

VILLAGE OF LUCAS, OHIO
RICHLAND COUNTY

**REPORT ON EXAMINATION OF FINANCIAL
STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 2000**

J. E. Slaybaugh & Associates, Inc.

Certified Public Accountant

12 East Main Street

Lexington, Ohio 44904



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Members of Council
Village of Lucas

We have reviewed the Independent Auditor's Report of the Village of Lucas, Richland County, prepared by J.E. Slaybaugh & Associates, Inc. for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted this report 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 Lucas is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

August 10, 2001

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VILLAGE OF LUCAS, OHIO
RICHLAND COUNTY

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 2000

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**VILLAGE OF LUCAS
RICHLAND COUNTY**

101 First Avenue
Lucas, Ohio 44843

**ELECTED OFFICIALS
AS OF DECEMBER 31, 2000**

NAME	TITLE	TERM OF OFFICE	SURETY	AMOUNT	PERIOD
Deana L. Vail 29 Park Street Lucas, OH 44843	Mayor	1/1/00 - 12/31/03	(A)	\$ 5,000	(B)
Cary D Hart	Council Member	1/1/00 - 12/31/03			
John Finley	Council Member	1/1/00 - 12/31/03			
Jack M Banks	Council Member	1/1/98 - 12/31/01			
Constance S. Caugherty	Council Member	1/1/98 - 12/31/01			
Suzanne Marcucci	Council Member	1/1/98 - 12/31/01			
Richard Hughes	Council Member	1/1/98 - 12/31/01			
Patricia Constance	Clerk/Treasurer	4/1/00 - 3/31/03	(A)	\$ 25,000	(B)

Statutory Legal Counsel

Village Solicitor
Edward C Baran, Jr
968 Linwood Place
Mansfield, Ohio 44906

- (A) Ohio Government Risk Management
- (B) Concurrent With Term

J. E. Slaybaugh & Associates, Inc.

12 East Main Street

Lucas, Ohio 44904

Member AICPA

Member OSCPA

John E. Slaybaugh III

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Members of Council
Village of Lucas
Lucas, Ohio

We have audited the accompanying financial statements for the Village of Lucas, Lucas, Ohio, as of and for the years ended December 31, 1999 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these statements based on our audit.

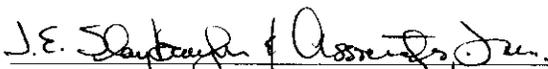
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable 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 of Lucas 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 of the Village of Lucas, Richland County, as of December 31, 1999 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 a report dated July 11, 2001, on our consideration of the Village of Lucas's internal control over financial reporting and our tests of 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, 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.



J.E. Slaybaugh & Associates, Inc.

Lexington, Ohio

July 11, 2001

**VILLAGE OF LUCAS, OHIO
RICHLAND COUNTY**

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

	Governmental			(Memorandum Only)
	General	Special Revenue	Capital Projects	Total
CASH RECEIPTS:				
Local Taxes	\$ 10,883			10,883
Intergovernmental	40,305	36,853		77,158
Fines, Licenses, and Permits	2,488			2,488
Interest	20,842			20,842
Miscellaneous	<u>5,035</u>	<u>1,092</u>		<u>6,127</u>
Total Cash Receipts	79,553	37,945	-	117,498
CASH DISBURSEMENTS:				
Current:				
Security of Persons and Property	35,000			35,000
Community Environment	149	3,375		3,524
Transportation		47,311		47,311
General Government	24,111			24,111
Capital Outlay			<u>684</u>	<u>684</u>
Total Program Disbursements	59,260	50,686	684	110,630
Total receipts over/(under) program disbursements	20,293	(12,741)	(684)	6,868

**VILLAGE OF LUCAS, OHIO
RICHLAND COUNTY**

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

	Governmental			(Memorandum Only)
	General	Special Revenue	Capital Projects	Total
OTHER FINANCING RECEIPTS/(DISBURSEMENTS):				
Sale of Assets	377			377
Transfers-In		7,097		7,097
Transfers-Out	(37,097)			(37,097)
Other Sources				-
Other Uses				-
Total other financing receipts/(disbursements)	(36,720)	7,097	-	(29,623)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(16,427)	(5,644)	(684)	(22,755)
Fund Cash Balances - January 1, 2000	41,230	31,200	684	73,114
Fund Cash Balances - December 31, 2000	\$ 24,803	\$ 25,556	\$ -	\$ 50,359

