



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF LOWELL  
WASHINGTON COUNTY

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Lowell  
Washington County  
P.O. Box 337  
Lowell, Ohio 45744-0337

To the Village Council:

We have audited the accompanying financial statements of the Village of Lowell, Washington County, Ohio (the Village), as of and for the years 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Lowell, Washington County, 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 September 5, 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, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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**Jim Petro**  
Auditor of State

September 5, 2002

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**VILLAGE OF LOWELL  
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$10,008	\$	\$10,008
Intergovernmental Receipts	59,690	22,073	81,763
Charges for Services	3		3
Fines, Licenses, and Permits	1,307		1,307
Earnings on Investments	9,598	113	9,711
Miscellaneous	3,542	229	3,771
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	84,148	22,415	106,563
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	29,953		29,953
Public Health Services	1,060		1,060
Leisure Time Activities	2,822		2,822
Transportation		14,911	14,911
General Government	58,677		58,677
Capital Outlay		9,059	9,059
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	92,512	23,970	116,482
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	(8,364)	(1,555)	(9,919)
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		4,000	4,000
Transfers-Out	(4,000)		(4,000)
Other Financing Sources	1,127		1,127
Contingencies	(470)		(470)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(3,343)	4,000	657
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(11,707)	2,445	(9,262)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	60,407	11,645	72,052
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$48,700</b>	<hr/> <b>\$14,090</b>	<hr/> <b>\$62,790</b>

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

**VILLAGE OF LOWELL  
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$134,366
Miscellaneous	1,309
	135,675
Total Operating Cash Receipts	135,675
<b>Operating Cash Disbursements:</b>	
Personal Services	62,313
Fringe Benefits	14,313
Contractual Services	20,484
Supplies and Materials	38,545
Capital Outlay	10,963
Miscellaneous	3,870
	150,488
Total Operating Cash Disbursements	150,488
Operating Income/(Loss)	(14,813)
<b>Non-Operating Cash Receipts:</b>	
Special Assessments	69,670
	69,670
Total Non-Operating Cash Receipts	69,670
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	67,412
Other Non-Operating Cash Disbursements	5,753
	73,165
Total Non-Operating Cash Disbursements	73,165
Net Receipts Over/(Under) Disbursements	(18,308)
Fund Cash Balances, January 1	219,702
<b>Fund Cash Balances, December 31</b>	<b>\$201,394</b>

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



**VILLAGE OF LOWELL  
WASHINGTON 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**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$10,112	\$	\$	\$10,112
Intergovernmental Receipts	64,235	56,803	27,500	148,538
Charges for Services	3			3
Fines, Licenses, and Permits	874			874
Earnings on Investments	11,077	58		11,135
Miscellaneous	8,523	1		8,524
<b>Total Cash Receipts</b>	<b>94,824</b>	<b>56,862</b>	<b>27,500</b>	<b>179,186</b>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	21,383			21,383
Public Health Services	914			914
Leisure Time Activities	7,643			7,643
Transportation		13,676		13,676
General Government	49,948			49,948
Capital Outlay		37,500	27,500	65,000
<b>Total Cash Disbursements</b>	<b>79,888</b>	<b>51,176</b>	<b>27,500</b>	<b>158,564</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>14,936</b>	<b>5,686</b>	<b>0</b>	<b>20,622</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-Out	(3,500)			(3,500)
Contingencies	(236)			(236)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(3,736)</b>	<b>0</b>	<b>0</b>	<b>(3,736)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>11,200</b>	<b>5,686</b>	<b>0</b>	<b>16,886</b>
<b>Fund Cash Balances, January 1</b>	<b>49,207</b>	<b>5,959</b>	<b>0</b>	<b>55,166</b>
<b>Fund Cash Balances, December 31</b>	<b>\$60,407</b>	<b>\$11,645</b>	<b>\$0</b>	<b>\$72,052</b>

