



**VILLAGE OF URBANCREST
FRANKLIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1998-1997



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Urbancrest
Franklin County
3492 First Avenue
Urbancrest, Ohio 43123

To the Village Council:

We have audited the accompanying financial statements of the Village of Urbancrest, Franklin County, Ohio, (the Village) as of and for the years ended December 31, 1998 and December 31, 1997. 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 and reserves for encumbrances of the Village as of December 31, 1998 and 1997, 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 January 26, 2000 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.

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

January 26, 2000

Village of Urbancrest

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$68,409	\$0	\$68,409
Intergovernmental Receipts	573,971	208,045	782,016
Charges for Services	3,343	0	3,343
Fines, Licenses, and Permits	550	0	550
Miscellaneous	18,190	0	18,190
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	664,463	208,045	872,508
Cash Disbursements:			
Current:			
Security of Persons and Property	12,181	0	12,181
Public Health Services	482	0	482
Leisure Time Activities	55,108	0	55,108
Community Environment	8,387	0	8,387
Transportation	5,914	8,321	14,235
General Government	117,595	0	117,595
Capital Outlay	483,450	200,000	683,450
	<hr/>	<hr/>	<hr/>
Total Disbursements	683,117	208,321	891,438
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(18,654)	(276)	(18,930)
Fund Cash Balances January 1	268,879	59,272	328,151
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$250,225	\$58,996	\$309,221
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Reserves for Encumbrances, December 31	\$34,446	\$0	\$0
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The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$22,589
Total Operating Cash Receipts	<u>22,589</u>
Operating Cash Disbursements:	
Personal Services	1,182
Contractual Services	14
Supplies and Materials	<u>4,487</u>
Total Operating Cash Disbursements	<u>5,683</u>
Operating Income/(Loss)	<u>16,906</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>3,486</u>
Total Non-Operating Cash Receipts	<u>3,486</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>5,886</u>
Total Non-Operating Cash Disbursements	<u>5,886</u>
Net Receipts Over/(Under) Disbursements	14,506
Fund Cash Balances, January 1	<u>171,302</u>
Fund Cash Balances, December 31	<u><u>\$185,808</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$29,930	\$0	\$29,930
Intergovernmental Receipts	202,055	7,914	209,969
Charges for Services	48,028	0	48,028
Fines, Licenses, and Permits	10,240	0	10,240
Miscellaneous	10,945	0	10,945
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	301,198	7,914	309,112
Cash Disbursements:			
Current:			
Security of Persons and Property	13,164	0	13,164
Public Health Services	847	0	847
Leisure Time Activities	17,009	0	17,009
Community Environment	4,973	0	4,973
Transportation	15,580	3,237	18,817
General Government	102,110	0	102,110
Capital Outlay	75,773	0	75,773
	<hr/>	<hr/>	<hr/>
Total Disbursements	229,456	3,237	232,693
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Total Receipts Over/(Under) Disbursements	71,742	4,677	76,419
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	71,742	4,677	76,419
	<hr/>	<hr/>	<hr/>
Fund Cash Balances January 1	197,137	54,595	251,732
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Fund Cash Balances, December 31	<u>\$268,879</u>	<u>\$59,272</u>	<u>\$328,151</u>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$0	\$0	\$0
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The notes to the financial statements are an integral part of this statement.

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	<u>\$46,463</u>
Total Operating Cash Receipts	<u>46,463</u>
Operating Cash Disbursements:	
Personal Services	1,266
Contractual Services	9,116
Supplies and Materials	206
Capital Outlay	<u>1,455</u>
Total Operating Cash Disbursements	<u>12,043</u>
Operating Income/(Loss)	<u>34,420</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>4,745</u>
Total Non-Operating Cash Receipts	<u>4,745</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>5,886</u>
Total Non-Operating Cash Disbursements	<u>5,886</u>
Net Receipts Over/(Under) Disbursements	33,279
Fund Cash Balances, January 1	<u>138,023</u>
Fund Cash Balances, December 31	<u><u>\$171,302</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Urbancrest, Franklin 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'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.

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.

Community Development Block Grant (C.D.B.G) - This fund accounts for the Community Development Block Grant receipts and expenditures.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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.

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.

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.

3. Encumbrances

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

A summary of 1998 and 1997 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(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:

	<u>1998</u>	<u>1997</u>
Demand deposits	\$ 395,029	\$ 296,674
Certificates of deposit	<u>100,000</u>	<u>202,782</u>
Total deposits	<u>\$ 495,029</u>	<u>\$ 499,456</u>

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: The village did not have any investments during 1998 or 1997.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1998 and 1997 follows:

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 248,594	\$ 664,463	\$ 415,869
Special Revenue	7,000	208,045	201,045
Enterprise	<u>30,000</u>	<u>26,075</u>	<u>(3,925)</u>
Total	<u>\$ 285,594</u>	<u>\$ 898,583</u>	<u>\$ 612,989</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 517,109	\$ 717,563	\$ (200,454)
Special Revenue	61,595	208,321	(146,726)
Enterprise	<u>158,022</u>	<u>11,569</u>	<u>146,453</u>
Total	<u>\$ 736,726</u>	<u>\$ 937,453</u>	<u>\$ (200,727)</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1997 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 214,196	\$ 301,198	\$ 87,002
Special Revenue	7,000	7,914	914
Enterprise	<u>20,000</u>	<u>51,208</u>	<u>31,208</u>
Total	<u>\$ 241,196</u>	<u>\$ 360,320</u>	<u>\$ 119,124</u>

1997 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 411,334	\$ 229,456	\$ 181,878
Special Revenue	61,595	3,237	58,358
Enterprise	<u>158,022</u>	<u>17,929</u>	<u>140,093</u>
Total	<u>\$ 630,951</u>	<u>\$ 250,622</u>	<u>\$ 380,329</u>

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.

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, 1998 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority	\$ <u>69,952</u>	3.50%
Total	<u>\$ 69,952</u>	

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

5. DEBT (Continued)

The Ohio Water Development Authority (OWDA) loan relates to utility construction projects under the Pure Water Series I Construction Fund Agreement, dated April 15, 1990. The loans will be repaid in semiannual installments of \$2,942.87, including interest. Property and revenue of the utility facility have been pledged to repay the debt.

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

Year ending December 31:	OWDA Loan
1999	\$ 2,943
2000	5,886
2001	5,886
2002	5,886
2003	5,886
Subsequent	<u>64,743</u>
Total	<u><u>\$ 91,229</u></u>

6. RETIREMENT SYSTEMS

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. The 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. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1998.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

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.

9. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Village's operations as early as fiscal year 1999.

Franklin County distributes a substantial sum of money to the Village of Urbancrest in the form of taxes and intergovernmental payments. Franklin County is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the Village of Urbancrest in the form of intergovernmental payments. The State of Ohio is responsible for remediating these systems.

To the best of management's knowledge and belief, as of January 26, 2000, the Village of Urbancrest experienced no interruption of operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may arise, and parties with whom the Village of Urbancrest does business may also experience Year 2000 readiness issues that are as yet, unknown.



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

Village of Urbancrest
Franklin County
3492 First Avenue
Urbancrest, Ohio 43123

To the Village Council:

We have audited the accompanying financial statements of the Village of Urbancrest, Franklin County, Ohio (the Village), as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated January 26, 2000. 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 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 January 26, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 January 26, 2000.

Village of Urbancrest
Franklin 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 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

January 26, 2000



STATE OF OHIO
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VILLAGE OF URBANCREST

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
FEBRUARY 22, 2000**