



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF COLUMBIANA
COLUMBIANA COUNTY

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STATE OF OHIO
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Columbiana
Columbiana County
28 West Friend Street
Columbiana, Ohio 44408

To the Village Council:

We have audited the accompanying financial statements of the Village of Columbiana, Columbiana 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 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 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 March 2, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and contracts.

This report is intended solely for the information and use of 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.

Jim Petro
Auditor of State

March 2, 2001

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VILLAGE OF COLUMBIANA
COLUMBIANA 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

	Governmental Fund Types			Fiduciary Fund Types		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$195,540	\$1,271,598				\$1,467,138
Intergovernmental Receipts	236,687	208,903				445,590
Charges for Services	17,990	220,160		\$3,438		241,588
Fines, Licenses, and Permits	94,436	286				94,722
Interest					6,993	6,993
Miscellaneous	125,902	12,651		7,486	9,189	155,228
Total Cash Receipts	670,555	1,713,598		10,924	16,182	2,411,259
Cash Disbursements:						
Current:						
Security of Persons and Property	721,413	69,042			2,087	792,542
Public Health Services	10,868	86,776				97,644
Leisure Time Activities		214,054				214,054
Transportation		211,751				211,751
General Government	239,530					239,530
Contractual Services		3,452			6,792	10,244
Supplies and Materials		4,748			96	4,844
Debt Service:						
Principal Payments			\$740,000			740,000
Interest Payments			27,837			27,837
Capital Outlay		3,159		522,965	5,042	531,166
Total Cash Disbursements	971,811	592,982	767,837	522,965	14,017	2,869,612
Total Receipts Over/(Under) Disbursements	(301,256)	1,120,616	(767,837)	(512,041)	2,165	(458,353)
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets		1,203		16,062		17,265
Sale of Bonds or Notes			702,000	3,000		705,000
Transfers-In	478,000	75,000	64,000	717,000		1,334,000
Transfers-Out	(130,200)	(1,195,000)				(1,325,200)
Other Sources	118,556		3,844			122,400
Other Uses	(118,624)	(36,466)				(155,090)
Total Other Financing Receipts/(Disbursements)	347,732	(1,155,263)	769,844	736,062		698,375
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	46,476	(34,647)	2,007	224,021	2,165	240,022
Fund Cash Balances January 1	292,291	559,277	17,471	560,007	147,881	1,576,927
Fund Cash Balances, December 31	\$338,767	\$524,630	\$19,478	\$784,028	\$150,046	\$1,816,949
Reserves for Encumbrances, December 31	\$85,725	\$12,451		\$291,853	\$924	\$390,953

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

VILLAGE OF COLUMBIANA
COLUMBIANA COUNTY

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

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	Agency	
Operating Cash Receipts:					
Charges for Services	\$5,080,865	\$288,958			\$5,369,823
Reimbursements		22,687			22,687
Interest		12,020			12,020
Total Operating Cash Receipts	<u>5,080,865</u>	<u>323,665</u>			<u>5,404,530</u>
Operating Cash Disbursements:					
Personal Services	1,228,462	4,866		\$78,036	1,311,364
Employee Benefits		337,148			337,148
Travel Transportation	44				44
Contractual Services	3,229,974	11,246		682	3,241,902
Supplies and Materials	218,339				218,339
Capital Outlay	467,820				467,820
Total Operating Cash Disbursements	<u>5,144,639</u>	<u>353,260</u>		<u>78,718</u>	<u>5,576,617</u>
Operating Income/(Loss)	<u>(63,774)</u>	<u>(29,595)</u>		<u>(78,718)</u>	<u>(172,087)</u>
Non-Operating Cash Receipts:					
Property Tax and Other Local Taxes				26,042	26,042
Intergovernmental Receipts	5,740				5,740
Proceeds from Notes	645,000				645,000
Miscellaneous	253,205				253,205
Sale of Fixed Assets	21,939				21,939
Other Non-Operating Revenues	570			127	697
Total Non-Operating Cash Receipts	<u>926,454</u>			<u>26,169</u>	<u>952,623</u>
Non-Operating Cash Disbursements:					
Debt Service	68,872				68,872
Other Non-Operating Cash Disbursements	9,537			425	9,962
Total Non-Operating Cash Disbursements	<u>78,409</u>			<u>425</u>	<u>78,834</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	784,271	(29,595)		(52,974)	701,702
Transfers-In				55,200	55,200
Transfers-Out	(64,000)				(64,000)
Net Receipts Over/(Under) Disbursements	720,271	(29,595)		2,226	692,902
Fund Cash Balances, January 1	1,404,802	253,473	\$4,033	6,054	1,668,362
Fund Cash Balances, December 31	<u>\$2,125,073</u>	<u>\$223,878</u>	<u>\$4,033</u>	<u>\$8,280</u>	<u>\$2,361,264</u>
Reserve for Encumbrances, December 31	<u>\$712,992</u>	<u>\$111</u>			<u>\$713,103</u>

