



**VILLAGE OF CARLISLE
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CARLISLE
WARREN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Carlisle
Warren County
760 West Central Avenue
Carlisle, Ohio 45005

To the Village Council:

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

We conducted our audit in accordance with 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 audits provide a reasonable basis for our opinion.

As described 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 Carlisle, Warren County, as of December 31, 2000 and 1999, 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 27, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

March 27, 2001

**VILLAGE OF CARLISLE
WARREN COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property Tax and Other Local Taxes	\$485,431	\$312,050	\$0	\$0	\$797,481
Intergovernmental Receipts	181,240	271,909	0	99,248	552,397
Special Assessments	0	0	44,930	0	44,930
Charges for Services	0	21,800	0	83,864	105,664
Fines, Licenses, and Permits	100,010	6,729	0	0	106,739
Earnings on Investments	82,412	0	0	0	82,412
Miscellaneous	45,333	10,179	0	151,712	207,224
Total Cash Receipts	894,426	622,667	44,930	334,824	1,896,847
Cash Disbursements:					
Current:					
Security of Persons and Property	263,596	387,249	0	0	650,845
Leisure Time Activities	6,449	0	0	25,111	31,560
Community Environment	79,091	10,404	0	401,891	491,386
Transportation	0	132,186	0	17,000	149,186
General Government	343,091	3,415	0	0	346,506
Debt Service	204,160	314,944	45,446	648,102	1,212,652
Capital Outlay	9,762	287,956	0	60,456	358,174
Total Disbursements	906,149	1,136,154	45,446	1,152,560	3,240,309
Total Receipts Over/(Under) Disbursements	(11,723)	(513,487)	(516)	(817,736)	(1,343,462)
Other Financing Receipts/(Disbursements):					
Sale of Notes	146,750	505,800	0	1,251,500	1,904,050
Transfers-In	0	43,397	0	0	43,397
Transfers-Out	(51,615)	0	0	0	(51,615)
Total Other Financing Receipts/(Disbursements)	95,135	549,197	0	1,251,500	1,895,832
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	83,412	35,710	(516)	433,764	552,370
Fund Cash Balances, January 1	367,969	359,044	6,240	225,875	959,128
Fund Cash Balances, December 31	\$451,381	\$394,754	\$5,724	\$659,639	\$1,511,498
Reserves for Encumbrances, December 31	\$0	\$1,295	\$0	\$140,262	\$141,557

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

**VILLAGE OF CARLISLE
WARREN COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$936,931	\$0	\$936,931
Miscellaneous	10,983		10,983
Total Operating Cash Receipts	<u>947,914</u>	<u>0</u>	<u>947,914</u>
Operating Cash Disbursements:			
Personal Services	163,729		163,729
Travel Transportation	6,657		6,657
Contractual Services	702,671		702,671
Supplies and Materials	13,839		13,839
Capital Outlay	5,366		5,366
Total Operating Cash Disbursements	<u>892,262</u>	<u>0</u>	<u>892,262</u>
Operating Income/(Loss)	<u>55,652</u>	<u>0</u>	<u>55,652</u>
Non-Operating Cash Receipts:			
Proceeds from Sale of Notes	14,200		14,200
Other Non-Operating Receipts		102,291	102,291
Total Non-Operating Cash Receipts	<u>14,200</u>	<u>102,291</u>	<u>116,491</u>
Non-Operating Cash Disbursements:			
Debt Service	18,806		18,806
Other Non-Operating Cash Disbursements		106,417	106,417
Total Non-Operating Cash Disbursements	<u>18,806</u>	<u>106,417</u>	<u>125,223</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	51,046	(4,125)	46,921
Transfers-In	12,000	0	12,000
Transfers-Out	(3,782)	0	(3,782)
Net Receipts Over/(Under) Disbursements	59,264	(4,125)	55,139
Fund Cash Balances, January 1	<u>193,812</u>	<u>9,588</u>	<u>203,400</u>
Fund Cash Balances, December 31	<u>\$253,076</u>	<u>\$5,463</u>	<u>\$258,539</u>
Reserve for Encumbrances, December 31	<u>\$2,025</u>	<u>\$0</u>	<u>\$2,025</u>

