



**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF YORKSHIRE  
DARKE COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Yorkshire  
Darke County  
P.O. Box 567  
Yorkshire, Ohio 45388

To the Village Council:

We have audited the accompanying financial statements of the Village of Yorkshire, Darke County (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 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 fund cash balances of the Village as of December 31, 2000 and December 31, 1999, and its 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 April 30, 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

April 30, 2001

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**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$978		\$978
Intergovernmental Receipts	31,539	6,406	37,945
Earnings on Investments	2,881	227	3,108
Miscellaneous	3,411		3,411
Total Cash Receipts	38,809	6,633	45,442
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,233		2,233
Public Health Services	262		262
Basic Utility Services	4,830		4,830
Transportation		8,699	8,699
General Government	36,189		36,189
Total Disbursements	43,514	8,699	52,213
Total Receipts Over/(Under) Disbursements	(4,705)	(2,066)	(6,771)
Fund Cash Balances January 1	87,205	12,789	99,994
<b>Fund Cash Balances, December 31</b>	<b>\$82,500</b>	<b>\$10,723</b>	<b>\$93,223</b>

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

**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$862		\$862
Intergovernmental Receipts	29,920	6,078	35,998
Earnings on Investments	2,602	112	2,714
Miscellaneous	1,393		1,393
	<hr/>		
Total Cash Receipts	34,777	6,190	40,967
	<hr/>		
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,038		2,038
Public Health Services	262		262
Basic Utility Services	4,830		4,830
Transportation		3,720	3,720
General Government	13,392		13,392
	<hr/>		
Total Disbursements	20,522	3,720	24,242
	<hr/>		
Total Receipts Over/(Under) Disbursements	14,255	2,470	16,725
	<hr/>		
Fund Cash Balances January 1	72,950	10,319	83,269
	<hr/>		
<b>Fund Cash Balances, December 31</b>	<u>\$87,205</u>	<u>\$12,789</u>	<u>\$99,994</u>

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



**VILLAGE OF YORKSHIRE  
DARKE 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 Yorkshire, Darke 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.

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 Fund:

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

**VILLAGE OF YORKSHIRE  
DARKE 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. Unencumbered 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 investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 55,510	\$ 63,978
Certificates of deposit	37,713	36,016
Total deposits	<u>\$ 93,223</u>	<u>\$ 99,994</u>

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

**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 26,260	\$ 38,809	\$ 12,549
Special Revenue	5,000	6,633	1,633
Total	\$ 31,260	\$ 45,442	\$ 14,182

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 67,287	\$ 43,514	\$ 23,773
Special Revenue	7,350	8,699	(1,349)
Total	\$ 74,637	\$ 52,213	\$ 22,424

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 27,313	\$ 34,777	\$ 7,464
Special Revenue	4,800	6,190	1,390
Total	\$ 32,113	\$ 40,967	\$ 8,854

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 47,087	\$ 20,522	\$ 26,565
Special Revenue	6,750	3,720	3,030
Total	\$ 53,837	\$ 24,242	\$ 29,595

The Village was in noncompliance with Ohio Rev. Code, Section 5705.41(D), certifying funds were available prior to expenditures throughout the audit period, and Ohio Rev. Code, Section 5705.41(B), expenditures in excess of appropriations.

**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

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

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. RETIREMENT SYSTEMS**

The Village officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The Village has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Error and omissions



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

Village of Yorkshire  
Darke County  
P.O. Box 567  
Yorkshire, Ohio 45388

To the Village Council:

We have audited the accompanying financial statements of the Village of Yorkshire, Darke County (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 30, 2001. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2000-30319-001 through 2000-30319-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 30, 2001.

**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 April 30, 2001.

Village of Yorkshire  
Darke 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 the 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

April 30, 2001

VILLAGE OF YORKSHIRE  
DARKE 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** 2000-30319-001

**Ohio Admin. Code, Section 117-2-02 (A)** requires the Village to maintain an accounting system and records sufficient to enable the Village to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

The annual financial reports filed by the Village for 2000 and 1999 were incomplete. The beginning and ending General fund balances were not correctly reported, since they were understated by the amount of the Village's certificates of deposit held at year-end.

In addition, the Village included the amount of the certificates of deposit as a separate fund on their cash reconciliation for both years. Financial statements presented in this manner prevent users of the Village financial reports from having reliable information regarding the available fund balances.

The Clerk-Treasurer should maintain the fund balances of the Village funds accurately and maintain subsidiary ledgers to account for Village investments in certificates of deposit.

**FINDING NUMBER** 2000-30319-002

**Ohio Admin. Code, Section 117-2-02 (C)(1)** states all local public offices should integrate the budgetary accounts, at legal level of control or lower, into the financial accounting system. The Village ledgers did not indicate the balances of estimated resources available or the balances of remaining appropriations.

The failure to maintain balances of available resources and appropriations could allow for deficit spending and deficit fund balances.

The Village should implement procedures to improve the accounting system which would provide on going and timely information of unrealized budgeted receipts and the remaining uncommitted balances of appropriations.

**FINDING NUMBER** 2000-30319-003

**Ohio Rev. Code Section 5705.41(B)** outlines the restrictions on the appropriation and expenditure of money by the Village. The requirement establishes that no subdivision or taxing unit is to expend money unless it has been appropriated. The Revised Code further outlines that appropriations should not be exceeded by expenditures and purchase commitments. Contrary to this requirement, expenditures for the Street Construction, Maintenance, and Repair fund exceeded appropriations during 2000 as follows:

<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
\$7,350	\$8,699	(\$1,349)

Village Council should develop procedures for monitoring appropriations throughout the year to improve compliance with this requirement. These procedures could include but are not limited to a detailed review of various budgetary reports that are made available to Council each month.

VILLAGE OF YORKSHIRE  
DARKE 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

2000-30319-004

**Ohio Rev. Code Section 5705.41 (D)** provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that these funds were 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 Clerk did not certify funds were available prior to the disbursement of Village funds during the period, nor did the Clerk comply with the exception requirement and issue the required certification at the time of payment.

The Village should develop policies and procedures to certify that funds are available prior to the disbursement of funds to comply with this Section.





STATE OF OHIO  
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**VILLAGE OF YORSHIRE**

**DARKE 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  
MAY 29, 2001**