Village of Lithopolis, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements, combined budgeted and actual receipts, budgeted and actual disbursements, and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 18, 2001, on our consideration of the Village of Lithopolis'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 management 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 parties.

Trimble, Julian & Grube, Inc.
September 18, 2001

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2000 AND 1999

<u>Cash and Investments</u>	<u>2000</u>	<u>1999</u>
Cash and Cash Equivalents	\$ 58,311	\$ 15,499
Investments	<u>186,629</u>	<u>298,485</u>
Total Cash and Investments	<u>\$ 244,940</u>	<u>\$ 313,984</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 82,617	\$ 148,231
Special Revenue Funds	<u>11,212</u>	<u>10,938</u>
Total Governmental Fund Types	<u>93,829</u>	<u>159,169</u>
 <u>Proprietary Fund Type:</u>		
Enterprise Funds	<u>151,164</u>	<u>154,702</u>
 <u>Fiduciary Fund Type:</u>		
Agency Fund	<u>(53)</u>	<u>113</u>
Total Fund Balances	<u>\$ 244,940</u>	<u>\$ 313,984</u>

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

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

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

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Local taxes	\$ 118,539	\$ 9,091	\$ 127,630
Intergovernmental	24,721	17,842	42,563
Fines, licenses, and permits	14,560	1,985	16,545
Interest	16,482	-	16,482
Donations and contributions	13,000	-	13,000
Miscellaneous	828	469	1,297
Total cash receipts	188,130	29,387	217,517
Cash disbursements:			
Current:			
Security of persons and property	94,602	24,104	118,706
Public health services	2,700	-	2,700
Leisure time activities	16,473	-	16,473
Community environment	990	-	990
Transportation	43,113	-	43,113
General government	52,997	4,364	57,361
Capital outlay	12,869	645	13,514
Total cash disbursements	223,744	29,113	252,857
Total cash receipts over/(under) cash disbursements	(35,614)	274	(35,340)
Other financing (disbursements):			
Transfers-out	(30,000)	-	(30,000)
Total other financing (disbursements)	(30,000)	-	(30,000)
Excess/(deficit) of cash receipts over/ (under) cash disbursements and other financing disbursements	(65,614)	274	(65,340)
Cash fund balances, January 1, 2000	148,231	10,938	159,169
Cash fund balances, December 31, 2000	\$ 82,617	\$ 11,212	\$ 93,829

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

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES (DEFICITS) - PROPRIETARY
FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 195,036	\$ -	\$ 195,036
Total operating cash receipts	<u>195,036</u>	<u>-</u>	<u>195,036</u>
Operating cash disbursements:			
Personal services	69,888	-	69,888
Contractual services	107,742	-	107,742
Supplies and material	23,097	-	23,097
Total operating cash disbursements	<u>200,727</u>	<u>-</u>	<u>200,727</u>
Operating (loss)	<u>(5,691)</u>	<u>-</u>	<u>(5,691)</u>
Nonoperating cash receipts:			
Other	75,434	13,646	89,080
Total nonoperating cash receipts	<u>75,434</u>	<u>13,646</u>	<u>89,080</u>
Nonoperating cash disbursements:			
Principal retirement	51,021	-	51,021
Interest charges	52,260	-	52,260
Other	-	13,812	13,812
Total nonoperating cash disbursements	<u>103,281</u>	<u>13,812</u>	<u>117,093</u>
Net of cash receipts (under) cash disbursements before interfund transfers	<u>(33,538)</u>	<u>(166)</u>	<u>(33,704)</u>
Transfers-in	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total transfers	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Net cash receipts (under) cash disbursements after interfund transfers	(3,538)	(166)	(3,704)
Cash fund balances, January 1, 2000	<u>154,702</u>	<u>113</u>	<u>154,815</u>
Cash fund balances (deficits), December 31, 2000	<u>\$ 151,164</u>	<u>\$ (53)</u>	<u>\$ 151,111</u>

