



**Auditor of State
Betty Montgomery**

VILLAGE OF ALVORDTON
WILLIAMS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Alvordton
Williams County
305 S. Anderson Avenue
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, (the Village) as of and for the years ended December 31, 2002 and 2001. 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 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 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 and reserves for encumbrances of the Village as of December 31, 2002 and 2001, 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 July 30, 2003 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 audits.

Village of Alvordton
Williams County
Independent Accountants' Report
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This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 30, 2003

**VILLAGE OF ALVORDTON
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$3,074	\$5,369	\$8,443
Municipal Income Tax	19,785		19,785
Intergovernmental Receipts	15,817	4,957	20,774
Fines, Licenses, and Permits	1,907		1,907
Earnings on Investments	154	121	275
Miscellaneous	6		6
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	40,743	10,447	51,190
Cash Disbursements:			
Current:			
Public Health Services	6,156		6,156
Basic Utility Services	4,586		4,586
Transportation		7,707	7,707
General Government	31,306		31,306
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	42,048	7,707	49,755
Excess of Cash Receipts Over/(Under) Cash Disbursements	(1,305)	2,740	1,435
Fund Cash Balances, January 1	9,305	7,879	17,184
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$8,000</u>	<u>\$10,619</u>	<u>\$18,619</u>
Reserves for Encumbrances, December 31	<u>\$2,911</u>	<u>\$1,541</u>	<u>\$4,452</u>

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

**VILLAGE OF ALVORDTON
WILLIAMS 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$21,479	\$5,364		\$26,843
Intergovernmental Receipts	19,872	6,740		26,612
Fines, Licenses, and Permits	423			423
Earnings on Investments	278	126		404
Miscellaneous	3,605			3,605
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	45,657	12,230		57,887
Cash Disbursements:				
Current:				
Security of Persons and Property	3,445			3,445
Public Health Services	2,795			2,795
Basic Utility Services	5,032			5,032
Transportation		6,167		6,167
General Government	31,848			31,848
Debt Service:				
Principal Payments including Interest	844	1,266		2,110
Capital Outlay	9,504		\$650	10,154
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	53,468	7,433	650	61,551
Excess of Cash Receipts Over/ (Under) Cash Disbursements	(7,811)	4,797	(650)	(3,664)
Fund Cash Balances, January 1	17,116	3,082	650	20,848
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$9,305	\$7,879		\$17,184
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves for Encumbrances, December 31				

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

**VILLAGE OF ALVORDTON
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

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, park operations (leisure time activities). The Village contracts with the Williams County Sheriff's department to provide security of persons and property.

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 Funds

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.

Permissive Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF ALVORDTON
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 repair the 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. 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 2002 and 2001 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

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>2002</u>	<u>2001</u>
Demand deposits	<u>\$18,619</u>	<u>\$17,184</u>

Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF ALVORDTON
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,331	\$40,743	\$1,412
Special Revenue	17,038	10,447	(6,591)
Total	\$56,369	\$51,190	(\$5,179)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,086	\$44,959	(\$3,873)
Special Revenue	16,674	9,248	7,426
Total	\$57,760	\$54,207	\$3,553

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,524	\$45,657	\$1,133
Special Revenue	14,800	12,230	(2,570)
Capital Projects			
Total	\$59,324	\$57,887	(\$1,437)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,755	\$53,468	\$5,287
Special Revenue	14,450	7,433	7,017
Capital Projects	650	650	
Total	\$73,855	\$61,551	\$12,304

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.

**VILLAGE OF ALVORDTON
WILLIAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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 Village quarterly.

6. RETIREMENT SYSTEMS

The Village's elected officials and part-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2002 and 2001, members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Public Officials Liability.

8. COMPLIANCE

Contrary to Ohio law, revenues were deposited into the Street, Construction, Maintenance, and Repair fund inconsistent with its legally restricted purpose for the year ended December 31, 2001. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$3,873 for the year ended December 31, 2002.



**Auditor of State
Betty Montgomery**

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

Village of Alvordton
Williams County
305 S. Anderson Avenue
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, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 30, 2003. We conducted our audits 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 audits 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 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 30, 2003.

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 July 30, 2003.

Village of Alfordton
Williams County
Independent Accountants' Report on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 30, 2003

**VILLAGE OF ALVORDTON
WILLIAMS COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Revised Code § 5705.10 states that all revenue derived from a source other than general personal property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. In 2001, Local Government Revenue Assistance in the amount of \$6,153 was misposted to the Street, Construction, Maintenance, and Repair Fund when it should have been posted to the General Fund.

Failure to properly report the revenue activity in the Village's funds could cause management to draw incorrect conclusions regarding the Village's fiscal position. It may also allow legally restricted revenues to be spent on unallowable items or services. We recommend that the Council review revenue transactions to ensure they are being posted to appropriate funds. The accompanying financial statements have been adjusted to correct material mispostings. The Village has posted material adjustments to its accounting records.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making expenditures without lawful appropriation. In fiscal 2002, disbursements exceeded appropriations within the following fund:

Fund	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	<u>\$41,086</u>	<u>\$44,959</u>	<u>(\$3,873)</u>

We recommend the Village compare actual expenditures to appropriations by fund to prevent expenditures from exceeding appropriations throughout the fiscal year.

**VILLAGE OF ALVORDTON
WILLIAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30186-001	Ohio Revised Code § 5705.41(D), failure to certify funds.	Yes	
2000-30186-002	Ohio Revised Code § 5705.39, appropriations exceeding estimated resources.	Yes	
2000-30186-003	Material weakness for lack of controls over income tax revenues.	No	Partially corrected. Reported in the management letter.



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

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
SEPTEMBER 4, 2003**