



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF NEW ALBANY
FRANKLIN COUNTY

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of New Albany
Franklin County
99 W. Main Street
New Albany, Ohio 43054

To the Village Council:

We have audited the accompanying financial statements of the Village of New Albany, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 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 and reserves for encumbrances of the Village of New Albany, Franklin County, Ohio as of December 31, 2001 and December 31, 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 August 1, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, 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.

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

JIM PETRO
Auditor of State

August 1, 2002

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**VILLAGE OF NEW ALBANY
FRANKLIN 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**

| | Governmental Fund Types | | | | Totals (Memorandum Only) |
|--|-------------------------|--------------------|------------------|---------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | |
| Cash Receipts: | | | | | |
| Property Tax and Other Local Taxes | \$3,071,960 | \$144,278 | \$0 | \$281,537 | \$3,497,775 |
| Intergovernmental Receipts | 325,888 | 955,304 | | 38,324 | 1,319,516 |
| Charges for Services | 46,500 | 265,259 | | 481,752 | 793,511 |
| Fines, Licenses, and Permits | 728,277 | 10,813 | | | 739,090 |
| Miscellaneous | 157,295 | 17,476 | | 85,651 | 260,422 |
| Total Cash Receipts | 4,329,920 | 1,393,130 | 0 | 887,264 | 6,610,314 |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 1,213,793 | 3,780 | | | 1,217,573 |
| Public Health Services | 53,541 | | | | 53,541 |
| Leisure Time Activities | | 0 | | 18,669 | 18,669 |
| Community Environment | 305,898 | | | | 305,898 |
| Transportation | 362,839 | 917,547 | | | 1,280,386 |
| General Government | 1,588,981 | 4,880 | | | 1,593,861 |
| Debt Service: | | | | | |
| Principal Payments | | | 50,849 | 2,703,398 | 2,754,247 |
| Interest Payments | | | 390,773 | 104,977 | 495,750 |
| Capital Outlay | 644,266 | 354,178 | | 628,142 | 1,626,586 |
| Total Cash Disbursements | 4,169,318 | 1,280,385 | 441,622 | 3,455,186 | 9,346,511 |
| Total Receipts Over/(Under) Disbursements | 160,602 | 112,745 | (441,622) | (2,567,922) | (2,736,197) |
| Other Financing Receipts and (Disbursements): | | | | | |
| Proceeds of Debt | 220,336 | | | 2,720,336 | 2,940,672 |
| Other Financing Sources | 7,575 | | | | 7,575 |
| Other Financing Uses | | | | (3,534) | (3,534) |
| Transfers-In | | | 470,000 | | 470,000 |
| Transfers-Out | (470,000) | 0 | 0 | 0 | (470,000) |
| Total Other Financing Receipts/(Disbursements) | (242,089) | 0 | 470,000 | 2,716,802 | 2,944,713 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (81,487) | 112,745 | 28,378 | 148,880 | 208,516 |
| Fund Cash Balances, January 1 | 1,403,188 | 383,065 | (19,256) | 1,541,339 | 3,308,336 |
| Fund Cash Balances, December 31 | \$1,321,701 | \$495,810 | \$9,122 | \$1,690,219 | \$3,516,852 |
| Reserves for Encumbrances, December 31 | \$55,084 | \$10,726 | \$0 | \$16,819 | \$82,629 |

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

**VILLAGE OF NEW ALBANY
FRANKLIN COUNTY**

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

| | <u>Proprietary Fund Types</u> | <u>Fiduciary Fund Types</u> | <u>Totals (Memorandum Only)</u> |
|--|-----------------------------------|---------------------------------|---|
| | <u>Internal Service</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$0 | \$402,452 | \$402,452 |
| Total Operating Cash Receipts | <u>0</u> | <u>402,452</u> | <u>402,452</u> |
| Operating Cash Disbursements: | | | |
| Capital Outlay | | 429,669 | 429,669 |
| Total Operating Cash Disbursements | <u>0</u> | <u>429,669</u> | <u>429,669</u> |
| Operating Income/(Loss) | <u>0</u> | <u>(27,217)</u> | <u>(27,217)</u> |
| Non-Operating Cash Receipts: | | | |
| Property Tax and Other Local Taxes | | 1,402,047 | 1,402,047 |
| Fines, Licenses, and Permits | | 175,327 | 175,327 |
| Total Non-Operating Cash Receipts | <u>0</u> | <u>1,577,374</u> | <u>1,577,374</u> |
| Non-Operating Cash Disbursements: | | | |
| Other Non-Operating Cash Disbursements | | 1,570,896 | 1,570,896 |
| Total Non-Operating Cash Disbursements | <u>0</u> | <u>1,570,896</u> | <u>1,570,896</u> |
| Net Receipts Over/(Under) Disbursements | 0 | (20,739) | (20,739) |
| Fund Cash Balances, January 1 | <u>35</u> | <u>116,211</u> | <u>116,246</u> |
| Fund Cash Balances, December 31 | <u>\$35</u> | <u>\$95,472</u> | <u>\$95,507</u> |

