



**VILLAGE OF BURGOON
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

VILLAGE OF BURGOON
SANDUSKY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Burgoon
Sandusky County
3112 Main Street
Burgoon, Ohio 43407-9756

To the Village Council:

We have audited the accompanying financial statements of the Village of Burgoon, Sandusky County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. 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 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, 2000 and 1999, 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 April 13, 2001 [End of Fieldwork Date] on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of 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

April 13, 2001

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Property Tax and Other Local Taxes | \$10,549 | | | \$10,549 |
| Intergovernmental Receipts | 13,462 | \$8,172 | | 21,634 |
| Charges for Services | | 6,794 | | 6,794 |
| Miscellaneous | 488 | 488 | | 976 |
| | <u>24,499</u> | <u>15,454</u> | | <u>39,953</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Security of Persons and Property | 2,286 | 1,735 | | 4,021 |
| Public Health Services | 60 | | | 60 |
| Leisure Time Activities | 2,566 | 9,757 | | 12,323 |
| Basic Utility Services | 4,950 | | | 4,950 |
| Transportation | | 131 | | 131 |
| General Government | 12,866 | | | 12,866 |
| Capital Outlay | 1,350 | | \$834 | 2,184 |
| | <u>24,078</u> | <u>11,623</u> | <u>834</u> | <u>36,535</u> |
| Total Cash Disbursements | | | | |
| Total Receipts Over/(Under) Disbursements | 421 | 3,831 | (834) | 3,418 |
| Fund Cash Balances, January 1 | <u>21,213</u> | <u>27,396</u> | <u>6,934</u> | <u>55,543</u> |
| Fund Cash Balances, December 31 | <u>\$21,634</u> | <u>\$31,227</u> | <u>\$6,100</u> | <u>\$58,961</u> |

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**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**

| | <u>Governmental Fund Types</u> | | | <u>Fiduciary Fund Type</u> | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|--------------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Expendable Trust</u> | |
| Cash Receipts: | | | | | |
| Property Tax and Other Local Taxes | \$10,637 | | | | \$10,637 |
| Intergovernmental Receipts | 13,124 | \$8,003 | | | 21,127 |
| Charges for Services | | 3,319 | | | 3,319 |
| Miscellaneous | 409 | 357 | | | 766 |
| | <u>24,170</u> | <u>11,679</u> | | | <u>35,849</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 2,291 | | | | 2,291 |
| Public Health Services | 29 | | | | 29 |
| Leisure Time Activities | 2,348 | 3,300 | | | 5,648 |
| Community Environment | | | | \$205 | 205 |
| Basic Utility Services | 5,100 | | | | 5,100 |
| Transportation | | 3,830 | | | 3,830 |
| General Government | 9,291 | | | | 9,291 |
| Capital Outlay | 6,100 | | \$13,066 | | 19,166 |
| | <u>25,159</u> | <u>7,130</u> | <u>13,066</u> | <u>205</u> | <u>45,560</u> |
| Total Cash Disbursements | <u>25,159</u> | <u>7,130</u> | <u>13,066</u> | <u>205</u> | <u>45,560</u> |
| Total Receipts Over/(Under) Disbursements | <u>(989)</u> | <u>4,549</u> | <u>(13,066)</u> | <u>(205)</u> | <u>(9,711)</u> |
| Other Financing Receipts: | | | | | |
| Sale of Bonds or Notes | | | 20,000 | | 20,000 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements | (989) | 4,549 | 6,934 | (205) | 10,289 |
| Fund Cash Balances, January 1 | <u>22,202</u> | <u>22,847</u> | | <u>205</u> | <u>45,254</u> |
| Fund Cash Balances, December 31 | <u>\$21,213</u> | <u>\$27,396</u> | <u>\$6,934</u> | | <u>\$55,543</u> |

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Village uses fund accounting to segregate cash 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 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.

Recreation Fund - This fund receives donations concession stand sales, and baseball team fees for the activities and operations of the Village's park.

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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:

Sewer Project Fund - This fund receives grant and loan proceeds for the purpose of constructing sewer lines.

