



**VILLAGE OF MORRISTOWN
BELMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF MORRISTOWN
BELMONT COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Morristown
Belmont County
P.O. Box 241
Morristown, Ohio 43759

To the Village Council:

We have audited the accompanying financial statements of the Village of Morristown, Belmont 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 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 and reserves for encumbrances of the Village of Morristown, Belmont 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 June 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

June 29, 2001

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VILLAGE OF MORRISTOWN
BELMONT 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$4,015	\$10,952	\$	\$14,967
Intergovernmental Receipts	38,895	26,415	6,714	72,024
Charges for Services		43,673		43,673
Earnings on Investments	3,101			3,101
Miscellaneous	1,641	151		1,792
	<u>47,652</u>	<u>81,191</u>	<u>6,714</u>	<u>135,557</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	12,155	124,053		136,208
Public Health Services	720			720
Community Environment	83			83
Transportation	10,075	14,153		24,228
General Government	22,100			22,100
Debt Service		39,000	6,714	45,714
	<u>45,133</u>	<u>177,206</u>	<u>6,714</u>	<u>229,053</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,519</u>	<u>(96,015)</u>	<u>0</u>	<u>(93,496)</u>
Other Financing Receipts:				
Sale of Bonds or Notes		88,110		88,110
	<u>0</u>	<u>88,110</u>	<u>0</u>	<u>88,110</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	2,519	(7,905)	0	(5,386)
Fund Cash Balances, January 1	26,984	40,194	0	67,178
Fund Cash Balances, December 31	<u>\$29,503</u>	<u>\$32,289</u>	<u>\$0</u>	<u>\$61,792</u>
Reserves for Encumbrances, December 31	<u>\$416</u>	<u>\$687</u>	<u>\$0</u>	<u>\$1,103</u>

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

**VILLAGE OF MORRISTOWN
BELMONT COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$50,576
Total Operating Cash Receipts	50,576
Operating Cash Disbursements:	
Personal Services	13,399
Fringe Benefits	1,603
Contractual Services	41,854
Supplies and Materials	13,474
Miscellaneous	134
Total Operating Cash Disbursements	70,464
Operating Income/(Loss)	(19,888)
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	18,288
Total Non-Operating Cash Receipts	18,288
Non-Operating Cash Disbursements:	
Debt Service	12,320
Total Non-Operating Cash Disbursements	12,320
Net Cash Receipts Over/(Under) Cash Disbursements	(13,920)
Fund Cash Balances, January 1	19,696
Fund Cash Balances, December 31	\$5,776
Reserves for Encumbrances, December 31	\$231

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

**VILLAGE OF MORRISTOWN
BELMONT 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		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$4,244	\$5,322	\$9,566
Intergovernmental Receipts	38,522	25,841	64,363
Charges for Services		26,562	26,562
Fines, Licenses, and Permits	301		301
Miscellaneous	3,715	88	3,803
	<u>46,782</u>	<u>57,813</u>	<u>104,595</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	11,651	10,106	21,757
Public Health Services	692		692
Community Environment	83		83
Transportation	9,967	20,513	30,480
General Government	25,153		25,153
Debt Service		27,000	27,000
Capital Outlay	34,890		34,890
	<u>82,436</u>	<u>57,619</u>	<u>140,055</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(35,654)</u>	<u>194</u>	<u>(35,460)</u>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	14,001		14,001
Transfers-In		1,500	1,500
Transfers-Out	(1,500)		(1,500)
	<u>12,501</u>	<u>1,500</u>	<u>14,001</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(23,153)	1,694	(21,459)
Fund Cash Balances, January 1	<u>50,137</u>	<u>38,500</u>	<u>88,637</u>
Fund Cash Balances, December 31	<u>\$26,984</u>	<u>\$40,194</u>	<u>\$67,178</u>
Reserves for Encumbrances, December 31	<u>\$1,000</u>	<u>\$425</u>	<u>\$1,425</u>

