

VILLAGE OF SUNBURY

DELAWARE COUNTY

REGULAR AUDIT

JANUARY 1, 2000 - DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398
www.auditor.state.oh.us

Village Council
Village of Sunbury
9 East Granville Street
P.O. Box 508
Sunbury, Ohio 43074-0508

We have reviewed the Independent Auditor's Report of the Village of Sunbury, Delaware County, prepared by Wilson Shannon & Snow, Inc., for the audit period January 1, 2000 through December 31, 2001. 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 Sunbury is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

May 20, 2002

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TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2001	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type and Similar Fiduciary Funds For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Cash Balances - Proprietary Fund Type and Similar Fiduciary Fund For the Year Ended December 31, 2000	5
Notes to the Financial Statements	6
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15
Status of Prior Audit Findings.....	16

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REPORT OF INDEPENDENT ACCOUNTANTS

Village Council
Village of Sunbury
Delaware County
9 East Granville Road
Sunbury, Ohio 43074

We have audited the accompanying financial statements of the Village of Sunbury, Delaware County, Ohio, (the Village) as of and for the year 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 audits 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 audits provide a reasonable basis for our opinion.

As described 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 of Sunbury, Delaware County, Ohio, 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 March 11, 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 management, the Finance Committee, and 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.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
March 11, 2002

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Village of Sunbury
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances -
Governmental Fund Types
For the Year Ended December 31, 2001

	General	Special Revenue	Capital Projects	(Memorandum Only) Total
Cash Receipts				
Property tax and other local taxes	\$ 1,170,558	\$ -	\$ -	\$ 1,170,558
Intergovernmental receipts	202,556	158,581	-	361,137
Charges for services	-	58,511	-	58,511
Fines, licenses, and permits	302,150	-	-	302,150
Earnings on investments	25,688	6,420	-	32,108
Miscellaneous	116,966	-	-	116,966
Total cash receipts	1,817,918	223,512	-	2,041,430
Cash Disbursements				
Security of persons and property	562,098	-	-	562,098
Public health services	-	14,715	-	14,715
Community environment	94,084	-	-	94,084
Transportation	434,194	-	-	434,194
General government	396,697	-	-	396,697
Debt Service				
Principal payments	160,000	102,000	-	262,000
Interest payments	7,634	4,916	-	12,550
Capital Outlay	79,340	87,347	-	166,687
Total cash disbursements	1,734,047	208,978	-	1,943,025
Total cash receipts over cash disbursements	83,871	14,534	-	98,405
Other financing sources				
Sale of notes	133,000	89,000	-	222,000
Other	3,118	-	-	3,118
Total other financing sources	136,118	89,000	-	225,118
Excess of cash receipts and other financing sources over cash disbursements	219,989	103,534	-	323,523
Fund cash balance at beginning of year	336,875	170,126	830	507,831
Fund cash balance at the end of the year	<u>\$ 556,864</u>	<u>\$ 273,660</u>	<u>\$ 830</u>	<u>\$ 831,354</u>
Reserve for encumbrances at the end of the year	<u>\$ 118,909</u>	<u>\$ 3,500</u>	<u>\$ -</u>	<u>\$ 122,409</u>

Village of Sunbury
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances -
Proprietary Fund Type and Similar Fiduciary Funds
For the Year Ended December 31, 2001

