



**VILLAGE OF WEST SALEM  
WAYNE COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of West Salem  
Wayne County  
27 South Main Street, P.O. Box 256  
West Salem, Ohio 44287

To the Village Council:

We have audited the accompanying financial statements of the Village of West Salem, Wayne 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 and reserves for encumbrances 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 May 12, 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, and 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

May 12, 2000

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$218,767	\$19,032	\$0	\$0	\$0	\$237,799
Special Assessments			2,501			2,501
Intergovernmental	86,481	70,468		97,725		254,674
Charges for Services		12,062				12,062
Fines, Licenses, and Permits	31,828	1,850				33,678
Earnings on Investments	19,609	5,327	6,754	1,259	23	32,972
Miscellaneous	4,323	772	200			5,295
<b>Total Cash Receipts</b>	<b>361,008</b>	<b>109,511</b>	<b>9,455</b>	<b>98,984</b>	<b>23</b>	<b>578,981</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	83,080	397				83,477
Public Health Services	3,802	21,972			308	26,082
Leisure Time Activities	6,217	130				6,347
Community Environment	3,417					3,417
Transportation		77,300				77,300
General Government	109,091					109,091
Debt Service						
Principal Payments			199,396			199,396
Interest Payments			59,457			59,457
Capital Outlay	4,038	897		176,396		181,331
<b>Total Cash Disbursements</b>	<b>209,645</b>	<b>100,696</b>	<b>258,853</b>	<b>176,396</b>	<b>308</b>	<b>745,898</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>151,363</b>	<b>8,815</b>	<b>(249,398)</b>	<b>(77,412)</b>	<b>(285)</b>	<b>(166,917)</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Notes			50,000	260,000		310,000
Transfers-In		1,486	197,594	46,591		245,671
Advances-In	75,125			52,150		127,275
Transfers-Out	(54,393)					(54,393)
Advances-Out	(52,150)	(1,500)		(73,625)		(127,275)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(31,418)</b>	<b>(14)</b>	<b>247,594</b>	<b>285,116</b>	<b>0</b>	<b>501,278</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>119,945</b>	<b>8,801</b>	<b>(1,804)</b>	<b>207,704</b>	<b>(285)</b>	<b>334,361</b>
<b>Fund Cash Balances, January 1</b>	<b>48,623</b>	<b>172,005</b>	<b>129,596</b>	<b>1,666</b>	<b>1,020</b>	<b>352,910</b>
<b>Fund Cash Balances, December 31</b>	<b>\$168,568</b>	<b>\$180,806</b>	<b>\$127,792</b>	<b>\$209,370</b>	<b>\$735</b>	<b>\$687,271</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$6,178</b>	<b>\$15,252</b>	<b>\$0</b>	<b>\$129,566</b>	<b>\$0</b>	<b>\$150,996</b>

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

**VILLAGE OF WEST SALEM  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$422,122	\$0	\$422,122
Miscellaneous	3,423	38	3,461
	<u>425,545</u>	<u>38</u>	<u>425,583</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	65,674		65,674
Fringe Benefits	15,689		15,689
Contractual Services	139,847		139,847
Supplies and Materials	24,275		24,275
Capital Outlay	125,452		125,452
Miscellaneous	411	40,523	40,934
	<u>371,348</u>	<u>40,523</u>	<u>411,871</u>
Operating Income/(Loss)	<u>54,197</u>	<u>(40,485)</u>	<u>13,712</u>
<b>Non-Operating Cash Receipts:</b>			
Proceeds from Notes	140,000		140,000
Other Non-Operating Receipts		39,671	39,671
	<u>140,000</u>	<u>39,671</u>	<u>179,671</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	13,154		13,154
Other Non-Operating Cash Disbursements	200		200
	<u>13,354</u>	<u>0</u>	<u>13,354</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	180,843	(814)	180,029
Transfers-In	12,733		12,733
Transfers-Out	<u>(204,011)</u>		<u>(204,011)</u>
Net Receipts (Under) Disbursements	(10,435)	(814)	(11,249)
Fund Cash Balances, January 1	<u>273,714</u>	<u>3,577</u>	<u>277,291</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$263,279</u></b>	<b><u>\$2,763</u></b>	<b><u>\$266,042</u></b>
Reserves for Encumbrances, December 31	<u>\$59,571</u>	<u>\$0</u>	<u>\$59,571</u>

