



**VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



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

---

**STATE OF OHIO**



VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Similar Fiduciary Fund – For the Year Ended December 31, 1999 .....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Agency Fund - For the Year Ended December 31, 1999 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types and Similar Fiduciary Fund – For the Year Ended December 31, 1998 .....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Agency Fund - For the Year Ended December 31, 1998 .....	6
Notes to the Financial Statements .....	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings .....	15
Schedule of Prior Audit Findings .....	18

this page intentionally left blank.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Port Jefferson  
Shelby County  
100 Spring Street  
P.O. Box 189  
Port Jefferson, Ohio 45360

To the Village Council:

We have audited the accompanying financial statements of the Village of Port Jefferson, Shelby 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 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 combined fund cash balances of the Village 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 August 16, 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 management, the 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, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

August 16, 2000



**VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>General</u>	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	<u>Expendable</u> <u>Trust</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$6,201	\$0	\$0	\$0	\$6,201
Special Assessments		4,864			4,864
Intergovernmental Receipts	25,817	9,148	69,617		104,582
Fines, Licenses, and Permits	8,371	191			8,562
Miscellaneous	3,923	76			3,999
<b>Total Cash Receipts</b>	<b>44,312</b>	<b>14,279</b>	<b>69,617</b>	<b>0</b>	<b>128,208</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	15,836	4,700			20,536
Public Health Services	517				517
Community Environment	152				152
Transportation	6,285	6,965			13,250
General Government	11,027				11,027
Debt Service	1,075	1,075			2,150
Capital Outlay	5,600		69,617		75,217
<b>Total Disbursements</b>	<b>40,492</b>	<b>12,740</b>	<b>69,617</b>	<b>0</b>	<b>122,849</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>3,820</b>	<b>1,539</b>	<b>0</b>	<b>0</b>	<b>5,359</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Notes Proceeds	7,000				7,000
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>7,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,000</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>10,820</b>	<b>1,539</b>	<b>0</b>	<b>0</b>	<b>12,359</b>
<b>Fund Cash Balances January 1</b>	<b>11,484</b>	<b>2,761</b>		<b>433</b>	<b>14,678</b>
<b>Fund Cash Balances, December 31</b>	<b>\$22,304</b>	<b>\$4,300</b>	<b>\$0</b>	<b>\$433</b>	<b>\$27,037</b>

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

VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>\$11,088</u>
Total Non-Operating Cash Receipts	<u>11,088</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>11,088</u>
Total Non-Operating Cash Disbursements	<u>11,088</u>
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balance, January 1	<u>0</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$0</u></u>

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

**VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable (Memorandum Trust Only)</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$5,760	\$0	\$0	\$0	\$5,760
Special Assessments		4,564			4,564
Intergovernmental Receipts	24,352	13,111	137,665		175,128
Fines, Licenses, and Permits	10,735	70			10,805
Miscellaneous	3,768	50			3,818
<b>Total Cash Receipts</b>	<u>44,615</u>	<u>17,795</u>	<u>137,665</u>	<u>0</u>	<u>200,075</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	12,711	4,564			17,275
Public Health Services	509				509
Community Environment	152				152
Transportation	14,697	7,244			21,941
General Government	18,223				18,223
Debt Service		2,205			2,205
Capital Outlay		3,973	137,665		141,638
<b>Total Disbursements</b>	<u>46,292</u>	<u>17,986</u>	<u>137,665</u>	<u>0</u>	<u>201,943</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(1,677)</u>	<u>(191)</u>	<u>0</u>	<u>0</u>	<u>(1,868)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		3,000			3,000
Transfers-Out	(3,000)				(3,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(3,000)</u>	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(4,677)</u>	<u>2,809</u>	<u>0</u>	<u>0</u>	<u>(1,868)</u>
<b>Fund Cash Balances January 1</b>	<u>16,161</u>	<u>(48)</u>		<u>433</u>	<u>16,546</u>
<b>Fund Cash Balances, December 31</b>	<u>\$11,484</u>	<u>\$2,761</u>	<u>\$0</u>	<u>\$433</u>	<u>\$14,678</u>

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

VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>\$13,100</u>
Total Non-Operating Cash Receipts	<u>13,100</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>13,100</u>
Total Non-Operating Cash Disbursements	<u>13,100</u>
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balance, January 1	<u>0</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$0</u></u>

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

**VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Village of Port Jefferson, Shelby 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 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**

The Village maintains an interest bearing checking account and held a certificate of deposit, which are valued at cost.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash 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.

Street Light Fund -This fund receives assessments from property owners who benefit from lighting.

**VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting(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:

OWDA Sewer Project Fund - This fund is used to account for the proceeds of OWDA Loan for a sewer project.

**4. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Flowing Well Fund (Expendable Trust) - This fund receives donations for the maintenance of the flowing well within the village.

Mayor's Court Fund (Agency Fund) - This fund records the activity of the Village Mayor's Courts transactions.

**E. Budgetary Process**

The Ohio Administrative Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, account 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. The Village did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay 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 follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$27,037</u>	<u>\$14,678</u>

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

**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	\$38,097	\$51,312	\$13,215
Special Revenue	13,200	14,279	1,079
Capital Projects	0	69,617	69,617
<b>Total</b>	<b>\$51,297</b>	<b>\$135,208</b>	<b>\$83,911</b>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$51,359	\$40,492	\$10,867
Special Revenue	16,321	12,740	3,581
Capital Projects	0	69,617	(69,617)
Expendable Trust	433	0	433
<b>Total</b>	<b>\$68,113</b>	<b>\$122,849</b>	<b>(\$54,736)</b>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,639	\$44,615	10,976
Special Revenue	12,300	20,795	8,495
Capital Projects	0	137,665	137,665
<b>Total</b>	<b>\$45,939</b>	<b>\$203,075</b>	<b>\$157,136</b>

**VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$48,552	\$49,292	(\$740)
Special Revenue	13,327	17,986	(4,659)
Capital Projects	0	137,665	(137,665)
Total	\$61,879	\$204,943	(\$143,064)

Ohio Rev. Code Section 5705.41(B), prohibits a political subdivision from making an expenditure unless it has been properly appropriated.

The Village did not appropriate for the following funds in 1999 or 1998: Ohio Public Works Commission Fund (OPWC) and the Ohio Water Development Authority Fund (OWDA) Sewer Project Fund. The Village also had expenditures in excess of appropriations for 1998 in the General Fund, Street Maintenance and Repair Fund and the Street Light Fund.

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Village of Port Jefferson failed to estimate revenue for the Ohio Public Works Commission Fund (OPWC) and the Ohio Water Development Authority (OWDA) Funds for 1999 & 1998. Revenues were received and expenditures made in both years for these funds.

**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.

**VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY**

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
General Purpose Loan #1	\$4,745	6.750%
General Purpose Loan #2	\$7,000	6.125%

The General Purpose Loan #1 was issued October 1996 for \$9,000 to pay for a 1987 Chevrolet Dump Truck. The loan is repaid in semi-annual installments of \$1,075, with the last payment due October 2001.

The General Purpose Loan #2 was issued November 1999 for \$7,000 to pay for a Police Cruiser. The loan is to be repaid in 5 semi-annual regular payments of \$821.05 each and one irregular payment of \$3,865.30 due October 2002.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year Ending December 31</u>	<u>General Purpose Loan</u>
2000	\$ 3,793
2001	3,793
2002	<u>4,686</u>
Total	<u>\$12,272</u>

The Village has received \$368,000 from the Ohio Water Development Authority (OWDA) Loan program to perform the preliminary work for a Village Sewer system. The contract interest rate is 6.75%. The OWDA has not established a repayment schedule for this loan as of December 31, 1999.

**6. RETIREMENT SYSTEM**

The Public Employees Retirement System of Ohio (PERS) is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Village's 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.

**VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY**

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

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance from a private carrier for the following risks:

- General Liability
- Property Coverage
  - Commercial Auto Coverage
  - Law Enforcement Liability
  - Public Officials Liability

**8. CONTRACTUAL COMMITMENTS**

The Village had entered into the following contractual commitment as of December 31, 1999:

Tom's Construction	South Walnut & High Street Reconstruction	\$95,415
--------------------	---	----------



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
www.auditor.state.oh.us

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

Village of Port Jefferson  
Shelby County  
100 Spring Street  
P.O. Box 189  
Port Jefferson, Ohio 45360

To the Village Council:

We have audited the accompanying financial statements of the Village of Port Jefferson, Shelby 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 August 16, 2000. 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 items 1999-30375-001 through 1999-30375-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 16, 2000.

**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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 1999-30375-006.

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 believe the reportable condition described above is not a material weakness. We also 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 August 16, 2000.

This report is intended for the information and use of management and the 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

August 16, 2000

VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998

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

Finding Number	1999-30375-001
----------------	----------------

Ohio Rev. Code Section 149.351(A) states that all records are the property of the public office concerned and shall not be removed, destroyed mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission.

The Village was unable to provide invoices for 22 checks issued, which represents 5.97% of the number of checks issued by the Village during 1998 and 1999. The checks represented 9 expenditures during 1999 with a total dollar amount of \$573.43 or .46% of total 1999 expenditures, and 13 expenditures during 1998 with a total dollar amount of \$7,272.22 or 3.6% of total 1998 expenditures.