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 fund:

Veteran's Memorial Park Expendable Trust - Receives money from Toledo Edison which can only be spent on the Village Hall.

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 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, as required by Ohio law.

A summary of 2000 and 1999 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.

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

| | 2000 | 1999 |
|-------------------------|-----------------|-----------------|
| Demand deposits | \$55,120 | \$52,761 |
| Held by Sandusky County | 3,841 | 2,782 |
| Total deposits | \$58,961 | \$55,543 |

Demand deposits are insured by the Federal Depository Insurance Corporation. The money held by the Sandusky County cannot be identified as an investment or deposit since it is held in a pool made up of all funds held by the County.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|--------------|
| General | \$24,463 | \$24,499 | \$36 |
| Special Revenue | 14,500 | 15,454 | 954 |
| Total | \$38,963 | \$39,953 | \$990 |

2000 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|-----------------|
| General | \$45,675 | \$24,078 | \$21,597 |
| Special Revenue | 35,113 | 11,623 | 23,490 |
| Capital Projects | 6,934 | 834 | 6,100 |
| Total | \$87,722 | \$36,535 | \$51,187 |

1999 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|--------------------|----------------|
| General | \$24,172 | \$24,170 | (\$2) |
| Special Revenue | 10,000 | 11,679 | 1,679 |
| Capital Projects | 20,000 | 20,000 | |
| Total | \$54,172 | \$55,849 | \$1,677 |

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$46,374 | \$25,159 | \$21,215 |
| Special Revenue | 31,066 | 7,130 | 23,936 |
| Capital Projects | 20,000 | 13,066 | 6,934 |
| Fiduciary | 205 | 205 | |
| Total | <u>\$97,645</u> | <u>\$45,560</u> | <u>\$52,085</u> |

The Township did not always certify expenditures in accordance with Ohio Revised Code § 5705.41(D).

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, 2000 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------------|------------------|--------------------------|
| Ohio Water Development Authority Loan | <u>\$20,000</u> | 0% |

The Ohio Water Development Authority (OWDA) loan relates to planning for a sewer line construction project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$25,000 in loans to the Village for this project. The loan will be repaid in annual installments of \$2,500 over 10 years. The scheduled payment amount below assumes that \$25,000 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

| <u>Year ending December 31:</u> | <u>OWDA Loan</u> |
|-------------------------------------|------------------------|
| 1999 | |
| 2000 | |
| 2001 | |
| 2002 | \$2,500 |
| 2003 | 2,500 |
| Subsequent | <u>20,000</u> |
| Total | <u><u>\$25,000</u></u> |

6. RETIREMENT SYSTEMS

The Village's 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. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% during 2000 and 13.55% during 1999 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for comprehensive property and general liability.

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

Village of Burgoon
Sandusky County
3112 Main Street
Burgoon, Ohio 43407-9756

To the Village Council:

We have audited the accompanying financial statements of the Village of Burgoon, Sandusky County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 13, 2001. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-30172-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 13, 2001.

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. 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 April 13, 2001.

Village of Burgoon
Sandusky County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and 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

April 13, 2001

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-30172-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. Also, no orders or contracts involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer certifying 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirement:

- a. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. Consider adding something like the above.
- b. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Council, if such expenditure is otherwise valid.

None of the Village transactions were certified at the time the commitment was incurred nor were either of the two exceptions met. To improve controls over disbursements, we recommend that all Village disbursements receive certification of the fiscal officer that the funds are or will be available.

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**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|---|------------------|---|
| 1998-30172-001 | The Clerk-Treasurer was not certifying the availability of funds prior to expenditures and "then and now" certificates were not issued. | No | The Clerk-Treasurer plans to make appropriate corrections in fiscal year 2001. |
| 1998-30172-002 | Encumbrances were not posted to the books | No | Not Corrected |
| 1998-30172-003 | Records for recreation activities were weak | No | The Village turned recreational activities over to the Township beginning with fiscal year 2001. |



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VILLAGE OF BURGOON

SANDUSKY 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
MAY 8, 2001**