



**VILLAGE OF HANGING ROCK
LAWRENCE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF HANGING ROCK
LAWRENCE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Hanging Rock
Lawrence County
100 Scioto Avenue
Hanging Rock, Ohio 45638

To the Village Council Members:

We have audited the accompanying financial statement of the Village of Hanging Rock, Lawrence 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 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 Hanging Rock, Lawrence 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 29, 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 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.

Jim Petro
Auditor of State

March 29, 2001

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**VILLAGE OF HANGING ROCK
LAWRENCE 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>Governmental Fund Types</u>		<u>Total (Memorandum) Only</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$2,864	\$	\$2,864
Intergovernmental Receipts	19,536	5,191	24,727
Charges for Services	83,086		83,086
Earnings on Investments	216		216
Miscellaneous	3,712		3,712
Total Cash Receipts	<u>109,414</u>	<u>5,191</u>	<u>114,605</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	84,503		84,503
Transportation		12,769	12,769
General Government	30,955		30,955
Total Cash Disbursements	<u>115,458</u>	<u>12,769</u>	<u>128,227</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>(6,044)</u>	<u>(7,578)</u>	<u>(13,622)</u>
Fund Cash Balances, January 1	<u>7,384</u>	<u>19,841</u>	<u>27,225</u>
Fund Cash Balances, December 31	<u><u>\$1,340</u></u>	<u><u>\$12,263</u></u>	<u><u>\$13,603</u></u>

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

VILLAGE OF HANGING ROCK
LAWRENCE COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND CASH BALANCE - FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$106,543</u>
Total Non-Operating Cash Receipts	<u>106,543</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>106,873</u>
Total Non-Operating Cash Disbursements	<u>106,873</u>
Excess of Receipts Over/(Under) Disbursements	<u>(330)</u>
Fund Cash Balance, January 1	<u>10,952</u>
Fund Cash Balance, December 31	<u><u>\$10,622</u></u>

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

VILLAGE OF HANGING ROCK
LAWRENCE 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**

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$3,216	\$	\$3,216
Intergovernmental Receipts	23,006	6,011	29,017
Charges for Services	81,683		81,683
Earnings on Investments	448		448
Miscellaneous	2,833		2,833
Total Cash Receipts	<u>111,186</u>	<u>6,011</u>	<u>117,197</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	74,901		74,901
Transportation		7,274	7,274
General Government	44,078		44,078
Total Cash Disbursements	<u>118,979</u>	<u>7,274</u>	<u>126,253</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>(7,793)</u>	<u>(1,263)</u>	<u>(9,056)</u>
Fund Cash Balances, January 1	<u>15,177</u>	<u>21,104</u>	<u>36,281</u>
Fund Cash Balances, December 31	<u><u>\$7,384</u></u>	<u><u>\$19,841</u></u>	<u><u>\$27,225</u></u>

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

VILLAGE OF HANGING ROCK
LAWRENCE COUNTY

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

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$107,360</u>
Total Non-Operating Cash Receipts	<u>107,360</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>104,164</u>
Total Non-Operating Cash Disbursements	<u>104,164</u>
Excess of Receipts Over/(Under) Disbursements	<u>3,196</u>
Fund Cash Balance, January 1 (Restated, See Note 2)	<u>7,756</u>
Fund Cash Balance, December 31	<u><u>\$10,952</u></u>

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

**VILLAGE OF HANGING ROCK
LAWRENCE 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 Hanging Rock, Lawrence 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 general governmental services, including maintenance of roads and police protection.

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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. 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 license tax money for constructing, maintaining and repairing Village streets.

Highway Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village highways.

**VILLAGE OF HANGING ROCK
LAWRENCE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Fiduciary Fund (Agency Fund)

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

Agency Fund - This fund is used to account for the activities of the Village's Mayor's Court.

D. 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 function 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.

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. 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.