All expenditures should be supported by original invoices, and all documents of the Village should be retained until the records commission and the Auditor of State approves disposal.

Finding Number	1999-30375-002
----------------	----------------

Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

Exceptions, provided by statute, to this basic requirement is as follows:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village did not obtain the required certification prior to the expenditure of Village funds for 100% of the transactions in 1998 and 1999.

The Village should obtain the required certification prior to purchasing goods or services for the Village. When certification has not been obtained prior to the obligation, the Clerk should obtain a "Then and Now Certificate" and get subsequent approval within thirty days by the Village Council for all amounts over one thousand dollars.

**VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

Finding Number	1999-30375-003
----------------	----------------

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Village of Port Jefferson failed to estimate revenue for the Ohio Public Works Commission Fund (OPWC) and the Ohio Water Development Authority (OWDA) Funds for 1999 and 1998. Revenues were received and expenditures made in both years for these funds.

The Village should obtain an amended certificate when there is a new source of revenue that will be appropriated or when a deficit between budget revenues and actual revenues results in available resources to fall below the current level of appropriation.

Finding Number	1999-30375-004
----------------	----------------

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village did not appropriate for the following funds during 1999 or 1998: Ohio Public Works Commission Fund (OPWC) and the Ohio Water Development Authority (OWDA) Sewer Project Fund. The Village had expenditures exceeding the appropriations in 1998 in the General Fund (\$740), Street Maintenance and Repair Fund (\$5,974) and the Street Light Fund (\$64). In addition, the Village exceeded appropriations for various line items during periods throughout 1999 and 1998.

The Village should monitor budget appropriations versus actual expenditures and if actual expenditures are nearing the appropriations limit in a particular line account, either the Village should, as long as total appropriations do not exceed estimated resources, pass supplemental appropriations to increase the line account's appropriations or cease expending monies from the line account.

**VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

Finding Number	1999-30375-005
----------------	----------------

Ohio Admin. Code Section 117-5-10, states that each village shall maintain a receipts ledger with individual sheets for each account established that will show the estimated amount of money to be received into the account, the amount actually received per the cash journal posted to the "amount received" column and in the "credit" column and subtracted from the budget estimate amount ("balance"). The information should show the date, name of payor, purpose, receipt number, year to date amount received, and remaining anticipated amount to be received.

Ohio Admin. Code Section 117-5-11 states that each village shall maintain an appropriations ledger with individual sheets for each account established that will show the annual appropriation amount for that account, the amount actually expended per the cash journal, and the remaining amount of appropriation after the expenditure. The information should show date, payee, warrant number, purchase order number, and purpose. The appropriate columns shall be totaled and reconciled monthly and yearly.

Without proper use of the accounting forms prescribed by the Ohio Administrative Code, the financial statements of the Village could be materially misstated or misleading. Errors and irregularities could occur without detection in the normal course of business.

Accounts within the receipts ledger had revenues posted to them that did not reflect the purpose of the account. In addition, there were some receipt entries in the cash journal, either in whole or in part, that were not recorded in the receipts ledger. Accounts within the appropriations ledger had expenditures posted to them that did not reflect the purpose of the account. In addition, expenditure entries in the cash journal, either in whole or in part, that were not recorded in the appropriations ledger. The entries in the receipts and appropriation ledgers also did not agree to the transactions presented in the financial statements. The accompanying financial statements reflect adjustments to properly report transactions.

The receipts ledger and appropriations ledger should be maintained in the manner described above.

Finding Number	1999-30375-006
----------------	----------------

**Voucher Expenditures**

The Village had no procedures in place for the filing of invoices and other supporting documentation related to expenditures. Invoices were filed in various files rather than with the voucher and the Village could not locate invoices or supporting documentation for all expenditures made. In addition, the voucher jacket for each expenditure was not always complete in regards to the fund and account code charged. In order to substantiate the amount and purpose of the expenditure, original, detailed source documentation should be provided for each expenditure and an orderly system of filing vouchers and supporting documentation should be established by the Village to aid in maintaining and locating all the invoices.

VILLAGE OF PORT JEFFERSON  
SHELBY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 1999 AND 1998

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Plan Taken; or No Longer Valid; <b>Explain</b>
1997-30375-001	Ohio Rev. Code 5705.41 (D)	No	See 1999-30375-003
1997-30375-002	Ohio Rev. Code 5705.41(B)	No	See 1999-30375-002.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF PORT JEFFERSON**

**SHELBY 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 14, 2000**