	Enterprise	Nonexpendable Trust	Agency	(Memorandum Only) Total
Cash Receipts				
Charges for services	\$ 1,859,901	\$ -	\$ -	\$ 1,859,901
Interest	-	98	-	98
Miscellaneous	287	-	591	878
Total cash receipts	1,860,188	98	591	1,860,877
Cash Disbursements				
Personal services	427,682	-	-	427,682
Contractual services	172,409	-	-	172,409
Supplies and materials	253,945	-	1,678	255,623
Capital outlay	290,393	-	-	290,393
Total cash disbursements	1,144,429	-	1,678	1,146,107
Operating income (loss)	715,759	98	(1,087)	714,770
Non-operating revenues and expenses				
Sale of notes	1,069,000	-	-	1,069,000
Debt payments	(1,326,425)	-	-	(1,326,425)
Other	(11,279)	-	-	(11,279)
Total non-operating receipts and disbursements	(268,704)	-	-	(268,704)
Excess of cash receipts over (under) cash disbursements	447,055	98	(1,087)	446,066
Fund cash balance at beginning of year	549,102	6,758	1,693	557,553
Fund cash balance at the end of the year	<u>\$ 996,157</u>	<u>\$ 6,856</u>	<u>\$ 606</u>	<u>\$ 1,003,619</u>
Reserve for encumbrances at the end of the year	<u>\$ 328,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 328,159</u>

Village of Sunbury
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances -
Governmental Fund Types
For the Year Ended December 31, 2000

	General	Special Revenue	Capital Projects	(Memorandum Only) Total
Cash Receipts				
Property tax and other local taxes	\$ 1,043,198	\$ -	\$ -	\$ 1,043,198
Intergovernmental receipts	220,464	244,408	-	464,872
Charges for services	-	44,519	-	44,519
Fines, licenses, and permits	230,009	-	-	230,009
Earnings on investments	39,187	4,182	-	43,369
Miscellaneous	17,496	53,325	-	70,821
Total cash receipts	1,550,354	346,434	-	1,896,788
Cash Disbursements				
Security of persons and property	564,153	-	-	564,153
Public health services	-	13,119	-	13,119
Community environment	67,324	-	-	67,324
Transportation	429,546	118,201	-	547,747
General government	457,354	-	-	457,354
Debt Service				-
Principal payments	171,000	220,000	-	391,000
Interest payments	7,241	8,870	-	16,111
Capital Outlay	34,269	959	406,528	441,756
Total cash disbursements	1,730,887	361,149	406,528	2,498,564
Total cash receipts (under) cash disbursements	(180,533)	(14,715)	(406,528)	(601,776)
Other financing sources (uses)				
Advances-in	103,706	-	-	103,706
Advances-out	-	(103,706)	-	(103,706)
Sale of notes	160,000	207,000	-	367,000
Other uses	(28,947)	-	-	(28,947)
Total other financing sources	234,759	103,294	-	338,053
Excess of cash receipts and other financing sources over (under) cash disbursements	54,226	88,579	(406,528)	(263,723)
Fund cash balance at beginning of year	282,649	81,547	407,358	771,554
Fund cash balance at the end of the year	\$ 336,875	\$ 170,126	\$ 830	\$ 507,831
Reserve for encumbrances at the end of the year	\$ 81,807	\$ 1,700	\$ -	\$ 83,507

Village of Sunbury
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances -
Proprietary Fund Type and Similar Fiduciary Funds
For the Year Ended December 31, 2000

	Enterprise	Nonexpendable Trust	Agency	(Memorandum Only) Total
Cash Receipts				
Charges for services	\$ 1,316,465	\$ -	\$ -	\$ 1,316,465
Miscellaneous	-	258	1,609	1,867
Total cash receipts	1,316,465	258	1,609	1,318,332
Cash Disbursements				
Personal services	312,610	-	-	312,610
Contractual services	110,290	-	-	110,290
Supplies and materials	387,784	-	1,598	389,382
Capital outlay	9,380	-	-	9,380
Total cash disbursements	820,064	-	1,598	821,662
Operating income	496,401	258	11	496,670
Non-operating revenues and expenses				
Sale of notes	1,134,050	-	-	1,134,050
Debt payments	(1,432,864)	-	-	(1,432,864)
Total non-operating receipts and disbursements	(298,814)	-	-	(298,814)
Excess of cash receipts over cash disbursements	197,587	258	11	197,856
Fund cash balance at beginning of year	351,515	6,500	1,682	359,697
Fund cash balance at the end of the year	<u>\$ 549,102</u>	<u>\$ 6,758</u>	<u>\$ 1,693</u>	<u>\$ 557,553</u>
Reserve for encumbrances at the end of the year	<u>\$ 50,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,825</u>

Village of Sunbury
NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Sunbury, Delaware 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, including water and sewer utilities, park operations (leisure time activities), 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 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.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 to be accounted for in another fund.

