



**VILLAGE OF VENEDOCIA
VAN WERT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF VENEDOCIA
VAN WERT COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Venedocia
Van Wert County
P.O. Box 611
Venedocia, OH 45894-0611

To the Village Council:

We have audited the accompanying financial statements of the Village of Venedocia (the Village) as of and for the years ended December 31, 2000 and December 31, 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 accounting principles generally accepted in the United States of America.

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, 2000 and December 31, 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 October 10, 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 the 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.

Jim Petro
Auditor of State

October 10, 2001

**VILLAGE OF VENEDOCIA
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$1,419	\$1,070	\$2,489
Intergovernmental Receipts	15,914	3,087	19,001
Earnings on Investments	2,759	384	3,143
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	20,092	4,541	24,633
Cash Disbursements:			
Current:			
Security of Persons and Property	2,443		2,443
Public Health Services	247		247
Leisure Time Activities	3,600		3,600
Community Environment	171		171
Transportation	525	1,560	2,085
General Government	11,084	15	11,099
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	18,070	1,575	19,645
Total Receipts Over Disbursements	2,022	2,966	4,988
Fund Cash Balances, January 1	29,676	28,199	57,875
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$31,698</u>	<u>\$31,165</u>	<u>\$62,863</u>

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

**VILLAGE OF VENEDOCIA
VAN WERT 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$1,458	\$1,163	\$2,621
Intergovernmental Receipts	18,474	5,158	23,632
Earnings on Investments	332	298	630
Miscellaneous	1,305		1,305
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	21,569	6,619	28,188
Cash Disbursements:			
Current:			
Security of Persons and Property	2,112	933	3,045
Public Health Services	457		457
Leisure Time Activities	3,145		3,145
Community Environment	72		72
Transportation		2,800	2,800
General Government	10,582	28	10,610
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	16,368	3,761	20,129
Total Receipts Over Disbursements	5,201	2,858	8,059
Fund Cash Balances January 1	24,475	25,341	49,816
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$29,676</u>	<u>\$28,199</u>	<u>\$57,875</u>

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

**VILLAGE OF VENEDOCIA
VAN WERT 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 Venedocia, Van Wert 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 park operations. The Village contracts with the Village of Middle Point to provide fire protection 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

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 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.

Fire Levy Fund - This fund receives tax monies for providing fire protection services to the Village residents.

**VILLAGE OF VENEDOCIA
VAN WERT COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment 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	\$ 49,283	\$ 45,405
Certificates of deposit	<u>13,580</u>	<u>12,470</u>
Total deposits	<u><u>\$62,863</u></u>	<u><u>\$57,875</u></u>

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

**VILLAGE OF VENEDOCIA
VAN WERT COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,000	\$20,092	(\$1,908)
Special Revenue	7,700	4,541	(3,159)
Total	<u>\$29,700</u>	<u>\$24,633</u>	<u>(\$5,067)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$51,481	\$18,070	\$33,411
Special Revenue	33,880	1,575	32,305
Total	<u>\$85,361</u>	<u>\$19,645</u>	<u>\$65,716</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,761	\$21,569	(\$19,192)
Special Revenue	2,572	6,619	4,047
Total	<u>\$43,333</u>	<u>\$28,188</u>	<u>(\$15,145)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$65,331	\$16,368	\$48,963
Special Revenue	27,911	3,761	24,150
Total	<u>\$93,242</u>	<u>\$20,129</u>	<u>\$73,113</u>

The Village did not comply with Ohio Revised Code Section 5705.41 (D).

**VILLAGE OF VENEDOCIA
VAN WERT 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.

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. RISK MANAGEMENT

A. Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Inland Marine; and
- Errors and omissions.



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

Village of Venedocia
Van Wert County
P.O. Box 611
Venedocia, OH 45894-0611

To the Village Council:

We have audited the accompanying financial statements of the Village of Venedocia (the Village) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated October 10, 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 2000-30281-001 to 2000-30281-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 10, 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 a certain 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. The reportable condition is described in the accompanying schedule of findings as item 2000-30281-004.

**Internal Control Over Financial Reporting
(Continued)**

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 consider the reportable condition described above to be a material weakness. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 10, 2001.

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.

Jim Petro
Auditor of State

October 10, 2001

VILLAGE OF VENEDOCIA
VAN WERT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

Finding Number 2000-30281-001

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to of an appropriated fund free from any previous encumbrance. Further, contracts and order for expenditures lacking prior certification should be considered null and void. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

The Village honored ninety one percent (91%) of expenditures for which there was no certification from the fiscal officer (Clerk-Treasurer) and there was no evidence of subsequent Council resolutions authorizing such payments.

The Village should review Ohio Rev. Code Section 5705.41(D) and implement procedures for certification of funds.

Finding Number 2000-30281-002

Ohio Rev. Code Section 9.38 states public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt.

The Village had \$6,665 in undeposited checks (dated from July 2000 through December 2000) from Van Wert County and the State of Ohio on hand at the end of 2000 that were stale dated because the deposit was not made in a timely manner.

The Village should make timely deposits to a financial institution as revenue is received. Any money not deposited within 24 hours should be placed in a locked filing cabinet or lock box in order to safeguard the assets.

**VILLAGE OF VENEDOCIA
VAN WERT COUNTY**

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

Finding Number 2000-30281-003	
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Ohio Rev. Code Section 117.38 requires the village to file a financial report for each fiscal year. The report shall be certified by the proper officer or board and filed with the Auditor of State within 60 days of the fiscal year end. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

No financial statements were initially prepared by the Village. Due to the condition of the Village's records, the 2000 financial records were reconstructed by Local Government Services (LGS), a division of the Auditor of States office which serves as a consulting and fiscal advisory group to all governmental agencies and subdivisions. As part of the reconstruction, LGS prepared and submitted the 2000 financial report. In addition, there is no proof that the financial statements for 1999 were filed with the State Auditor's Office. There is no evidence that the Village published a notice in a local newspaper stating the financial reports were available for public inspection at the office of the Village Clerk for either 1999 or 2000.

Subdivisions not preparing and filing financial reports in a timely manner as required by the Ohio Revised Code are subject to fines by the State of Ohio. Expenditures for fines do not reflect fiscal responsibility.

The financial report should be completed within 60 days of fiscal year end, filed with the Auditor of State's office, and notice of availability should be published in a local newspaper.

Finding Number 2000-30281-004	
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Village Accounting Records

The Village maintained a cashbook, receipts journal, and an appropriations ledger. However, these records were not complete, current, or maintained in the manner prescribed by the Ohio Administrative Code. In addition, the year-end financial statements were not completed for 2000.

Without complete, current, and accurate financial information, Council is unable to effectively monitor the financial activity of the Village. Such monitoring is necessary to determine the continued integrity of the Village and compliance with finance-related laws.

Financial transactions should be posted as they occur in a timely and accurate manner to all appropriate journals/ledgers. All journals and ledgers should be subtotaled and reconciled monthly to the cashbook and to the monthly bank statement(s). At the close of each year, year-to-date totals should be computed and carried forward to the Village's annual financial report. For guidance on maintaining Village accounting records in accordance with Ohio law, the Clerk should refer to the following sources: training programs conducted by the Auditor of State; the Auditor of State's Village Clerk/Treasurer Manual; the Auditor of State's Bulletins; and the Ohio Administrative Code.

**VILLAGE OF VENEDOCIA
VAN WERT COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-30281-001	5705.41(D) Prior certification was not obtained for all expenditures.	No	See finding #2000-30281-001



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VILLAGE OF VENEDOCIA

VAN WERT 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
NOVEMBER 27, 2001**