



**VILLAGE OF ALVORDTON
WILLIAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF ALVORDTON
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Alvordton
Williams County
P.O. Box 258
Alvordton, Ohio 43501-0258

To the Village Council:

We have audited the accompanying financial statements of the Village of Alvordton, Williams County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 1999 and 1998, 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 20, 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, 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

June 20, 2000

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**VILLAGE OF ALVORDTON
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$19,896	\$1,909		\$21,805
Intergovernmental Receipts	18,249	9,759		28,008
Miscellaneous	418	108		526
Total Cash Receipts	<u>38,563</u>	<u>11,776</u>		<u>50,339</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	7,498			7,498
Basic Utility Services	644			644
Transportation	651	8,018		8,669
General Government	21,691			21,691
Capital Outlay	2,531	3,797	\$2,810	9,138
Total Cash Disbursements	<u>33,015</u>	<u>11,815</u>	<u>2,810</u>	<u>47,640</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>5,548</u>	<u>(39)</u>	<u>(2,810)</u>	<u>2,699</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		400	600	1,000
Transfers-Out	(1,000)			(1,000)
Total Other Financing Receipts/(Disbursements)	<u>(1,000)</u>	<u>400</u>	<u>600</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>4,548</u>	<u>361</u>	<u>(2,210)</u>	<u>2,699</u>
Fund Cash Balances, January 1	<u>13,496</u>	<u>2,968</u>	<u>2,656</u>	<u>19,120</u>
Fund Cash Balances, December 31	<u><u>\$18,044</u></u>	<u><u>\$3,329</u></u>	<u><u>\$446</u></u>	<u><u>\$21,819</u></u>

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

**VILLAGE OF ALVORDTON
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>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$21,146	\$1,552		\$22,698
Intergovernmental Receipts	18,042	8,492		26,534
Fines, Licenses, and Permits	6			6
Miscellaneous	2,153	71	\$1,500	3,724
Total Cash Receipts	<u>41,347</u>	<u>10,115</u>	<u>1,500</u>	<u>52,962</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	12,195			12,195
Transportation	3,208	9,791		12,999
General Government	20,987			20,987
Capital Outlay	63		1,061	1,124
Total Cash Disbursements	<u>36,453</u>	<u>9,791</u>	<u>1,061</u>	<u>47,305</u>
Total Cash Receipts Over Cash Disbursements	<u>4,894</u>	<u>324</u>	<u>439</u>	<u>5,657</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		800		800
Transfers-Out	(800)			(800)
Total Other Financing Receipts/(Disbursements)	<u>(800)</u>	<u>800</u>		
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<u>4,094</u>	<u>1,124</u>	<u>439</u>	<u>5,657</u>
Fund Cash Balances January 1	<u>9,402</u>	<u>1,844</u>	<u>2,217</u>	<u>13,463</u>
Fund Cash Balances, December 31	<u><u>\$13,496</u></u>	<u><u>\$2,968</u></u>	<u><u>\$2,656</u></u>	<u><u>\$19,120</u></u>

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

**VILLAGE OF ALVORDTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Alvordton, Williams 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 park operations (leisure time activities), and part-time police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. 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:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Motor Vehicle License Tag Fund -This fund receives license tax money for maintaining Village streets.

**VILLAGE OF ALVORDTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Other Capital Project Fund - This fund is being used to construct a new municipal building.

D. 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$21,819	\$19,120

Deposits are insured by the Federal Depository Insurance Corporation.

VILLAGE OF ALVORDTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,400	\$38,563	(\$837)
Special Revenue	14,000	12,176	(1,824)
Capital Projects	4,000	600	(3,400)
Total	<u>\$57,400</u>	<u>\$51,339</u>	<u>(\$6,061)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,874	\$34,015	\$13,859
Special Revenue	18,502	11,815	6,687
Capital Projects	5,472	2,810	2,662
Total	<u>\$71,848</u>	<u>\$48,640</u>	<u>\$23,208</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,822	\$41,347	\$3,525
Special Revenue	17,900	10,915	(6,985)
Capital Projects	4,000	1,500	(2,500)
Total	<u>\$59,722</u>	<u>\$53,762</u>	<u>(\$5,960)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,224	\$37,253	\$9,971
Special Revenue	17,638	9,791	7,847
Capital Projects	6,217	1,061	5,156
Total	<u>\$71,079</u>	<u>\$48,105</u>	<u>\$22,974</u>

**VILLAGE OF ALVORDTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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.

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, 1999 was as follows:

	Principal	Interest Rate
Tractor and Lawnmower Lease	\$8,076	6.253%

The Tractor and Lawnmower Lease was entered into by the Village to assist in the maintenance of the streets and the maintenance of the building and grounds. The Village Council has approved the lease for \$27,255.99. The lease will be repaid in monthly installments of \$527.40, including interest, over 5 years.

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

Year ending December 31:	Tractor and Lawnmower Lease
2000	\$6,329
2001	2,110
Total	\$8,439

6. RETIREMENT SYSTEMS

The Village's part-time 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.

VILLAGE OF ALVORDTON
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, 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, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

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

Village of Alvordton
Williams County
P.O. Box 258
Alvordton, Ohio 43501-0258

To the Village Council:

We have audited the accompanying financial statements of the Village of Alvordton, Williams County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 20, 2000. We conducted our audits 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 audits 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 1999-30186-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 20, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 20, 2000.

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.

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

Jim Petro
Auditor of State

June 20, 2000

**VILLAGE OF ALVORDTON
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30186-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exception to this basic requirement is provided by statute:

- A. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

- B. Amounts of less than \$1,000 for political subdivisions (other than counties), may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Seventeen percent of the transactions tested were certified at the time the commitment was incurred. These commitments were not subsequently approved by the Trustees within the aforementioned 30 day time period.

We recommend the Clerk certify the amount required to meet a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance prior to placing an order. In instances where prior certification is not practical, we recommend issuance of a "then and now" certificate.

**VILLAGE OF ALVORDTON
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1997-30186-001	Ohio Revised Code § 5705.41(D), Failure to encumber funds	No	Partially Corrected. Village continues to improve preparing purchase orders for the acquisition of goods and services.



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VILLAGE OF ALVORDTON

WILLIAMS 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
JULY 18, 2000**