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

**VILLAGE OF CARLISLE
WARREN COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property Tax and Other Local Taxes	\$482,658	\$279,321	\$0	\$0	\$761,979
Intergovernmental Receipts	180,026	301,654	0	53,145	534,825
Special Assessments	0	0	47,115	0	47,115
Charges for Services	0	21,800	0	145,183	166,983
Fines, Licenses, and Permits	102,409	9,067	0	0	111,476
Earnings on Investments	41,493	0	0	0	41,493
Miscellaneous	63,957	23,488	0	33,971	121,416
Total Cash Receipts	<u>870,543</u>	<u>635,330</u>	<u>47,115</u>	<u>232,299</u>	<u>1,785,287</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	244,707	378,371	0	0	623,078
Leisure Time Activities	7,918	0	0	34,605	42,523
Community Environment	84,279	17,013	0	47,622	148,914
Transportation	0	165,651	0	59,044	224,695
General Government	331,971	16,010	0	0	347,981
Debt Service	0	151,057	46,945	64,127	262,129
Capital Outlay	5,857	197,409	0	49,276	252,542
Total Disbursements	<u>674,732</u>	<u>925,511</u>	<u>46,945</u>	<u>254,674</u>	<u>1,901,862</u>
Total Receipts Over/(Under) Disbursements	<u>195,811</u>	<u>(290,181)</u>	<u>170</u>	<u>(22,375)</u>	<u>(116,575)</u>
Other Financing Receipts/(Disbursements):					
Sale of Bonds	0	304,147	0	58,000	362,147
Transfers-In	0	27,796	0	84,017	111,813
Transfers-Out	(84,000)	(7,400)	0	(49,017)	(140,417)
Total Other Financing Receipts/(Disbursements)	<u>(84,000)</u>	<u>324,543</u>	<u>0</u>	<u>93,000</u>	<u>333,543</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>111,811</u>	<u>34,362</u>	<u>170</u>	<u>70,625</u>	<u>216,968</u>
Restated Fund cash balances, January 1 (see note 9)	256,158	324,681	6,070	155,250	742,159
Fund Cash Balances, December 31	<u>\$367,969</u>	<u>\$359,044</u>	<u>\$6,240</u>	<u>\$225,875</u>	<u>\$959,128</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF CARLISLE
WARREN COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$873,076	\$0	\$873,076
Miscellaneous	0		0
Total Operating Cash Receipts	<u>873,076</u>	<u>0</u>	<u>873,076</u>
Operating Cash Disbursements:			
Personal Services	139,322		139,322
Travel Transportation	4,915		4,915
Contractual Services	642,645		642,645
Supplies and Materials	14,234		14,234
Capital Outlay	29,388		29,388
Total Operating Cash Disbursements	<u>830,504</u>	<u>0</u>	<u>830,504</u>
Operating Income/(Loss)	<u>42,572</u>	<u>0</u>	<u>42,572</u>
Non-Operating Cash Receipts:			
Proceeds from Notes	212,594		212,594
Other Non-Operating Receipts	0	96,303	96,303
Total Non-Operating Cash Receipts	<u>212,594</u>	<u>96,303</u>	<u>308,897</u>
Non-Operating Cash Disbursements:			
Debt Service	258,569		258,569
Other Non-Operating Cash Disbursements	0	94,910	94,910
Total Non-Operating Cash Disbursements	<u>258,569</u>	<u>94,910</u>	<u>353,479</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(3,403)	1,393	(2,010)
Transfers-In	63,604	0	63,604
Transfers-Out	(35,000)	0	(35,000)
Net Receipts Over/(Under) Disbursements	25,201	1,393	26,594
Fund Cash Balances, January 1	<u>168,611</u>	<u>8,195</u>	<u>176,806</u>
Fund Cash Balances, December 31	<u>\$193,812</u>	<u>\$9,588</u>	<u>\$203,400</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF CARLISLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Carlisle, Warren 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), police services, and a planning and zoning department. The Village contracts with the Franklin Township Fire department to provide fire 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 Deposits

Certificates of deposits are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. 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:

**VILLAGE OF CARLISLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fire Fund - This fund receives money from real estate and personal property taxes and contracts with local township fire districts to provide for the protection of area citizens.

Police Services Fund - This fund receives money from income taxes for increasing the manpower of the police department and to improve police services.

3. Debt Service Funds

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village utilizes this fund to account for the payment of debt related to the issuance of bonds for the water system improvement and street improvement and construction.

4. 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 Acquisition Capital Improvement Land (CACIL) Fund - This fund receives money from tap-in fees for various replacement and improvement activities.

5. 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 Fund:

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

6. 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:

Mayor's Court Fund - This fund is used to account for the collection and distribution of court fines and forfeitures.