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

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$114,528	\$19,257	\$0	\$0	\$0	\$133,785
Special Assessments			2,532			2,532
Intergovernmental	64,789	82,949		34,350		182,088
Charges for Services	760	10,060				10,820
Fines, Licenses, and Permits	27,774	2,134				29,908
Earnings on Investments	17,941	5,796	8,140		33	31,910
Miscellaneous	23,319	2,796			100	26,215
<b>Total Cash Receipts</b>	<b>249,111</b>	<b>122,992</b>	<b>10,672</b>	<b>34,350</b>	<b>133</b>	<b>417,258</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	72,149	2,460				74,609
Public Health Services	3,641	24,906			275	28,822
Leisure Time Activities	6,768	175				6,943
Community Environment	3,972					3,972
Transportation		82,922				82,922
General Government	84,894					84,894
Debt Service						
Principal Payments	8,000		243,465			251,465
Interest Payments	1,604		63,349			64,953
Capital Outlay	19,557			87,387		106,944
<b>Total Cash Disbursements</b>	<b>200,585</b>	<b>110,463</b>	<b>306,814</b>	<b>87,387</b>	<b>275</b>	<b>705,524</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>48,526</b>	<b>12,529</b>	<b>(296,142)</b>	<b>(53,037)</b>	<b>(142)</b>	<b>(288,266)</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Notes			155,000			155,000
Transfers-In		1,275	143,787	13,819	8	158,889
Advances-In	3,420			39,535		42,955
Transfers-Out	(22,719)			(4,350)		(27,069)
Advances-Out	(35,185)	(3,420)		(4,350)		(42,955)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(54,484)</b>	<b>(2,145)</b>	<b>298,787</b>	<b>44,654</b>	<b>8</b>	<b>286,820</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(5,958)</b>	<b>10,384</b>	<b>2,645</b>	<b>(8,383)</b>	<b>(134)</b>	<b>(1,446)</b>
<b>Fund Cash Balances, January 1, As Restated, Note 8</b>	<b>54,581</b>	<b>161,621</b>	<b>126,951</b>	<b>10,049</b>	<b>1,154</b>	<b>354,356</b>
<b>Fund Cash Balances, December 31</b>	<b>\$48,623</b>	<b>\$172,005</b>	<b>\$129,596</b>	<b>\$1,666</b>	<b>\$1,020</b>	<b>\$352,910</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$20,346</b>	<b>\$7,270</b>	<b>\$100</b>	<b>\$1,167</b>	<b>\$0</b>	<b>\$28,883</b>

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

**VILLAGE OF WEST SALEM  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$425,529	\$0	\$425,529
Miscellaneous	22,717	43	22,760
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	448,246	43	448,289
<b>Operating Cash Disbursements:</b>			
Personal Services	63,016		63,016
Fringe Benefits	17,530		17,530
Contractual Services	141,012		141,012
Supplies and Materials	31,972		31,972
Capital Outlay	34,218		34,218
Miscellaneous	552		552
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	288,300	0	288,300
Operating Income	159,946	43	159,989
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	0	37,593	37,593
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	13,154	0	13,154
Other Non-Operating Cash Disbursements	0	36,453	36,453
	<hr/>	<hr/>	<hr/>
Total Non-Operating Cash Disbursements	13,154	36,453	49,607
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers and Advances	146,792	1,183	147,975
Transfers-In	7,617		7,617
Advances-In	4,350		4,350
Transfers-Out	(139,437)		(139,437)
Advances-Out	(4,350)		(4,350)
	<hr/>	<hr/>	<hr/>
Net Receipts Over Disbursements	14,972	1,183	16,155
Fund Cash Balances, January 1	258,742	2,394	261,136
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$273,714</u></b>	<b><u>\$3,577</u></b>	<b><u>\$277,291</u></b>
Reserves for Encumbrances, December 31	<u>\$25,827</u>	<u>\$2,499</u>	<u>\$28,326</u>

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

**VILLAGE OF WEST SALEM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of West Salem, Wayne 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, including water and sewer utilities, park operations (leisure time activities), and police services. The Town and Country Fire Department provides fire protection to the Village.