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

**VILLAGE OF LITHOPOLEIS
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2000

Fund Types	Receipts				Disbursements						Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2000 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2000 Appropriations	Total	Actual 2000 Disbursements	Encumbrances Outstanding at 12/31/00		Total
Governmental:												
General	\$ 96,338	\$ 202,529	\$ 298,867	\$ 188,130	\$ (14,399)	\$ 8,746	\$ 269,459	\$ 278,205	\$ 253,744	\$ 9,852	\$ 263,596	\$ 14,609
Special Revenue	10,257	55,524	65,781	29,387	(26,137)	680	55,507	56,187	29,113	-	29,113	27,074
Proprietary:												
Enterprise	120,350	351,281	471,631	300,470	(50,811)	816	328,416	329,232	304,008	11,552	315,560	13,672
Total (Memorandum Only)	\$ 226,945	\$ 609,334	\$ 836,279	\$ 517,987	\$ (91,347)	\$ 10,242	\$ 653,382	\$ 663,624	\$ 586,865	\$ 21,404	\$ 608,269	\$ 55,355

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

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 112,804	\$ 10,381	\$ -	\$ 123,185
Intergovernmental	26,195	47,128	107,318	180,641
Charges for services	75	-	-	75
Fines, licenses, and permits	18,561	2,215	-	20,776
Interest	15,313	191	-	15,504
Miscellaneous	4,033	-	-	4,033
Total cash receipts	<u>176,981</u>	<u>59,915</u>	<u>107,318</u>	<u>344,214</u>
Cash disbursements:				
Current:				
Security of persons and property	60,662	41,010	-	101,672
Public health services	1,846	-	-	1,846
Leisure time activities	4,231	-	-	4,231
Community environment	2,444	-	-	2,444
Transportation	19,433	15,115	-	34,548
General government	43,591	2,930	-	46,521
Capital outlay	46,986	4,976	107,318	159,280
Total cash disbursements	<u>179,193</u>	<u>64,031</u>	<u>107,318</u>	<u>350,542</u>
Total cash receipts (under) cash disbursements	<u>(2,212)</u>	<u>(4,116)</u>	<u>-</u>	<u>(6,328)</u>
Other financing (disbursements):				
Transfers-out	(5,500)	-	-	(5,500)
Total other financing (disbursements)	<u>(5,500)</u>	<u>-</u>	<u>-</u>	<u>(5,500)</u>
Excess of cash receipts and other financing receipts (under) cash disbursements and other financing disbursements	<u>(7,712)</u>	<u>(4,116)</u>	<u>-</u>	<u>(11,828)</u>
Cash fund balances, January 1, 1999	<u>155,943</u>	<u>15,054</u>	<u>-</u>	<u>170,997</u>
Cash fund balances, December 31, 1999	<u>\$ 148,231</u>	<u>\$ 10,938</u>	<u>\$ -</u>	<u>\$ 159,169</u>

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

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 212,040	\$ -	\$ 212,040
Total operating cash receipts	<u>212,040</u>	<u>-</u>	<u>212,040</u>
Operating cash disbursements:			
Personal services	57,414	-	57,414
Contractual services	83,895	-	83,895
Supplies and material	21,707	-	21,707
Total operating cash disbursements	<u>163,016</u>	<u>-</u>	<u>163,016</u>
Operating income	<u>49,024</u>	<u>-</u>	<u>49,024</u>
Nonoperating cash receipts:			
Other	87,099	24,564	111,663
Total nonoperating cash receipts	<u>87,099</u>	<u>24,564</u>	<u>111,663</u>
Nonoperating cash disbursements:			
Principal retirement	64,894	-	64,894
Interest charges	71,338	-	71,338
Other	-	24,451	24,451
Total nonoperating cash disbursements	<u>136,232</u>	<u>24,451</u>	<u>160,683</u>
Net of cash receipts (under) cash disbursements before interfund transfers	<u>(109)</u>	<u>113</u>	<u>4</u>
Transfers-in	<u>5,500</u>	<u>-</u>	<u>5,500</u>
Total transfers	<u>5,500</u>	<u>-</u>	<u>5,500</u>
Net of cash receipts over cash disbursements after interfund transfers	5,391	113	5,504
Cash fund balances, January 1, 1999	<u>149,311</u>	<u>-</u>	<u>149,311</u>
Cash fund balances, December 31, 1999	<u>\$ 154,702</u>	<u>\$ 113</u>	<u>\$ 154,815</u>