**VILLAGE OF CARLISLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 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 DEPOSITS

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

**VILLAGE OF CARLISLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND DEPOSITS (Continued)

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 770,037	\$ 462,528
Certificates of deposit	<u>1,000,000</u>	<u>700,000</u>
 Total deposits	 <u>\$ 1,770,037</u>	 <u>\$1,162,528</u>

Deposits are either: (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 1,030,591	\$ 1,041,176	\$ 10,585
Special Revenue	1,166,337	1,171,864	5,527
Debt Service	44,930	44,930	0
Capital Projects	1,317,863	1,586,324	268,461
Enterprise	<u>934,960</u>	<u>974,114</u>	<u>39,154</u>
 Total	 <u>\$ 4,494,681</u>	 <u>\$ 4,818,408</u>	 <u>\$ 323,727</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,064,112	\$ 957,764	\$ 106,348
Special Revenue	1,179,603	1,137,449	42,154
Debt Service	46,035	45,446	589
Capital Projects	1,322,658	1,292,822	29,836
Enterprise	<u>972,830</u>	<u>916,875</u>	<u>55,955</u>
 Total	 <u>\$ 4,585,238</u>	 <u>\$ 4,350,356</u>	 <u>\$ 234,882</u>

**VILLAGE OF CARLISLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 841,022	\$ 870,543	\$ 29,521
Special Revenue	946,343	967,273	20,930
Debt Service	47,115	47,115	0
Capital Projects	324,993	374,316	49,323
Enterprise	<u>1,119,461</u>	<u>1,149,274</u>	<u>29,813</u>
Total	<u>\$ 3,278,934</u>	<u>\$ 3,408,521</u>	<u>\$ 129,587</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 865,240	\$ 758,732	\$ 106,508
Special Revenue	970,761	932,911	37,850
Debt Service	47,145	46,945	200
Capital Projects	325,750	303,691	22,059
Enterprise	<u>1,175,187</u>	<u>1,124,073</u>	<u>51,114</u>
Total	<u>\$ 384,083</u>	<u>\$ 3,166,352</u>	<u>\$ 217,731</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 CARLISLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Special Assessment Bonds	\$ 185,000	6.25%
Street Improvement Bonds	345,000	Various
Bond Anticipation Notes	1,768,250	Various
Ohio Development Authority Loan	7,170	N/A
Capital Leases	<u>27,232</u>	Various
 Total	 <u>\$ 2,332,652</u>	

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

<u>Year ending December 31:</u>	<u>Special Assessment Bonds</u>	<u>Street Improvement Bonds</u>	<u>Capital Leases</u>	<u>OWDA Loan</u>	<u>Bond Anticipation Notes</u>
2001	\$ 12,781	\$ 27,115	\$ 12,081	\$ 2,390	\$1,918,250
2002	12,563	31,690	5,592	2,390	0
2003	13,344	31,038	0	2,390	0
Subsequent	<u>203,375</u>	<u>445,283</u>	<u>0</u>	<u>0</u>	<u>0</u>
 Total	 <u>\$ 242,062</u>	 <u>\$535,125</u>	 <u>\$ 17,673</u>	 <u>\$ 7,170</u>	 <u>\$1,918,250</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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 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. In 1999 the Village contributed an amount equal to 13.55% of participants' gross salaries, however this figure was reduced in 2000 to an amount equal to 10.84% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF CARLISLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

8. CONTINGENT LIABILITIES

The Village is the defendant in two lawsuits. Although the outcome of these suits are not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. PRIOR PERIOD ADJUSTMENT

The January 1, 1999 balances of the General Fund, Special Revenue Fund, Capital Projects Fund, as well as the Enterprise Fund were restated due to prior year posting errors as follows:

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise Fund</u>
Balance at December 31, 1998	\$253,543	\$327,279	\$144,946	\$178,913
Adjustment	<u>2,615</u>	<u>(2,598)</u>	<u>10,304</u>	<u>(10,302)</u>
Balance at January 1, 1999	<u>\$256,158</u>	<u>\$324,681</u>	<u>\$155,250</u>	<u>\$168,611</u>

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STATE OF OHIO
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Carlisle
Warren County
760 West Central Avenue
Carlisle, Ohio 45005

To the Village Council:

We have audited the financial statements of the Village of Carlisle, Warren County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999 and have issued our report thereon dated March 27, 2001. We conducted our audits 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 Carlisle's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village of Carlisle in a separate letter dated March 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Carlisle's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village of Carlisle in a separate letter dated March 27, 2001.

Village of Carlisle
Warren County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

March 27, 2001



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VILLAGE OF CARLISLE

WARREN 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 8, 2001**