



**VILLAGE OF AQUILLA
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Aquilla
Geauga County
65 Turner Road
Chardon, Ohio 44024

To the Village Council:

We have audited the accompanying financial statements of the Village of Aquilla, Geauga County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 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 and reserves for encumbrances of the Village of Aquilla, Geauga County, Ohio, as of December 31, 1999 and December 31, 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 March 27, 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 the audit committee, management, 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

March 27, 2000

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**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - 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>	
Cash Receipts:			
Local Taxes	\$9,092	\$0	\$9,092
Intergovernmental	23,325	13,252	36,577
Fines, Licenses and Permits	175	0	175
Special Assessments	0	3,878	3,878
Miscellaneous	1,790	106	1,896
	<u>34,382</u>	<u>17,236</u>	<u>51,618</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	15,043	0	15,043
Public Health Services	512	0	512
Community Environment	400	0	400
Basic Utility Services	420	3,839	4,259
Transportation	800	25,052	25,852
	<u>17,175</u>	<u>28,891</u>	<u>46,066</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>17,207</u>	<u>(11,655)</u>	<u>5,552</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	10,000	10,000
Transfers-Out	(10,000)	0	(10,000)
	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,207	(1,655)	5,552
Fund Cash Balances, January 1, 1999	<u>17,871</u>	<u>21,651</u>	<u>39,522</u>
Fund Cash Balances, December 31, 1999	<u>\$25,078</u>	<u>\$19,996</u>	<u>\$45,074</u>
Reserve for Encumbrances, December 31, 1999	<u>\$315</u>	<u>\$7,200</u>	<u>\$7,515</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 - 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:			
Local Taxes	\$10,172	\$0	\$10,172
Intergovernmental	23,525	9,198	32,723
Fines, Licenses and Permits	220	0	220
Special Assessments	0	4,447	4,447
Miscellaneous	2,471	203	2,674
	<u>36,388</u>	<u>13,848</u>	<u>50,236</u>
Total Cash Receipts			
	<u>36,388</u>	<u>13,848</u>	<u>50,236</u>
Cash Disbursements:			
Current:			
General Government	18,835	0	18,835
Public Health	526	0	526
Community Environment	388	0	388
Basic Utility Services	420	3,505	3,925
Transportation	800	19,290	20,090
	<u>20,969</u>	<u>22,795</u>	<u>43,764</u>
Total Cash Disbursements			
	<u>20,969</u>	<u>22,795</u>	<u>43,764</u>
Total Receipts Over/(Under) Disbursements	<u>15,419</u>	<u>(8,947)</u>	<u>6,472</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	0	10,000	10,000
Transfers-Out	(10,000)	0	(10,000)
	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts (Disbursements) Over/(Under) Cash Disbursements and Other Financing Disbursements	5,419	1,053	6,472
Fund Cash Balances, January 1, 1998	<u>12,452</u>	<u>20,598</u>	<u>33,050</u>
Fund Cash Balances, December 31, 1998	<u>\$17,871</u>	<u>\$21,651</u>	<u>\$39,522</u>
Reserve for Encumbrances, December 31, 1998	<u>\$316</u>	<u>\$10,667</u>	<u>\$10,983</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Aquilla, Geauga County, Ohio, (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 Mayor and a six-member Village Council. The Village provides general governmental services, including street maintenance and building inspections.

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

The Village had no investments during the audit period.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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 is used to account for gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Special Assessment Street Lighting Fund - This fund is used for the maintenance of the Village street lighting.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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 measures. 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 1999 and 1998 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 account used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$45,074</u>	<u>\$39,522</u>

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

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,571	\$34,382	(\$189)
Special Revenue	22,800	27,236	4,436
Total	<u>\$57,371</u>	<u>\$61,618</u>	<u>\$4,247</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,587	\$27,490	\$19,097
Special Revenue	41,467	36,091	5,376
Total	<u>\$88,054</u>	<u>\$63,581</u>	<u>\$24,473</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,451	\$36,388	\$3,937
Special Revenue	22,000	23,848	1,848
Total	<u>\$54,451</u>	<u>\$60,236</u>	<u>\$5,785</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,395	\$31,285	\$8,110
Special Revenue	38,667	33,462	5,205
Total	<u>\$78,062</u>	<u>\$64,747</u>	<u>\$13,315</u>

4. PROPERTY TAX

Real property taxes become a lien on February 1 preceding the October 1 date for which rates are adopted by 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.

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

4. PROPERTY TAX (Continued)

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 with 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 Public Employees Retirement System (PERS) of Ohio is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 1998 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public officials liability



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

Village of Aquilla
Geauga County
65 Turner Road
Chardon, Ohio 44024

To the Village Council:

We have audited the financial statements of the Village of Aquilla, Geauga County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 27, 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 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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.

This report is intended for the information and use of management, the audit committee and Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 27, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF AQUILLA

GEAUGA 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
APRIL 25, 2000**