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

**VILLAGE OF MORRISTOWN
BELMONT COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$53,595
Miscellaneous	1,669
Total Operating Cash Receipts	55,264
Operating Cash Disbursements:	
Personal Services	16,335
Contractual Services	39,763
Supplies and Materials	4,765
Capital Outlay	105,000
Total Operating Cash Disbursements	165,863
Operating Income/(Loss)	(110,599)
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	112,147
Other Non-Operating Cash Receipts	879
Total Non-Operating Cash Receipts	113,026
Non-Operating Cash Disbursements:	
Debt Service	5,665
Total Non-Operating Cash Disbursements	5,665
Net Cash Receipts Over/(Under) Cash Disbursements	(3,238)
Fund Cash Balances, January 1	22,934
Fund Cash Balances, December 31	\$19,696
Reserves for Encumbrances, December 31	\$574

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

**VILLAGE OF MORRISTOWN
BELMONT 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 Morristown, Belmont 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 water utilities (public health services) and fire and police services (security of persons and property).

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.

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 Fund:

Fire Truck and Equipment Fund - This fund receives the proceeds from a voted levy for the operation of the fire department, the proceeds from a fire contract with another subdivision, and the proceeds from the issuance of debt for the purchase of a new fire truck.

**VILLAGE OF MORRISTOWN
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 Projects Fund:

Issue II Fund - This fund receives loan proceeds from the Ohio Public Works Commission which are used to finance water system improvements.

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.

Water Capital Improvement Fund - This fund receives charges for services from residents to cover the cost of construction and repair of facilities relating to this utility.

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 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.

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.

**VILLAGE OF MORRISTOWN
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 carried over, and need not be reappropriated. The Village did not encumber all commitments required by law.

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

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and 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>2000</u>	<u>1999</u>
Demand deposits	\$ 26,422	\$ 10,314
Certificates of deposit	12,964	30,750
Money Market Account	<u>28,182</u>	<u>45,810</u>
Total deposits	<u>\$ 67,568</u>	<u>\$ 86,874</u>

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

**VILLAGE OF MORRISTOWN
BELMONT COUNTY**

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

3. 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	\$ 58,448	\$ 47,652	\$ (10,796)
Special Revenue	148,435	169,301	20,866
Capital Projects	6,714	6,714	0
Enterprise	68,400	68,864	464
Total	<u>\$ 281,997</u>	<u>\$ 292,531</u>	<u>\$ 10,534</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,432	\$ 45,549	\$ 27,883
Special Revenue	110,518	177,893	(67,375)
Capital Projects	0	6,714	(6,714)
Enterprise	80,597	83,015	(2,418)
Total	<u>\$ 264,547</u>	<u>\$ 313,171</u>	<u>\$ (48,624)</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 61,744	\$ 60,783	\$ (961)
Special Revenue	62,222	59,313	(2,909)
Enterprise	161,355	168,290	6,935
Total	<u>\$ 285,321</u>	<u>\$ 288,386</u>	<u>\$ 3,065</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 98,393	\$ 84,936	\$ 13,457
Special Revenue	100,273	58,044	42,229
Enterprise	78,763	172,102	(93,339)
Total	<u>\$ 277,429</u>	<u>\$ 315,082</u>	<u>\$ (37,653)</u>

Several funds had expenditures in excess of appropriations, at December 31, 2000 and 1999.

Various expenditures made during 2000 and 1999 were executed without properly obtaining the Clerk/Treasurer's prior certification of available funds.

**VILLAGE OF MORRISTOWN
BELMONT COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2000, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$ 10,580	0%
Commercial Loans	112,860	6.3-9%
Ohio Department of Commerce Loan	<u>56,000</u>	0%
Total	<u>\$ 179,440</u>	

The Ohio Public Works Commission (OPWC) loan relates to a water plant expansion project that was mandated by the Ohio Environmental Protection Agency regulations. The OPWC approved a \$18,400 loan to the Village for this project. The loan will be repaid in semiannual installments of \$460 over a twenty year period. The loan is collateralized by water receipts.

Three of the commercial loans were issued to finance the purchase of a fire truck, a fire department jump truck, and a police cruiser. These loans are collateralized solely by the Village's taxing authority. Another commercial loan was issued to finance a water improvement project. This loan is collateralized by water receipts.

The Ohio Department of Commerce loan relates to the purchase of a new fire truck. A \$60,000 loan was approved for this purchase. The loan will be repaid in quarterly installments of \$1,000 over a fifteen year period. This loan is collateralized solely by the Village's taxing authority.