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

**VILLAGE OF LUCAS, OHIO
RICHLAND COUNTY**

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

	Enterprise	Agency	(Memorandum Only) Total
OPERATING CASH RECEIPTS:			
Charges for Services	\$ 510,678		\$ 510,678
Miscellaneous	3,673		3,673
Total Cash Receipts	514,351		514,351
OPERATING CASH DISBURSEMENTS:			
Personal Services	116,809		116,809
Travel Transportation	2,683		2,683
Contractual Services	248,862		248,862
Supplies and Materials	13,766		13,766
Capital Outlay	6,132		6,132
Total Program Disbursements	388,252		388,252
Total receipts over/(under) program disbursements	126,099		126,099
NON-OPERATING EXPENSES:			
Debt Service	80,564		80,564
OTHER FINANCING RECEIPTS/(DISBURSEMENTS):			
Transfers-In	30,000		30,000
Other Sources		2,792	2,792
Other Uses		(2,792)	(2,792)
Total other financing receipts/(disbursements)	30,000	-	30,000
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	75,535	-	75,535
Fund Cash Balances - January 1, 2000	294,574	-	294,574
Fund Cash Balances - December 31, 2000	\$ 370,109	\$ -	\$ 370,109

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

**VILLAGE OF LUCAS, OHIO
RICHLAND COUNTY**

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

	Governmental			Capital Projects	Total	(Memorandum Only)
	General	Special Revenue	Debt Service			
CASH RECEIPTS:						
Local Taxes	\$ 11,478				11,478	
Intergovernmental	65,814	37,071			102,885	
Fines, Licenses, and Permits	2,316				2,316	
Interest	19,778				19,778	
Miscellaneous		5,298			5,298	
Total Cash Receipts	99,386	42,369	-	-	141,755	
CASH DISBURSEMENTS:						
Current:						
Security of Persons and Property	35,000				35,000	
Community Environment	509	3,685			4,194	
Basic Utility Services				2,067	2,067	
Transportation		48,767			48,767	
General Government	27,796				27,796	
Capital Outlay	6,328				6,328	
Total Program Disbursements	69,633	52,452	-	2,067	124,152	
Total receipts over/(under) program disbursements	29,753	(10,083)	-	(2,067)	17,603	

**VILLAGE OF LUCAS, OHIO
RICHLAND COUNTY**

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

	Governmental			Capital Projects	(Memorandum Only)
	General	Special Revenue	Debt Service	Total	
OTHER FINANCING					
RECEIPTS/(DISBURSEMENTS):					
Sale of Assets	6,720				6,720
Transfers-In		16,500			16,500
Transfers-Out	<u>(16,500)</u>		<u>(63,418)</u>		<u>(79,918)</u>
Total other financing receipts/(disbursements)	<u>(9,780)</u>	<u>16,500</u>	<u>(63,418)</u>	<u>-</u>	<u>(56,698)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	19,973	6,417	(63,418)	(2,067)	(39,095)
Fund Cash Balances - January 1, 1999	<u>21,257</u>	<u>24,783</u>	<u>63,418</u>	<u>2,751</u>	<u>112,209</u>
Fund Cash Balances - December 31, 1999	<u>\$ 41,230</u>	<u>\$ 31,200</u>	<u>\$ -</u>	<u>\$ 684</u>	<u>\$ 73,114</u>

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

**VILLAGE OF LUCAS, OHIO
RICHLAND COUNTY**

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

	Enterprise	Agency	(Memorandum Only) Total
OPERATING CASH RECEIPTS:			
Charges for Services	\$ 489,933		\$ 489,933
Miscellaneous	715		715
Total Cash Receipts	490,648		490,648
 OPERATING CASH DISBURSEMENTS:			
Personal Services	125,797		125,797
Travel Transportation	1,903		1,903
Contractual Services	235,424		235,424
Supplies and Materials	14,288		14,288
Capital Outlay	14,898		14,898
Total Program Disbursements	392,310		392,310
Total receipts over/(under) program disbursements	98,338		98,338
 NON-OPERATING EXPENSES:			
Debt Service	95,741		95,741
 OTHER FINANCING RECEIPTS/(DISBURSEMENTS):			
Transfers-In	63,418		63,418
Other Sources		2,525	2,525
Other Uses		(2,525)	(2,525)
Total other financing receipts/(disbursements)	63,418	-	63,418
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	66,015	-	66,015
Fund Cash Balances - January 1, 1999	228,559	-	228,559
Fund Cash Balances - December 31, 1999	\$ 294,574	\$ -	\$ 294,574

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

VILLAGE OF LUCAS, OHIO
RICHLAND COUNTY

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Lucas, Richland 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 mayor and six member council. The Village provides general governmental services, including water, sewer and electric utilities, and police 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 make 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. The investment in Star Ohio (the State Treasurer's Investment Pool) is valued at amounts reported by the State Treasurer.

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:

General Fund

The general fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

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 the purpose of constructing, maintaining, and repairing Village streets.

Piggyback Sales Tax Fund - This fund receives permissive sales tax revenues and is used to purchase capital items relating to the Village streets.

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, note indebtedness. Debt service for the enterprise fund is collected as fees and paid directly from this fund.

Capital Project Fund

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).

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 - Receives charges for services from residents to cover the cost of providing this utility and to pay for improvements.

Sewer Fund - Receives charges for services from residents to cover the cost of providing this utility and to pay for improvements.

Electric Fund - Receives charges for services from residents to cover the cost of providing this utility and to pay for improvements.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund (Agency Fund) - Receives money for fines and forfeitures. These funds are strictly custodial.

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village 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.

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.