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

VILLAGE OF COLUMBIANA
COLUMBIANA 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, 1998**

	Governmental Fund Types			Fiduciary Fund Types		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$171,033	\$1,186,885				\$1,357,918
Intergovernmental Receipts	180,592	203,397				383,989
Charges for Services	19,862	205,635		\$3,282		228,779
Fines, Licenses, and Permits	85,128	263				85,391
Interest					7,697	7,697
Miscellaneous	124,869	78,301		5,913	9,632	218,715
Total Cash Receipts	581,484	1,674,481		9,195	17,329	2,282,489
Cash Disbursements:						
Current:						
Security of Persons and Property	626,271	65,422			4,931	696,624
Public Health Services	9,959	81,937				91,896
Leisure Time Activities		171,890				171,890
Transportation		109,972				109,972
General Government	191,267					191,267
Contractual Services		3,667			7,647	11,314
Supplies and Materials		3,796				3,796
Debt Service:						
Principal Payments			\$765,000			765,000
Interest Payments			33,616			33,616
Capital Outlay	22,048	28,584		596,758	649	648,039
Total Cash Disbursements	849,545	465,268	798,616	596,758	13,227	2,723,414
Total Receipts Over/(Under) Disbursements	(268,061)	1,209,213	(798,616)	(587,563)	4,102	(440,925)
Other Financing Receipts/(Disbursements):						
Sale of Bonds or Notes			740,000			740,000
Transfers-In	409,000	83,000	62,000	613,500		1,167,500
Advances-In				25,000		25,000
Transfers-Out	(135,000)	(1,022,500)				(1,157,500)
Advances-Out	(25,000)					(25,000)
Other Sources	105,439		6,788			112,227
Other Uses	(20,565)	(33,318)				(53,883)
Total Other Financing Receipts/(Disbursements)	333,874	(972,818)	808,788	638,500		808,344
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	65,813	236,395	10,172	50,937	4,102	367,419
Fund Cash Balances January 1	226,478	322,882	7,299	509,070	143,779	1,209,508
Fund Cash Balances, December 31	\$292,291	\$559,277	\$17,471	\$560,007	\$147,881	\$1,576,927
Reserves for Encumbrances, December 31	\$95,957	\$9,325		\$185,607		\$290,889

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

VILLAGE OF COLUMBIANA
COLUMBIANA COUNTY

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

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	Agency	
Operating Cash Receipts:					
Charges for Services	\$4,777,697	\$265,394			\$5,043,091
Reimbursements		74,322			74,322
Interest		13,747			13,747
Total Operating Cash Receipts	<u>4,777,697</u>	<u>353,463</u>			<u>5,131,160</u>
Operating Cash Disbursements:					
Personal Services	1,061,205	3,057		\$73,027	1,137,289
Employee Benefits		366,990			366,990
Travel Transportation	660				660
Contractual Services	2,864,985	9,593		394	2,874,972
Supplies and Materials	189,728				189,728
Capital Outlay	962,125				962,125
Total Operating Cash Disbursements	<u>5,078,703</u>	<u>379,640</u>		<u>73,421</u>	<u>5,531,764</u>
Operating Income/(Loss)	<u>(301,006)</u>	<u>(26,177)</u>		<u>(73,421)</u>	<u>(400,604)</u>
Non-Operating Cash Receipts:					
Local Taxes				21,617	21,617
Intergovernmental Receipts					0
Miscellaneous	281,185			1,694	282,879
Other Non-Operating Receipts					0
Total Non-Operating Cash Receipts	<u>281,185</u>			<u>23,311</u>	<u>304,496</u>
Non-Operating Cash Disbursements:					
Debt Service	113,957				113,957
Other Non-Operating Cash Disbursements	92,839			11	92,850
Total Non-Operating Cash Disbursements	<u>206,796</u>			<u>11</u>	<u>206,807</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(226,617)	(26,177)		(50,121)	(302,915)
Transfers-In				52,000	52,000
Transfers-Out	(62,000)				(62,000)
Net Receipts Over/(Under) Disbursements	(288,617)	(26,177)		1,879	(312,915)
Fund Cash Balances, January 1	1,693,419	279,650	\$4,033	4,175	1,981,277
Fund Cash Balances, December 31	<u>\$1,404,802</u>	<u>\$253,473</u>	<u>\$4,033</u>	<u>\$6,054</u>	<u>\$1,668,362</u>
Reserve for Encumbrances, December 31	<u>\$324,177</u>				<u>\$324,177</u>