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

**VILLAGE OF NEW ALBANY
FRANKLIN 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>Debt Service</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | | |
| Property Tax and Other Local Taxes | \$2,641,974 | \$0 | \$0 | \$348,046 | \$2,990,020 |
| Intergovernmental Receipts | 240,565 | 837,690 | | 329,432 | 1,407,687 |
| Charges for Services | 47,193 | 317,143 | | 985,198 | 1,349,534 |
| Fines, Licenses, and Permits | 604,011 | 8,035 | | | 612,046 |
| Miscellaneous | 141,305 | 41,836 | | 200,664 | 383,805 |
| Total Cash Receipts | 3,675,048 | 1,204,704 | 0 | 1,863,340 | 6,743,092 |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 1,025,345 | 1,370 | | | 1,026,715 |
| Public Health Services | 44,709 | | | | 44,709 |
| Leisure Time Activities | | 0 | | 32,544 | 32,544 |
| Community Environment | 131,714 | | | | 131,714 |
| Transportation | 186,910 | 473,363 | | | 660,273 |
| General Government | 1,279,563 | 2,245 | | | 1,281,808 |
| Debt Service: | | | | | |
| Principal Payments | | | 160,733 | 2,284,099 | 2,444,832 |
| Interest Payments | | | 303,839 | 116,614 | 420,453 |
| Capital Outlay | 121,823 | 756,037 | | 7,987,470 | 8,865,330 |
| Total Cash Disbursements | 2,790,064 | 1,233,015 | 464,572 | 10,420,727 | 14,908,378 |
| Total Receipts Over/(Under) Disbursements | 884,984 | (28,311) | (464,572) | (8,557,387) | (8,165,286) |
| Other Financing Receipts and (Disbursements): | | | | | |
| Sale of Bonds or Notes | | | | 4,840,346 | 4,840,346 |
| Sale of Fixed Assets | 1,384 | | | | 1,384 |
| Other Financing Sources | 14,687 | | | | 14,687 |
| Other Financing Uses | (53,480) | 0 | | (6,531) | (60,011) |
| Transfers-In | | 95,000 | 481,300 | | 576,300 |
| Transfers-Out | (576,300) | | | 0 | (576,300) |
| Total Other Financing Receipts/(Disbursements) | (613,709) | 95,000 | 481,300 | 4,833,815 | 4,796,406 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 271,275 | 66,689 | 16,728 | (3,723,572) | (3,368,880) |
| Fund Cash Balances, January 1 | 1,131,913 | 316,376 | (35,984) | 5,264,911 | 6,677,216 |
| Fund Cash Balances, December 31 | \$1,403,188 | \$383,065 | (\$19,256) | \$1,541,339 | \$3,308,336 |
| Reserves for Encumbrances, December 31 | \$0 | \$0 | \$0 | \$0 | \$0 |

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

**VILLAGE OF NEW ALBANY
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND 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>Internal Service</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$0 | \$449,911 | \$449,911 |
| Total Operating Cash Receipts | <u>0</u> | <u>449,911</u> | <u>449,911</u> |
| Operating Cash Disbursements: | | | |
| Contractual Services | | 405,832 | 405,832 |
| Total Operating Cash Disbursements | <u>0</u> | <u>405,832</u> | <u>405,832</u> |
| Operating Income/(Loss) | <u>0</u> | <u>44,079</u> | <u>44,079</u> |
| Non-Operating Cash Receipts: | | | |
| Property Tax and Other Local Taxes | | 432,043 | 432,043 |
| Fines, Licenses and Permits | | 154,935 | 154,935 |
| Total Non-Operating Cash Receipts | <u>0</u> | <u>586,978</u> | <u>586,978</u> |
| Non-Operating Cash Disbursements: | | | |
| Other Non-Operating Cash Disbursements | | 587,643 | 587,643 |
| Total Non-Operating Cash Disbursements | <u>0</u> | <u>587,643</u> | <u>587,643</u> |
| Net Receipts Over/(Under) Disbursements | <u>0</u> | <u>43,414</u> | <u>43,414</u> |
| Fund Cash Balances, January 1 | <u>35</u> | <u>72,797</u> | <u>72,832</u> |
| Fund Cash Balances, December 31 | <u><u>\$35</u></u> | <u><u>\$116,211</u></u> | <u><u>\$116,246</u></u> |

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

**VILLAGE OF NEW ALBANY
FRANKLIN 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 New Albany, Franklin 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 seven-member Council. The Village provides general governmental 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

U.S Treasury Notes are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

D. Fund Accounting

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

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 Fund

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:

ODOT Fund - This fund received a grant from the Ohio Department of Transportation for a street construction project.