**VILLAGE OF MORRISTOWN
BELMONT COUNTY**

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

5. DEBT (Continued)

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

Year ending December 31:	OPWC Loan	Commercial Loans	Ohio Department of Commerce Loan
2001	\$920	\$ 20,396	\$ 4,000
2002	920	15,225	4,000
2003	920	15,225	4,000
2004	920	14,053	4,000
2005	920	10,540	4,000
Subsequent	<u>5,980</u>	<u>90,468</u>	<u>36,000</u>
Total	<u>\$10,580</u>	<u>\$165,907</u>	<u>\$56,000</u>

At December 31, 2000, the Village also had drawn \$25,436 on a \$40,000 letter of credit with the Ohio Water Development Authority. The project related to the possibility of providing wastewater treatment and/or disposal for Village residents. Repayment terms have not been developed as the project has not been completed.

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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Village has paid all contributions required 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



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110
www.auditor.state.oh.us

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

Village of Morristown
Belmont County
P.O. Box 241
Morristown, Ohio 43759

To the Village Council:

We have audited the accompanying financial statements of the Village of Morristown, Belmont County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 29, 2001. 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 2000-31007-001 and 2000-31007-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 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 statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2000-31007-003 and 2000-31007-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also 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 June 29, 2001.

Village of Morristown
Belmont 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

June 29, 2001

**VILLAGE OF MORRISTOWN
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-31007-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal agent of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal agent's certificate that a sufficient sum was appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than one thousand dollars, the Clerk/Treasurer may authorize it to be paid without the affirmation of the Village Council.

Invoice dates preceded the Village Clerk/Treasurer's certification of available funds in thirty-two percent of tested expenditures. The Clerk/Treasurer did not utilize the "then and now" certificate option.

We recommend that liabilities, contracts, and open purchase commitments be certified as to available funds by the Clerk/Treasurer and encumbered prior to the date of the invoice.

FINDING NUMBER 2000-31007-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

The following funds had expenditures plus encumbrances in excess of appropriations at December 31, 2000:

Fund	Appropriations	Budgetary Expenditures	Overexpenditure
Fire Truck and Equipment Fund	\$38,075	\$109,941	(\$71,866)
Cruiser Fund	22,200	31,418	(9,218)
Issue II Fund	0	6,714	(6,714)
Sewer Engineering Fund	0	18,185	(18,185)

**VILLAGE OF MORRISTOWN
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2000-31007-002
(Continued)**

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(B) (Continued)

The following funds had expenditures plus encumbrances in excess of appropriations at December 31, 1999:

Fund	Appropriations	Budgetary Expenditures	Overexpenditure
Water Fund	\$57,648	\$59,729	(\$2,081)
Water Construction and Improvement Fund	20,192	112,373	(92,181)

The Water Construction and Improvement Fund also had expenditures exceeding appropriations throughout 1999.

We recommend Village officials monitor fund expenditures to ensure they remain within their respective appropriations.

FINDING NUMBER 2000-31007-003

Reportable Condition - Budgeted Receipts and Disbursements

The Village's 2000 and 1999 revenue and expenditure journals did not properly reflect all estimated resources and appropriations. As a result, the Village's annual budgetary financial statements did not reflect correct information and Village Officials could not adequately monitor the comparison of estimated resources versus actual receipts and appropriations versus expenditures throughout the period. The accompanying budgetary footnote presents budgetary actions approved by Council.

We recommend estimated resources and appropriations be input into the Village's computer system as received from the County Budget Commission and approved by Village Council.

FINDING NUMBER 2000-31007-004

Reportable Condition - Posting of Receipts and Disbursements

Several receipts and/or disbursements were not posted into accurate receipt and/or appropriation classifications, based on the source of receipt or nature of the disbursement.

**VILLAGE OF MORRISTOWN
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2000-31007-004
(Continued)**

Reportable Condition - Posting of Receipts and Disbursements (Continued)

As a result, several adjusting entries were prepared to post these receipts and/or disbursements into correct classifications. This situation could also result in inaccurate financial information being distributed to Village officials.

We recommend the Clerk/Treasurer consult the Village Officers' Handbook (Rev. 3/2001) when monies are received and bills are to be paid, to help ensure these transactions are posted to appropriate receipt and appropriation classifications and accurate financial statements are prepared.



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 MORRISTOWN

BELMONT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 21, 2001**