



**VILLAGE OF GILBOA
PUTNAM 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 Gilboa
Putnam County
206 Main Street
Gilboa, Ohio 45875-9757

To the Village Council:

We have audited the accompanying financial statements of the Village of Gilboa, Putnam 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 March 14, 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, 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

March 14, 2000

**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>	
Cash Receipts:			
Local Taxes	\$ 4,846	\$ 0	\$ 4,846
Intergovernmental Revenue	58,448	9,344	67,792
Fines, Licenses, and Permits	305		305
Earnings on Investments	4,319	632	4,951
Miscellaneous	2,883		2,883
	<u>70,801</u>	<u>9,976</u>	<u>80,777</u>
Total Cash Receipts			
	<u>70,801</u>	<u>9,976</u>	<u>80,777</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	12,089		12,089
Public Health Services	24		24
Leisure Time Activities	2,625		2,625
Community Environment	50		50
Basic Utility Services	5,781		5,781
Transportation		7,195	7,195
General Government	16,360		16,360
Capital Outlay	61,629	2,383	64,012
	<u>98,558</u>	<u>9,578</u>	<u>108,136</u>
Total Cash Disbursements			
	<u>98,558</u>	<u>9,578</u>	<u>108,136</u>
Total Receipts Over/(Under) Disbursements	<u>(27,757)</u>	<u>398</u>	<u>(27,359)</u>
Other Financing Receipts:			
Sale of Fixed Assets	2,500		2,500
	<u>2,500</u>		<u>2,500</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(25,257)	398	(24,859)
Fund Cash Balances, January 1	<u>84,028</u>	<u>46,427</u>	<u>130,455</u>
Fund Cash Balances, December 31	<u>\$ 58,771</u>	<u>\$ 46,825</u>	<u>\$ 105,596</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 - 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>	
Cash Receipts:			
Local Taxes	\$ 4,514	\$ 0	\$ 4,514
Intergovernmental Revenue	36,605	5,575	42,180
Charges for Services	940		940
Fines, Licenses, and Permits	220		220
Earnings on Investments	6,400	608	7,008
Miscellaneous	1,458		1,458
	<u>50,137</u>	<u>6,183</u>	<u>56,320</u>
Total Cash Receipts			
	<u>50,137</u>	<u>6,183</u>	<u>56,320</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	10,501		10,501
Public Health Services	25		25
Leisure Time Activities	3,959		3,959
Community Environment	64		64
Basic Utility Services	5,251		5,251
Transportation		3,039	3,039
General Government	20,958		20,958
Capital Outlay	15,991	4,134	20,125
	<u>56,749</u>	<u>7,173</u>	<u>63,922</u>
Total Cash Disbursements			
	<u>56,749</u>	<u>7,173</u>	<u>63,922</u>
Total Disbursements Over Receipts	<u>(6,612)</u>	<u>(990)</u>	<u>(7,602)</u>
Other Financing Receipts:			
Sale of Fixed Assets	6,500		6,500
	<u>6,500</u>		<u>6,500</u>
Excess of Cash Disbursements Over Cash Receipts and Other Financing Receipts	(112)	(990)	(1,102)
Fund Cash Balances, January 1	<u>84,140</u>	<u>47,417</u>	<u>131,557</u>
Fund Cash Balances, December 31	<u>\$ 84,028</u>	<u>\$ 46,427</u>	<u>\$ 130,455</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 Gilboa, Putnam 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), and 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. 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.

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 measure. 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 canceled, and reappropriated in the subsequent year.

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 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>1999</u>	<u>1998</u>
Demand deposits	\$ 25,104	\$ 40,757
Certificates of deposit	<u>80,492</u>	<u>89,698</u>
Total deposits	<u>\$ 105,596</u>	<u>\$ 130,455</u>

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 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 42,766	\$ 73,301	\$ 30,535
Special Revenue	8,600	9,976	1,376
Total	\$ 51,366	\$ 83,277	\$ 31,911

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 126,795	\$ 98,558	\$ 28,237
Special Revenue	55,028	9,578	45,450
Total	\$ 181,823	\$ 108,136	\$ 73,687

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 41,820	\$ 56,637	\$ 14,817
Special Revenue	8,000	6,183	(1,817)
Total	\$ 49,820	\$ 62,820	\$ 13,000

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 125,960	\$ 56,749	\$ 69,211
Special Revenue	55,417	7,173	48,244
Total	\$ 181,377	\$ 63,922	\$ 117,455

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.

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

Village Employees and some 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 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.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Inland marine coverage; and
- Public officials liability.

7. RELATED PARTY TRANSACTIONS

A Village Council Member and the Mayor are part owners of the local garage that the Village did business with during the year. The Village paid \$4,398 for repairs and maintenance of Village owned vehicles. The Village also conducted business with the brothers-in-law of a Council Member and the Mayor. The brothers-in-law own an excavating business which performed services for the Village. During the audit period, the Village paid \$5,990 for these services.



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

Village of Gilboa
Putnam County
206 Main Street
Gilboa, Ohio 45875-9757

To the Village Council:

We have audited the accompanying financial statements of the Village of Gilboa, Putnam County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 14, 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 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 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.

Village of Gilboa
Putnam County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, management, 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

March 14, 2000



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VILLAGE OF GILBOA

PUTNAM 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 11, 2000**