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. No funds were encumbered at the respective years ended December 31.

A summary of 2000 and 1999 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 liabilities under the cash basis of accounting used by the Village.

2. Equity in Pooled Cash and Investments

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

	<u>2000</u>	<u>1999</u>
Demand Deposits	\$ 178,552	\$ 130,278
Certificates of Deposit	<u>101,428</u>	<u>101,428</u>
Total deposits	<u>\$ 279,980</u>	<u>\$ 231,706</u>
STAR Ohio	<u>140,488</u>	<u>135,982</u>
Total deposits and investments	<u>\$ 420,468</u>	<u>\$ 367,688</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.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 87,285	\$ 79,930	\$ (7,355)
Special Revenue	48,199	45,042	(3,157)
Enterprise	<u>524,400</u>	<u>544,351</u>	<u>19,951</u>
Total	<u>\$ 659,884</u>	<u>\$ 669,323</u>	<u>\$ 9,439</u>

Note: Negative variances do not exceed fund balances and are not a material difference.

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 112,728	\$ 96,357	\$ 16,371
Special Revenue	59,935	50,686	9,249
Capital Projects	684	684	-
Enterprise	<u>541,057</u>	<u>468,816</u>	<u>72,241</u>
Total	<u>\$ 714,404</u>	<u>\$ 616,543</u>	<u>\$ 97,861</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 86,148	\$ 106,106	\$ 19,958
Special Revenue	40,550	58,869	18,319
Enterprise	<u>496,640</u>	<u>554,066</u>	<u>57,426</u>
Total	<u>\$ 623,338</u>	<u>\$ 719,041</u>	<u>\$ 95,703</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 109,427	\$ 86,133	\$ 23,294
Special Revenue	68,694	52,452	16,242
Debt Service	63,418	63,418	-
Capital Projects	2,751	2,067	684
Enterprise	<u>525,935</u>	<u>488,051</u>	<u>37,884</u>
Total	<u>\$ 770,225</u>	<u>\$ 692,121</u>	<u>\$ 78,104</u>

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 payment, the first half is due December 31. The second half is due the following June 20.

Public utilities are also taxed on personal 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. Debt

Debt outstanding at December 31, 2000 is as follows:	Principal	Interest
Ohio Water Development Authority	\$ 208,275	7.65%
Electric System Revenue Notes	70,000	5.60%
Water System Improvement Bonds, Series 1992	80,000	6.10%
Sanitary Sewer Improvement Bond Anticipation Notes	<u>33,800</u>	5.80%
Total	<u>\$ 392,075</u>	

The Ohio Water Development Authority Loan was for the construction of the sewer plant.

The Electric System Revenue Notes, Third Renewal were for the financing of improvements at the electric substation.

The Water System Improvement Bonds, Series 1992 were issued for the construction of the Village water tower.

The Sanitary Sewer Improvement Bond Anticipation Notes were for the construction of a disinfection system at the sewer plant.

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OWDA Loan	Utility Revenue Notes	Utility Revenue Bonds	Bond Anticipation Notes
2001	\$ 13,653	\$ 20,000	\$ 10,000	\$ 33,800
2002	14,698	20,000	10,000	
2003	15,815	20,000	10,000	
2004	17,033	10,000	10,000	
2005	18,336		10,000	
later years	<u>128,740</u>	<u> </u>	<u>30,000</u>	<u> </u>
Totals	<u>\$ 208,275</u>	<u>\$ 70,000</u>	<u>\$ 80,000</u>	<u>\$ 33,800</u>

6. Retirement System

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 1999 and 2000 members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55 % through June 30, 2000 and 8.13% (temporary rollback rate) for the period July 1, 2000 through December 31, 2000 of participant's gross salaries. The Village has paid all contributions required through December 31, 2000.

7. Risk Management

The Village is a member of the Ohio Government Risk Management Plan. The Plan is an unincorporated non-profit association of its members for the purpose of providing its members a jointly administered self-insurance program. The Plan assumes the risk of loss minus the Village's deductible contribution. The following risks are covered by the Plan:

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

The Village also provides health insurance, dental and vision coverage to its full-time employees through the Richland County Flexible Benefits Program.

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J. E. Slaybaugh & Associates, Inc.

*12 East Main Street
Lexington, Ohio 44904*

*Member AICPA
Member OSCP*

*John E. Slaybaugh III
Certified Public Accountant*

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of Council
Village of Lucas
Lucas, Ohio

We have audited the financial statements of the Village of Lucas, Richland County, as of and for the years ended December 31, 1999 and 2000, and have issued our report thereon dated July 11, 2001.

We conducted our audit in accordance with generally accepted auditing standards 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 of Lucas'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*.

Internal Control

In planning and performing our audit, we considered the Village of Lucas'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.

This report is intended solely for the information and use of 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 specified parties..

J. E. Slaybaugh & Associates, Inc.

J.E. Slaybaugh & Associates, Inc.
Lexington, Ohio
July 11, 2001

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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 LUCAS

RICHLAND 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
AUGUST 21, 2001**