**VILLAGE OF NEW ALBANY
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Subdivision Development Fund -This fund receives fees from developers for the payment of planning services and construction inspection services.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness.

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 funds:

Capital Improvement Fund- This fund receives intergovernmental, miscellaneous and water sewer tap receipts for acquiring, purchasing and/or constructing, reconstructing, and maintaining infrastructure. The fund is also used for paying the cost of property improvements purchased for any public purpose.

Bond Improvement Fund- This fund receives proceeds of general obligation bonds. The proceeds are being used to construct a new municipal building.

5. Internal Service Fund

This fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the government generally on a cost-reimbursement basis.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Columbus Sewer Capacity – This fund is used for collecting and remitting the Columbus sewer capacity fees.

Economic Opportunity Zone Income Tax Fund – This fund receives income tax receipts from the businesses within the economic opportunity zone. The income taxes are remitted to the New Albany Community Authority and Plain Local School District.

Blacklick Economic Opportunity Zone Fund – This fund receives income tax receipts from the businesses within the Blacklick economic opportunity zone. The income taxes are remitted to the New Albany Community Authority and Plain Local School District.

**VILLAGE OF NEW ALBANY
FRANKLIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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 re-appropriated.

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.

**VILLAGE OF NEW ALBANY
FRANKLIN COUNTY**

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

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 | \$631,542 | \$616,968 |
| Total deposits | 631,542 | 616,968 |
| U.S. Treasury Obligations | 2,871,390 | 2,702,541 |
| STAR Ohio | 109,427 | 105,073 |
| Total investments | 2,980,817 | 2,807,614 |
| Total deposits and investments | \$3,612,359 | \$3,424,582 |

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

Investments: U.S. Treasury Obligations are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

| 2001 Budgeted vs. Actual Receipts | | | |
|--|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$4,213,997 | \$4,557,831 | \$343,834 |
| Special Revenue | 1,417,336 | 1,393,130 | (24,206) |
| Debt Service | 626,076 | 470,000 | (156,076) |
| Capital Projects | 1,840,353 | 3,607,600 | 1,767,247 |
| Agency | 1,631,160 | 1,979,826 | 348,666 |
| Total | \$9,728,922 | \$12,008,387 | \$2,279,465 |

**VILLAGE OF NEW ALBANY
FRANKLIN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|----------------------|
| General | \$4,352,942 | \$4,694,402 | (\$341,460) |
| Special Revenue | 866,315 | 1,291,111 | (424,796) |
| Debt Service | 844,076 | 441,622 | 402,454 |
| Capital Projects | 773,280 | 3,475,539 | (2,702,259) |
| Agency | 1,695,847 | 2,000,565 | (304,718) |
| Total | <u>\$8,532,460</u> | <u>\$11,903,239</u> | <u>(\$3,370,779)</u> |

2000 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|---------------------|--------------------|
| General | \$3,510,000 | \$3,691,119 | \$181,119 |
| Special Revenue | 526,700 | 1,299,704 | 773,004 |
| Debt Service | 407,097 | 481,300 | 74,203 |
| Capital Projects | 3,000,270 | 6,703,686 | 3,703,416 |
| Agency | 786,000 | 1,036,889 | 250,889 |
| Total | <u>\$8,230,067</u> | <u>\$13,212,698</u> | <u>\$4,982,631</u> |

2000 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|----------------------|
| General | \$4,220,605 | \$3,419,844 | \$800,761 |
| Special Revenue | 1,729,868 | 1,233,015 | 496,853 |
| Debt Service | 371,097 | 464,572 | (93,475) |
| Capital Projects | 5,565,990 | 10,427,258 | (4,861,268) |
| Agency | 1,442,703 | 993,475 | 449,228 |
| Total | <u>\$13,330,263</u> | <u>\$16,538,164</u> | <u>(\$3,207,901)</u> |

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority at the legal level of control in the following funds in 2001: General, Alcohol Education Fund, Capital Improvement Fund, ODOT Grant Fund, Economic Opportunity Zone Income Tax Fund, and Blacklick EOZ Fund. Budgetary expenditures exceeded appropriation authority in the following funds in 2000: General, Debt Service Fund, Bond Improvement Fund, Blacklick EOZ Fund.