**VILLAGE OF HANGING ROCK
LAWRENCE COUNTY**

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

2. FUND BALANCE RESTATEMENT

Due to a prior period adjustment, the January 1, 1999 fund balance for the Agency Fund has been restated as follows:

	<u>Agency Fund</u>	
Fund cash balance was originally stated, December 31, 1998	\$7,056	
Prior Period Adjustment	<u>700</u>	
Restated fund cash balance, January 1, 1999	<u>\$7,756</u>	

3. 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 at December 31 was as follows:

	<u>2000</u>	<u>1999</u>	
Demand deposits	<u>\$ 24,225</u>	<u>\$ 38,177</u>	

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

4. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 117,027	\$ 109,414	\$ (7,613)
Special Revenue	<u>6,000</u>	<u>5,191</u>	<u>(809)</u>
Total	<u>\$ 123,027</u>	<u>\$ 114,605</u>	<u>\$ (8,422)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 124,000	\$ 115,458	\$ 8,542
Special Revenue	<u>24,240</u>	<u>12,769</u>	<u>11,471</u>
Total	<u>\$ 148,240</u>	<u>\$ 128,227</u>	<u>\$ 20,013</u>

**VILLAGE OF HANGING ROCK
LAWRENCE COUNTY**

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

4. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 109,785	\$ 111,186	\$ 1,401
Special Revenue	3,000	6,011	3,011
Total	\$ 112,785	\$ 117,197	\$ 4,412

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 124,900	\$ 118,979	\$ 5,921
Special Revenue	23,000	7,274	15,726
Total	\$ 147,900	\$ 126,253	\$ 21,647

The Village made expenditures which exceeded appropriations in several funds contrary to Ohio Rev. Code Section 5705.41(B).

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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 in 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 HANGING ROCK
LAWRENCE COUNTY**

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

6. RETIREMENT SYSTEM

The Village's law enforcement officers belong to the Police and 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 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 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. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Village has paid all contributions through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Property

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

Village of Hanging Rock
Lawrence County
100 Scioto Avenue
Hanging Rock, Ohio 45638

To the Village Council Members:

We have audited the accompanying financial statements of the Village of Hanging Rock, Lawrence County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 29, 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'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item number 2000-30744-001. We also noted a certain immaterial instance of noncompliance that we have reported to the management of the Village in a separate letter dated March 29, 2001.

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 statement 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 March 29, 2001.

Village of Hanging Rock
Lawrence County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and the 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 29, 2001

VILLAGE OF HANGING ROCK
LAWRENCE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 and 1999

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

FINDING NUMBER 2000-30744-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states that no subdivision is to expend money unless it has been appropriated. Expenditures exceeded appropriations by the amounts listed below, at the legal level of control throughout the audit period in the following line items:

December 31, 1999:

1000-110-200	\$4,615	1000-110-400	\$ 928
1000-150-400	228	1000-715-300	725
1000-720-100	5,345	1000-720-200	820
1000-720-300	375	1000-725-400	226
1000-730-300	1,022	1000-730-400	1,992
1000-745-300	1,529		

December 31, 2000:

1000-110-252	\$ 900	1000-725-343	\$ 396
1000-730-321	54	1000-740-344	69

We recommend that the Clerk monitor appropriations and expenditures periodically throughout the year. The Treasurer should deny payment requests exceeding appropriations. The Treasurer may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**VILLAGE OF HANGING ROCK
LAWRENCE COUNTY**

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2000 and 1999**

Finding Number	Planned Corrective Action	Anticipated Completion	Responsible Contact Person
2000-30744-001	Village intends to monitor budgetary appropriations more closely in relation to actual expenditures.	December 31, 2001	Tony Hopper, Clerk

**VILLAGE OF HANGING ROCK
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 and 1999**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-30744-001	Ohio Rev. Code Section 5705.41 (D) - Funds were not certified prior to purchases being made.	Yes	The Clerk implemented the use of the UAN accounting software which requires funds to be certified prior to purchases being made.
1998-30744-002	Ohio Rev. Code Section 5705.41 (B) - Disbursements exceeded appropriations	No	Not corrected.



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VILLAGE OF HANGING ROCK

LAWRENCE 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
APRIL 24, 2001**