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

**VILLAGE OF LITHOPOLEIS
FAIRFIELD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999

Fund Types	Receipts				Disbursements						Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 1999 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	1999 Appropriations	Total	Actual 1999 Disbursements	Encumbrances Outstanding at 12/31/99		Total
Governmental:												
General	\$ 52,315	\$ 140,837	\$ 193,152	\$ 176,981	\$ 36,144	\$ 53,523	\$ 164,257	\$ 217,780	\$ 184,693	\$ 8,746	\$ 193,439	\$ 24,341
Special Revenue	2,026	46,356	48,382	59,915	13,559	9,754	83,265	93,019	64,031	680	64,711	30,308
Capital Projects	-	-	-	107,318	107,318	110,780	-	110,780	107,318	-	107,318	3,462
Proprietary:												
Enterprise	90,427	244,000	334,427	304,639	60,639	2,954	307,807	310,761	299,248	816	300,064	10,697
Total (Memorandum Only)	\$ 144,768	\$ 431,193	\$ 575,961	\$ 648,853	\$ 217,660	\$ 177,011	\$ 557,329	\$ 734,340	\$ 655,290	\$ 10,242	\$ 665,532	\$ 68,808

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

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Lithopolis (the "Village") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: police protection, water, sewer, street maintenance and repair, mayor's court, as well as other general government services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included 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 are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

Police Fund - This fund receives revenues for providing police protection services.

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:

Capital Improvement Fund - This fund receives Issue II grant monies for the improvement and repair of Village streets.

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.

Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Mayor's Court - This fund receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds are collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization, and general Village operations.

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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the department level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted several supplemental appropriations during the year.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the treasurer is credited to its respective funds. Interest income earned and received by the Village totaled \$16,482 and \$15,504 for the years ended December 31, 2000 and 1999, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis, are recorded when received in accordance with the Village's cash basis method of accounting.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 liabilities under the basis of accounting used by the Village.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include:

Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - COMPLIANCE

The following funds had appropriations exceeding estimated resources for the year ended December 31, 1999, in noncompliance with Ohio Revised Code Section 5705.39:

<u>Fund Type/Fund/Department</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>SPECIAL REVENUE FUNDS:</u>			
Street Construction, Maintenance and Repair	\$11,831	\$13,180	\$ 1,349
Permissive Tax	4,510	4,596	86
Police Levy	8,261	8,975	714
COPS - State	1,609	5,270	3,661
COPS - Federal	19,571	50,134	30,563
Law Enforcement and Education	100	300	200
Mayor's Court Computer	2,500	2,810	310

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 3 - COMPLIANCE - (Continued)

The following funds had a negative cash fund balance, in noncompliance with Ohio Revised Code Section 5705.10 for the year ended December 31, 2000:

Special Revenue Fund:

COPS - Federal	\$ (19,997)
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Agency Fund:

Mayor's Court	(53)
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NOTE 4 - DEPOSITS

The Village maintains individual cash balances in bank accounts and short-term cash equivalents classified as "Cash and Cash Equivalents" on the Statement of Fund Balances.

A. LEGAL REQUIREMENTS

Statutes require the classifications of funds held by the Village into three categories:

Category 1 consists of active funds - those funds required to be kept in a cash or cash equivalent status for immediate use by the Village. Such funds must be maintained either as cash in the Village treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of inactive funds - those funds not required for use within the current two-year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of interim funds - those funds which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - DEPOSITS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency, or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default principal, interest or coupons;
3. Obligations to the Village.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - DEPOSITS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Historically, the Village has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village and must be purchased with the expectation that it will be held to maturity.