**VILLAGE OF NEW ALBANY
FRANKLIN 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. LOCAL INCOME TAX

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority (RITA) either monthly or quarterly, as required. RITA collects and processes the village's income tax receipts. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---|---------------------------|----------------------|
| Ohio Water Development Authority Loan #2163 | \$1,746,709 | 5.77% |
| Ohio Water Development Authority Loan #2977 | 493,668 | 6.72% |
| Ohio Water Development Authority Loan #3189 | 659,120 | 5.25% |
| Capital Improvement Bonds | 3,655,000 | variable |
| Bond Anticipation Notes | <u>2,500,000</u> | 2.52% |
| Total | <u><u>\$9,054,497</u></u> | |

The Ohio Water Development Authority (OWDA) loans 2977 and 3189 relate to the construction of waterlines. Loan 2163 relates to the construction of an elevated water storage tank and booster pump. The loans are collateralized by the Village's general revenues. The loans will be repaid in semi-annual installments, including interest, over 20 years.

The Capital Improvement Bonds were issued in 1999 in the amount of \$4,080,000 for the construction of a municipal building. The bonds are being repaid in semiannual installments and will mature in 2018.

**VILLAGE OF NEW ALBANY
FRANKLIN COUNTY**

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

6. DEBT (Continued)

Bond Anticipation Notes were issued in 2001 in the amount of \$2,500,000 at an interest rate of 2.52% for the construction of a new sanitary sewer sub-trunk line.

The project related to OWDA loan number 2163 has not been completed and a final amortization schedule has not been approved.

Except for OWDA loan number 2163, amortization of the above debt, including interest, is scheduled as follows:

| Year ending December 31: | <u>OWDA Loans</u> | <u>Capital Improvement Bonds</u> | <u>Bond Anticipation Note</u> |
|--------------------------|--------------------|--|---------------------------------------|
| 2002 | \$59,055 | \$312,112 | \$2,500,000 |
| 2003 | 118,111 | 304,538 | |
| 2004 | 118,111 | 311,962 | |
| 2005 | 118,111 | 315,775 | |
| 2006 | 118,111 | 309,125 | |
| 2007 - 2011 | 590,555 | 1,573,048 | |
| 2012 - 2016 | 533,726 | 1,558,930 | |
| 2017 - 2021 | 245,288 | 627,038 | |
| Total | <u>\$1,901,068</u> | <u>\$5,312,528</u> | <u>\$2,500,000</u> |

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and 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 2001 and 2000, PFDPF participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. 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.

**VILLAGE OF NEW ALBANY
FRANKLIN COUNTY**

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

8. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Municipal 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 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect 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:

| | <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 above information is the most recent available from the Ohio Municipal League Joint Self-Insurance Pool.

9. 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
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of New Albany
Franklin County
99 W. Main Street
New Albany, Ohio 43054

To the Village Council:

We have audited the accompanying financial statements of the Village of New Albany, Franklin County, Ohio (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 1, 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 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 2001-30625-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 1, 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation 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 2001-30625-002 and 2001-30625-003.

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 do not believe the reportable conditions described above are material weaknesses. 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 August 1, 2002.

This report is intended solely for the information and use of management and 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", with a large loop at the end of the signature.

JIM PETRO
Auditor of State

August 1, 2002

**VILLAGE OF NEW ALBANY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

Noncompliance Citation

| | |
|-----------------------|-----------------------|
| Finding Number | 2001-30625-001 |
|-----------------------|-----------------------|

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing entity is to expend money unless it has been appropriated.

The following instances were noted in which the Village's expenditures plus encumbrances exceeded the approved appropriations at the legal level of control as of December 31:

| Year | Fund | Appropriations | Expenditures | Variance |
|-------------|--|----------------|--------------|-------------|
| 2001 | General Fund | | | |
| | Police Dept: Salaries & Benefits | \$1,028,061 | \$1,083,322 | (\$55,261) |
| | Police Dept: Operating Supplies | \$128,341 | \$234,195 | (\$105,854) |
| | Building Dept: Salaries & Benefits | \$146,047 | \$149,444 | (\$3,397) |
| | Building Dept: Contracted Services | \$86,500 | \$148,988 | (\$62,488) |
| | Village Admin: Operating Supplies | \$14,500 | \$15,295 | (\$795) |
| | Finance Dept: General Expenditures | \$181,806 | \$212,790 | (\$30,984) |
| | Mayor's Court: Salaries & Benefits | \$96,629 | \$101,884 | (\$5,255) |
| 2001 | Special Revenue Fund | | | |
| | Alcohol Ed. Fund: Operating Expenses | \$1,600 | \$2,173 | (\$573) |
| | ODOT Grant Fund: Const. Costs | \$159,476 | \$509,476 | (\$350,000) |
| | ODOT Grant Fund: Project Management | \$0 | \$106,480 | (\$106,480) |
| 2001 | Capital Projects Fund | | | |
| | Capital Improvement Fund: Capital Outlay | \$150,000 | \$236,206 | (\$86,206) |
| 2001 | Agency Fund | | | |
| | EOZ Income Tax Fund: Infrastructure Reimb. | \$389,378 | \$410,579 | (\$21,201) |
| | EOZ Income Tax Fund: Pmt to PLSD | \$456,136 | \$480,695 | (\$24,559) |
| | Blacklick EOZ Income Tax Fund: Pmt to NACA | \$63,055 | \$340,515 | (\$277,460) |
| | Blacklick EOZ Income Tax Fund: Pmt to NAPLSD | \$31,528 | \$170,258 | (\$138,730) |
| 2000 | General Fund | | | |
| | Police Dept: Salaries & Benefits | \$915,124 | \$929,112 | (\$13,988) |
| | Village Admin: Operating Expenses | \$6,150 | \$40,288 | (\$34,138) |
| | Finance Dept: Salaries & Benefits | \$117,396 | \$149,544 | (\$32,148) |
| | Finance Dept: Operating Expenses | \$62,700 | \$92,404 | (\$29,704) |
| | Council: Salaries & Benefits | \$74,531 | \$77,773 | (\$3,242) |
| 2000 | Debt Service Fund | | | |
| | Debt Service Fund | \$371,097 | \$464,572 | (\$93,475) |
| | | | | |

**VILLAGE OF NEW ALBANY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

Noncompliance Citation (Continued)

| | |
|-----------------------|-----------------------------------|
| Finding Number | 2001-30625-001 (Continued) |
|-----------------------|-----------------------------------|

| Year | Fund | Appropriations | Expenditures | Variance |
|-------------|--|----------------|--------------|---------------|
| 2000 | Capital Projects Fund | | | |
| | Bond Improvement Fund: Capital Outlay | \$2,996,400 | \$4,824,674 | (\$1,828,274) |
| 2000 | Agency Funds | | | |
| | Blacklick EOZ Income Tax Fund: Pmt to NACA | \$27,000 | \$28,585 | (\$1,585) |
| | Blacklick EOZ Income Tax Fund: Pmt to PLSD | \$14,000 | \$14,292 | (\$292) |

The Finance Director should deny payment requests exceeding appropriations. The Finance Director should request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary. The Village may also wish to aggregate certain appropriation accounts in their appropriation resolution to provide more flexibility and judgment to the Finance Director in approving commitments.

Reportable Conditions

| | |
|-----------------------|-----------------------|
| Finding Number | 2001-30625-002 |
|-----------------------|-----------------------|

Source Documentation

The Village should maintain adequate supporting documentation all financial activity.

The Village could not always provide adequate supporting documentation for receipts (i.e. subdivision development receipts, various building department receipts). Lack of supporting documentation could result in miscoding of such receipts in the accounting system.

We recommend the Finance Director ensure adequate supporting documentation is maintained for all financial transactions. The documentation should agree to the posting.

This matter was also communicated in the 1998-1999 audit.

| | |
|-----------------------|-----------------------|
| Finding Number | 2001-30625-003 |
|-----------------------|-----------------------|

Monitoring Budgetary

We noted a lack of Council and management's monitoring controls over budgetary and financial reporting, to identify variances in budgetary comparisons. The lack of monitoring controls could result in the decline of the Village's control procedures without legislative knowledge.

Monitoring controls comprise regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Monitoring controls generally are concerned with users' analysis of reports or other forms of data produced by the accounting system. Such data may indirectly provide assurance as to the reliability of financial reporting information.

**VILLAGE OF NEW ALBANY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

We recommend the Council and management review monthly reports comparing budgeted receipts and expenditures to actual results of operations. In addition, the Finance Director should ensure the financial reports accurately reflect all Council approved appropriations and estimated receipts and any amendments.



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VILLAGE OF NEW ALBANY

FRANKLIN 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 12, 2002**