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

**VILLAGE OF LOWELL  
WASHINGTON COUNTY**

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$139,833
	139,833
Total Operating Cash Receipts	139,833
<b>Operating Cash Disbursements:</b>	
Personal Services	56,767
Fringe Benefits	14,512
Contractual Services	20,819
Supplies and Materials	24,079
Capital Outlay	12,987
Miscellaneous	3,270
	132,434
Total Operating Cash Disbursements	132,434
Operating Income/(Loss)	7,399
<b>Non-Operating Cash Receipts:</b>	
Special Assessments	68,389
	68,389
Total Non-Operating Cash Receipts	68,389
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	67,412
Other Non-Operating Cash Disbursements	4,589
	72,001
Total Non-Operating Cash Disbursements	72,001
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	3,787
Transfers-In	3,500
	7,287
Net Receipts Over/(Under) Disbursements	7,287
Fund Cash Balances, January 1	212,415
	219,702
<b>Fund Cash Balances, December 31</b>	<b>\$219,702</b>

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

**VILLAGE OF LOWELL  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Lowell, Washington 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 six-member Council. The Village provides water and sewer utilities, park operations, 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. Money market mutual funds (including STAROhio) are recorded at share values reported by the mutual fund.

**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:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue 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.

CDBG Federal Grant Fund - This fund receives grant monies from CDBG for street paving projects.

**VILLAGE OF LOWELL  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. 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:

OPWC Capital Projects Fund – This fund accounts for monies received from the Ohio Public Works Commission for street paving projects.

**4. 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.

Utility Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility expansion. This loan will be repaid from a utility surcharge, also accounted for in this fund.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. Appropriations lapse at year end.

**2. Estimated Resources**

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

VILLAGE OF LOWELL  
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

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:

	2001	2000
Demand deposits	\$114,186	\$142,979
Certificates of deposit	95,000	95,000
Total deposits	<u>209,186</u>	<u>237,979</u>
STAROhio	54,998	53,775
Total investments	<u>54,998</u>	<u>53,775</u>
Total deposits and investments	<u><u>\$264,184</u></u>	<u><u>\$291,754</u></u>

**Deposits:** Deposits are either insured by the Federal Deposit Insurance Corporation and/or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF LOWELL  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,239	\$85,275	(\$5,964)
Special Revenue	26,100	26,415	315
Capital Projects	49,940	0	(49,940)
Enterprise	190,500	205,345	14,845
Total	<u>\$357,779</u>	<u>\$317,035</u>	<u>(\$40,744)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$151,646	\$96,982	\$54,664
Special Revenue	37,746	23,970	13,776
Capital Projects	49,940	0	49,940
Enterprise	410,202	223,653	186,549
Total	<u>\$649,534</u>	<u>\$344,605</u>	<u>\$304,929</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,228	\$94,824	\$3,596
Special Revenue	59,500	56,862	(2,638)
Capital Projects	27,500	27,500	0
Enterprise	190,500	211,722	21,222
Total	<u>\$368,728</u>	<u>\$390,908</u>	<u>\$22,180</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,936	\$83,624	\$57,312
Special Revenue	65,459	51,176	14,283
Capital Projects	27,500	27,500	0
Enterprise	402,915	204,435	198,480
Total	<u>\$636,810</u>	<u>\$366,735</u>	<u>\$270,075</u>

**VILLAGE OF LOWELL  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$488,244	8.26%
Total	\$488,244	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer expansion project. The loan will be repaid in semiannual installments of \$33,706, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

	<u>OWDA Loan</u>
Year ending December 31:	
2002	\$67,412
2003	67,412
2004	67,412
2005	67,412
2006	67,412
2007 - 2011	337,060
2012 - 2013	101,118
Total	\$775,238

**VILLAGE OF LOWELL  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RETIREMENT SYSTEMS**

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 2001 and 2000, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 (latest available years) generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protects against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, 2000 and 1999 (the latest information available):

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

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

**8. CONTINGENT LIABILITIES**

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.





**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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

Village of Lowell  
Washington County  
P.O. Box 337  
Lowell, Ohio 45744-0337

To the Village Council:

We have audited the accompanying financial statements of the Village of Lowell, Washington County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated September 5, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 5, 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. 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 in a separate letter dated September 5, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

September 5, 2002

VILLAGE OF LOWELL  
WASHINGTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-31084-001	ORC 5705.41(D)(1) – failure to obtain Clerk’s prior certification of the availability of funds	Yes	





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF LOWELL**

**WASHINGTON 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  
SEPTEMBER 26, 2002**