B. 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:

	2000	1999
Demand deposits	\$ 58,211	\$ 15,399
Petty cash on hand	100	100
Total cash	58,311	15,499
STAR Ohio	186,629	298,485
Total investments	186,629	298,485
Total cash and investments	\$244,940	\$313,984

C. DEPOSITS

For the years ended December 31, 2000 and 1999, the carrying amount of the Village's deposits, were \$58,311 and \$15,499, respectively, and the bank balances were \$76,180 and \$103,812, respectively. Of the bank balance:

1. \$76,180 and \$100,000 was covered by federal depository insurance for 2000 and 1999, respectively.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - DEPOSITS - (Continued)

2. \$0 and \$3,812 was uninsured and uncollateralized for 2000 and 1999, respectively. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village held to a successful claim by the FDIC.

At December 31, 2000 and December 31, 1999, the Village maintained petty cash on hand in the amount of \$100.

D. INVESTMENTS

Investments are categorized as follows:

Category 1 - Insured or registered, or securities held by the Village or its agent in the Village's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Village's name.

The Village invested in STAR Ohio in 2000 and 1999. Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form and therefore are not categorized as to the level of risk assumed by the Village. The Village's investments at December 31, 2000 and December 31, 1999 are summarized below:

	2000		1999	
	Carrying Amount	Market Value	Carrying Amount	Market Value
Investment in STAR Ohio	<u>\$186,629</u>	<u>\$186,629</u>	<u>\$298,485</u>	<u>\$298,485</u>
Total Investments	<u>\$186,629</u>	<u>\$186,629</u>	<u>\$298,485</u>	<u>\$298,485</u>

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - DEPOSITS - (Continued)

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

NOTE 5 - DEBT OBLIGATIONS

At December 31, 2000, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2000</u>
1994 Ohio Public Works Commission (OPWC) loan for water and sewer expansion, due in semi-annual installments of \$5,190, through 2014, bearing no interest.	\$ 134,947
1989 Ohio Water Development Authority (OWDA) loan for water and sewer expansion, due in semi-annual installments of \$41,225, through 2013 bearing interest at 7.11%.	667,910
1989 OWDA loan for water and sewer expansion, due in semi-annual payments of \$5,226, through 2013 at a rate of 2.00%.	114,581
1986 Canal Winchester loan with OWDA for construction and maintenance of sewer system, due in semi-annual installments of \$10,983 through 2008, bearing interest at 7.36%	<u>135,555</u>
	<u>\$1,052,993</u>
Total debt obligations at December 31, 2000	

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 5 - DEBT OBLIGATIONS - (Continued)

Transactions for the year ended December 31, 2000 are summarized as follows:

	Balance at <u>December 31, 1999</u>	<u>Proceeds</u>	<u>Payments</u>	Balance at <u>December 31, 2000</u>
Note - OPWC-1994	\$ 145,327	\$ 0	\$10,380	\$ 134,947
Note - OWDA-1989	700,550	0	32,640	667,910
Note - OWDA-1989	122,582	0	8,001	114,581
Note - Canal Winchester-1986	<u>135,555</u>	<u>0</u>	<u>0</u>	<u>135,555</u>
Total Notes	<u>\$1,104,014</u>	<u>\$ 0</u>	<u>\$51,021</u>	<u>\$1,052,993</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2000, are as follows:

Year Ending <u>December 31,</u>	<u>OPWC - 1994</u>		<u>OWDA - 1989</u>		<u>OWDA - 1989</u>		<u>Canal Winchester 1986</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2001	\$ 5,190	\$ 0	\$ 16,880	\$ 24,344	\$ 4,040	\$ 1,186	\$ 18,898	\$14,053
2002	10,380		36,160	46,288	8,242	2,211	13,853	8,113
2003	10,380		38,731	43,717	8,407	2,046	14,873	7,094
2004	10,380		41,486	40,964	8,574	1,878	15,968	5,999
2005	10,380		44,434	38,014	8,746	1,706	17,143	4,824
2006 - 2010	51,900		274,302	137,940	46,428	5,840	54,820	6,522
2011 - 2014	<u>36,337</u>		<u>215,917</u>	<u>31,429</u>	<u>30,144</u>	<u>1,211</u>		
TOTALS	<u>\$134,947</u>	<u>\$ 0</u>	<u>\$667,910</u>	<u>\$362,696</u>	<u>\$114,581</u>	<u>\$16,078</u>	<u>\$135,555</u>	<u>\$46,605</u>

NOTE 6 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village. 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 annually; however, if the property owner elects, they may make semiannual payments.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 6- PROPERTY TAX - (Continued)

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.