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**

Investments are included in the cash fund balance. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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 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.

**VILLAGE OF WEST SALEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Cemetery Fund - This fund receives real estate taxes, personal property taxes and revenue from the sale of cemetery lots for maintaining the cemetery.

**3. Debt Service Funds**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Funds:

Mortgage Revenue Bond Retirement Fund - This fund is used to accumulate resources for the payment of principal and interest on the Village's mortgage revenue bonds.

Ohio Water Development Authority Debt Service Fund - This fund is used to accumulate resources for the payment of principal and interest on the Village's loans from the Ohio Water Development Authority for water and sewer construction.

**4. Capital Projects 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 Projects Funds:

Issue II Grant Construction Fund - This fund is used to account for Issue II monies disbursed by the Ohio Public Works Commission on behalf of the Village for capital improvements.

Ohio Department of Natural Resources Drake Park Construction Fund - This fund is used to account for grant monies received from the Ohio Department of Natural Resources for construction of a community center.

Ohio Department of Natural Resources Grant Construction Fund - This fund is used to account for grant monies received from the Ohio Department of Natural Resources for capital improvements in the Village park.

**5. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF WEST SALEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

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

**D. Fund Accounting (Continued)**

**6. 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:

Cemetery Expendable Trust - This fund is used to record interest and donations for cemetery maintenance.

Mayor's Court Agency Fund - This fund is used to record the Mayor's Court activity of the Village.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) 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 1999 and 1998 budgetary activity appears in Note 3.

**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.

**VILLAGE OF WEST SALEM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investment 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	\$ 223,642	\$ 218,462
Certificates of deposit	<u>136,446</u>	<u>181,500</u>
Total deposits	<u>360,088</u>	<u>399,962</u>
 STAR Ohio	 <u>593,225</u>	 <u>230,239</u>
Total deposits and investments	<u><u>\$ 953,313</u></u>	<u><u>\$ 630,201</u></u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**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	\$ 344,778	\$ 436,133	\$ 91,355
Special Revenue	87,951	110,997	23,046
Debt Service	255,979	257,049	1,070
Capital Projects	452,439	457,725	5,286
Enterprise	578,600	578,278	(322)
Expendable Trust	19	23	4
Agency	<u>0</u>	<u>38</u>	<u>38</u>
Total	<u><u>\$ 1,719,766</u></u>	<u><u>\$ 1,840,243</u></u>	<u><u>\$ 120,477</u></u>

**VILLAGE OF WEST SALEM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 381,304	\$ 322,366	\$ 58,938
Special Revenue	175,841	117,448	58,393
Debt Service	260,154	258,853	1,301
Capital Projects	484,848	379,587	105,261
Enterprise	812,651	648,284	164,367
Expendable Trust	500	308	192
Agency	98	0	98
Total	<u>\$ 2,115,396</u>	<u>\$ 1,726,846</u>	<u>\$ 388,550</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 236,175	\$ 252,531	\$ 16,356
Special Revenue	98,330	124,267	25,937
Debt Service	308,138	309,459	1,321
Capital Projects	88,704	87,704	(1,000)
Enterprise	454,550	460,213	5,663
Expendable Trust	50	141	91
Agency	25	25	0
Total	<u>\$ 1,185,972</u>	<u>\$ 1,234,340</u>	<u>\$ 48,368</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 291,125	\$ 278,835	\$ 12,290
Special Revenue	185,165	121,153	64,012
Debt Service	311,332	306,914	4,418
Capital Projects	158,254	97,254	61,000
Enterprise	583,305	471,068	112,237
Expendable Trust	775	275	500
Agency	73	0	73
Total	<u>\$ 1,530,029</u>	<u>\$ 1,275,499</u>	<u>\$ 254,530</u>