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 constructing, maintaining and repairing Village streets.

Cemetery Fund - This fund receives money from the sale of cemetery lots and burial fees.

Village of Sunbury
NOTES TO THE FINANCIAL STATEMENTS

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

Capital Projects 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 maintained only one Capital Projects Fund.

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

Bicycle Fund - This fund receives donations from various sources and activities and is used for the purchase and maintenance of bicycles used by the Village Police Department.

Cemetery Bequest - This fund receives donations from estates in which the proceeds remain in the trust and the interest may be used by the Village.

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund (except certain agency funds) 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 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.

**Village of Sunbury
NOTES TO THE FINANCIAL STATEMENTS**

Continued

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS (Continued)

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.

A summary of 2001 and 2000 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 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:

	<u>2001</u>	<u>2000</u>
Demand deposits	\$1,781,302	\$1,015,384
Certificates of deposit	<u>53,671</u>	<u>50,000</u>
	<u>\$1,834,973</u>	<u>\$1,065,384</u>

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. At December 31, 2001 and 2000 the deposits of the Village were undercollateralized by \$9,334 and \$13,252, respectively.

**Village of Sunbury
NOTES TO THE FINANCIAL STATEMENTS**

Continued

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,655,058	\$1,954,036	\$298,978
Special Revenue	471,902	312,512	(159,390)
Capital Projects	-	-	-
Enterprise	<u>2,690,000</u>	<u>2,929,188</u>	<u>239,188</u>
Total	<u>\$4,816,960</u>	<u>\$5,195,736</u>	<u>\$378,776</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,921,762	\$1,852,956	\$68,806
Special Revenue	267,100	212,478	54,622
Capital Projects	-	-	-
Enterprise	<u>3,229,527</u>	<u>2,810,292</u>	<u>419,235</u>
Total	<u>\$5,418,389</u>	<u>\$4,875,726</u>	<u>\$542,663</u>

**Village of Sunbury
NOTES TO THE FINANCIAL STATEMENTS**

Continued

3. BUDGETARY ACTIVITY (CONTINUED)

Budgetary activity for the year ended December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,740,289	\$1,710,354	(\$29,935)
Special Revenue	257,950	553,434	295,484
Capital Projects	-	-	-
Enterprise	<u>2,974,360</u>	<u>2,450,515</u>	<u>(\$523,845)</u>
Total	<u>\$4,972,599</u>	<u>\$4,714,303</u>	<u>(\$258,296)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,872,793	\$1,841,641	\$31,152
Special Revenue	504,430	362,849	141,581
Capital Projects	407,000	406,528	472
Enterprise	<u>2,448,174</u>	<u>2,303,753</u>	<u>144,421</u>
Total	<u>\$5,232,397</u>	<u>\$4,914,771</u>	<u>\$317,626</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 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.

Village of Sunbury
NOTES TO THE FINANCIAL STATEMENTS

Continued

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest
Ohio Water Development Authority Loan	\$359,878	7.65% - 9.99%
Ohio Public Works Commission Loan	564,534	0%
Bond Anticipation Notes	<u>1,291,000</u>	3.60% - 4.07%
Total	<u><u>\$2,215,412</u></u>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments over 25 years. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loaned money to the Village for various water and sewer projects in the Village limits. The loans will be repaid in semiannual installments over 20 years. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by the Village's ability to tax the residents of the Village.

The Bond Anticipation Notes (BANs) money relates to various projects including street paving and storm sewer improvements. These notes are repaid from ad valorem tax levies and mature at various times throughout the year.