NOTE 7 - LOCAL INCOME TAX

This locally levied tax of 1.00% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. Tax receipts are credited to the Village and amounted to \$104,950 and \$99,811 in 2000 and 1999, respectively.

NOTE 8 - RETIREMENT SYSTEMS

The Village's full-time law enforcement officers belong to the Ohio Police & Firemen's Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement 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 2000 and 1999, members of OP&F contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. During 2000, PERS instituted a temporary employer contribution rollback which required the Village to contribute 10.84% of covered payroll. As of December 31, 2000, the Village has paid all contributions required for 1999. The Village's unpaid portion for PERS was \$2,623 and for OP&F was \$3,577 for the year ended December 31, 2000.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 9 - RISK MANAGEMENT

In 2000, the Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- General liability and casualty
- Public official's liability

The Village provide health coverage to full-time employees through a private carrier.

NOTE 10 - RELATED PARTY TRANSACTIONS

A Village Council member, Charles Hess, is the owner of Bootsie's Marathon Gas Station. The father of Eric Long, the Clerk/Treasurer, owns the BP Gas Station. The Village conducts business with both of the gas stations on an equal basis.

NOTE 11 - CONTINGENT LIABILITY

LITIGATION

The Village is currently involved in litigation that the Village's legal counsel believes will have a favorable outcome.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of Council and Mayor
Village of Lithopolis
33 North Market Street
Lithopolis, OH 43136

We have audited the financial statements of the Village of Lithopolis as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated September 18, 2001. 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Lithopolis's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-VOL-001 and 2000-VOL-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village of Lithopolis in a separate letter dated September 18, 2001.

Members of Council and Mayor
Village of Lithopolis

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Lithopolis'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 we have reported to the management of the Village of Lithopolis in a separate letter dated September 18, 2001.

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

Trimble, Julian & Grube, Inc.
September 18, 2001

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO
DECEMBER 31, 2000 AND 1999**

SCHEDULE OF FINDINGS

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

Finding Number	1999-VOL-001
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Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated resources

It was noted during the audit that the Village had appropriations exceeding estimated resources in the following funds:

<u>Fund Type/Fund/Department</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>SPECIAL REVENUE FUNDS:</u>			
Street Construction, Maintenance and Repair	\$11,831	\$13,180	\$ 1,349
Permissive Tax		4,510	4,59686
Police Levy	8,261	8,975	714
COPS - State	1,609	5,270	3,661
COPS - Federal	19,571	50,134	30,563
Law Enforcement and Education	100	300	200
Mayor's Court Computer	2,500	2,810	310

With appropriations exceeding estimated resources, the Village is spending monies that are not lawfully appropriated for those purposes and thus could result in a fund deficit.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated revenues will be greater than initially anticipated, the Village should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources.

**VILLAGE OF LITHOPOLIS
FAIRFIELD COUNTY, OHIO
DECEMBER 31, 2000 AND 1999**

SCHEDULE OF FINDINGS

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)

Finding Number	2000-VOL-001
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Ohio Revised Code Section 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover expenditures.

It was noted during the audit that at December 31, 2000, the Village maintained a negative cash fund balance in the Special Revenue fund: COPS - Federal in the amount of \$19,997 and in the Agency Fund: Mayor's Court in the amount of \$53.

The Village has spent monies not available to that fund and thus causing noncompliance. No fund should have a negative cash fund balance throughout the year or at year end.

We recommend that the Village properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the Village should advance or transfer funds from the General Fund with proper Council approval.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF LITHOPOLIS

FAIRFIELD 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
NOVEMBER 8, 2001**