**VILLAGE OF WEST SALEM**  
**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 payments, 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. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan - 1989	\$ 554,109	8.31%
Ohio Water Development Authority Loan - 1996	24,620	6.36%
Ohio Public Works Commission Loans - 1995	128,000	0.00%
Ohio Public Works Commission Loans - 1997	38,654	0.00%
Bond Anticipation Note - 1999	50,000	4.04%
Bond Anticipation Note - 1999	400,000	4.11%
Mortgage Revenue Bonds - 1965	50,000	4.25%
Total	\$ 1,245,383	

The Village obtained two loans from the Ohio Water Development Authority (OWDA). The 1989 loan relates to substantial renovations to the Village sewer plant. The 1996 loan relates to the replacement of waterlines. The loans will be repaid in semiannual installments, including interest, over 20 years. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village obtained two loans from the Ohio Public Works Commission (OPWC). The 1995 loan relates to construction of the Village water storage tank. The 1997 loan relates to the replacement of waterlines. The 1995 loan for construction of the Village water storage tank will be repaid in semiannual installments, with no interest, over 20 years. The loan is collateralized by the Village's local government assistance receipts. The 1997 loan for replacement of waterlines will be repaid in semiannual installments, with no interest, over 10 years. The loan is collateralized by the Village's local government assistance receipts.

The Village's Mortgage Revenue Bonds of 1965 were issued for the purpose of constructing a sanitary sewerage system and sewer disposal facilities. These bonds will be repaid in annual installments over 40 years.

**VILLAGE OF WEST SALEM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**5. DEBT (Continued)**

At December 31, 1999, the Village had two outstanding notes in the amounts of \$50,000 (National City Bank) and \$400,000 (Bank One). The bond anticipation notes from National City Bank were for the purpose of improving the waterworks system. The bond anticipation notes from Bank One were for the purpose of improving the sewer collection and treatment system.

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

Year ending December 31:	OWDA Loans	OPWC Loans	Mortgage Revenue Bonds	Bond Anticipation Notes
2000	\$ 89,182	\$ 13,154	\$ 8,934	\$ 468,460
2001	89,182	13,154	9,615	
2002	89,182	13,154	9,275	
2003	89,182	13,154	8,935	
2004	89,182	13,154	9,574	
Subsequent	<u>417,546</u>	<u>100,884</u>	<u>9,191</u>	
Total	<u>\$ 863,456</u>	<u>\$ 166,654</u>	<u>\$ 55,524</u>	<u>\$ 468,460</u>

**6. RETIREMENT SYSTEM**

The Village's law enforcement officers and the Village's other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide 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. 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.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Wrongful acts
- Law enforcement
- Vehicles
- Errors and omissions
- Inland marine
- Electronic data processing

The Village also provides health insurance and dental and vision coverage to full-time employees through the Wayne County Benefit Plan.

**VILLAGE OF WEST SALEM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**8. PRIOR PERIOD ADJUSTMENT**

At December 31, 1997 the balance in the Special Revenue Fund Type was understated and the Capital Projects Fund Type was overstated by \$1,853 due to the activity for the Mayor's Court Computer Fund being recorded in the Capital Projects Fund. The effect of this adjustment on each fund type as previously stated is shown below.

<u>Fund Type</u>	Balance as Previously Stated at <u>December 31, 1997</u>	<u>Adjustment</u>	Restated Balance at <u>January 1, 1998</u>
Special Revenue	\$159,768	\$1,853	\$161,621
Capital Projects	11,902	(1,853)	10,049

**9. CONTINGENT LIABILITY**

The Village is defendant in one lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.



STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of West Salem  
Wayne County  
27 South Main Street, P.O. Box 256  
West Salem, Ohio 44287

To the Village Council:

We have audited the accompanying financial statements of the Village of West Salem, Wayne County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 12, 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*.

However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated May 12, 2000.

### 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.

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 May 12, 2000.

This report is intended 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, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

May 12, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370

Facsimile 614-466-4490

**VILLAGE OF WEST SALEM**

**WAYNE 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  
JUNE 27, 2000**