Principal amortization of the above debt is scheduled as follows:

Year ending December 31:	OWDA Loans	OPWC Loans	Notes	Total
2002	\$23,222	\$33,734	\$1,291,000	\$1,347,956
2003	50,668	63,200	-	113,868
2004	55,294	63,200	-	118,494
2005	21,964	63,200	-	85,164
2006	23,644	63,200	-	86,844
Thereafter	185,086	278,000	-	463,086
Total	<u>\$359,878</u>	<u>\$564,534</u>	<u>\$1,291,000</u>	<u>\$2,215,412</u>

Village of Sunbury
NOTES TO THE FINANCIAL STATEMENTS

Continued

6. RETIREMENT SYSTEMS

The Village's law enforcement officers contribute to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees contribute to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are 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 2001, members of PFDPF 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. The Village has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions under wrongful acts

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

8. CONTINGENT LIABILITY

The Village is a defendant in three lawsuits as of December 31, 2001. Although the outcome of the lawsuits are not determinable, management believes that the resolution of these matters will not adversely affect the Village's financial condition.

9. Jointly Governed Organization

The Village of Sunbury Community Park Joint Venture is a jointly governed organization between the Big Walnut Board of Education and The Village of Sunbury. The joint venture agreement was entered into for the purpose of development of an elementary school and an adjacent community park. The legislative and advisory body is made up of two members appointed by the school, two members appointed by the Village and an agreed upon fifth member. The Village has agreed to commit approximately 21 acres to the development of the school and park and the district has committed \$1.4 million to development of the park.



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

Village Council
Village of Sunbury
Delaware County
9 East Granville Road
Sunbury, Ohio 43074

We have audited the accompanying financial statements of the Village of Sunbury, Delaware County, Ohio, (the Village) as of and for the year ended December 31, 2001 and 2000, and have issued our report thereon dated March 11, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-01 and 2001-02. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 11, 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.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Village of Sunbury
Delaware County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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. 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 March 11, 2002.

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

Wilson, Sherman & Sons, Inc.

Newark, Ohio
March 11, 2002

**VILLAGE OF SUNBURY
SCHEDULE OF FINDINGS
DECEMBER 31, 2001**

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

Finding Number	2001-001
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Fiscal Officer Certifying the Funds

Ohio Rev. Code Section 5705.41(D) requires no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from a previous encumbrances.

A purchase order was obtained subsequent to the invoice date for 9 out of the 60 disbursements tested. For 6 out of the 60 disbursements the client could not locate the invoice.

The Village should establish procedures that will require supervisors to submit purchase orders to the Clerk/Treasurer prior to the incurrence of the obligation. The Clerk/Treasurer should certify the amount of the purchase order prior to the placement of the order or purchase of the goods or services.

Finding Number	2001-002
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Council Approval of Advances

Ohio Rev. Code Section 5705.14 states that advances must be approved by a formal resolution of the taxing authority of the subdivision which must include: a specific statement that the transaction is an advance of cash and, an indication of the money (fund) from which it is expected that repayment will be made.

If Village Council intended for the \$103,706 to be a repayment of an advance, the minutes did not reflect this action.

VILLAGE OF SUNBURY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001

Finding Number	Finding Summary	Fully Corrected?	Explanation
1999-001	Ohio Rev. Code 5705.41 (D) - Goods ordered prior to certification.	No.	Improvement has been made; however, this is still an issue.
1999-002	Payroll Procedures for Village Employees - Time cards were not approved by supervisors.	Yes.	Finding no longer applicable.
1999-003	Signature on Checks - checks were only signed by one individual.	Yes.	Checks require dual signature.
1999-004	Custody of Documents - Cancelled checks and deposit tickets could not be located.	Yes.	All critical documents could be located.
1999-005	Minutes of Council Meetings - Minutes of public meetings were not current.	Yes.	Minutes are kept current.



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 SUNBURY

DELAWARE 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
MAY 30, 2002**