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

**VILLAGE OF COLUMBIANA
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity.

The Village of Columbiana, Columbiana 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 street maintenance services, electric, water and sewer utilities, cemetery services, park operations (leisure time activities), and police, ambulance and fire 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.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains and losses at the time of sale are recorded as receipts or disbursements, respectively.

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 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 COLUMBIANA
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Parks and Recreation Fund - This fund receives revenue from user charges and donations for the acquisition, development, maintenance, repair, and operation of parks, playgrounds and recreational programs of the Village.

Income Tax Fund - This fund's receipts are generated from a 1% income tax the Village levies on all salaries, wages, commissions and other compensation, and net profits earned within the Village for the purpose of general municipal operations, maintenance, new equipment, extension and enlargement of the Village.

3. Debt Service Fund

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

Water Storage Facility Bond Retirement Fund - This fund receives loan proceeds from the sale of notes for the purpose of paying the costs of improving the Village's water storage facilities and necessary appurtenances. This loan will be repaid from water receipts.

Utility Improvement Bond Retirement Fund - This fund receives loan proceeds to finance various utility improvements and expansion. This loan will be repaid from utility receipts.

4. 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:

Capital Improvement Fund - This fund receives income tax money to pay for capital improvements of the Village including, but not limited to, development and construction of storm sewers and street improvements; for public buildings, parks and playgrounds; and for equipment necessary for the police, fire, street, traffic and safety departments.

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 Fund:

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

6. Internal Service Fund

This fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Village on a cost reimbursement basis. The Village had the following significant Internal Service Fund:

Self-Funded Health and Life Insurance Benefit Fund - This fund is used for the purpose of receiving and disbursing monies for the payment of providing health and life insurance benefits for the employees of the Village.

**VILLAGE OF COLUMBIANA
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. 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:

Police Pension Fund - This fund's receipts are generated from inside millage real estate revenues (.3 mills) and transfers from the General fund. This fund is used to pay the employer's share of police pension obligations.

Columbiana Cemetery Maintenance Endowment Fund - This fund's revenues consist of donations and interest earnings and are used for the purpose of general cemetery maintenance.

Firestone Cemetery Trust Fund - This fund's revenues consist of donations and interest earning and are used specifically for the purpose of upkeep, maintenance and repairs to the Firestone Family burial plots located within the Village's cemetery.

M. I. Ferrall Trust Fund - This fund's revenues consist of interest earned from the trust fund balance. Interest earnings are transferred to the cemetery fund for use in the maintenance and upkeep of the Village cemetery.

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 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.

**VILLAGE OF COLUMBIANA
COLUMBIANA 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 disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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 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	\$ 620,113	\$ 437,981
Certificates of deposit	<u>3,558,100</u>	<u>2,807,308</u>
Total deposits	<u>4,178,213</u>	<u>3,245,289</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

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	\$ 1,272,359	\$ 1,267,111	\$ (5,248)
Special Revenue	1,786,500	1,789,801	3,301
Debt Service	770,000	769,844	(156)
Capital Projects	5,513,500	746,986	(4,766,514)
Enterprise	6,007,000	6,007,319	319
Internal Service	340,000	323,665	(16,335)
Fiduciary	<u>94,281</u>	<u>97,551</u>	<u>3,270</u>
Total	<u>\$ 15,783,640</u>	<u>\$ 11,002,277</u>	<u>\$ (4,781,363)</u>

**VILLAGE OF COLUMBIANA
COLUMBIANA COUNTY**

**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	\$ 1,350,870	\$ 1,306,360	\$ 44,510
Special Revenue	1,953,694	1,836,899	116,795
Debt Service	767,850	767,837	13
Capital Projects	5,670,184	814,818	4,855,366
Enterprise	6,296,765	6,000,040	296,725
Internal Service	385,249	353,371	31,878
Fiduciary	111,700	94,084	17,616
Total	<u>\$ 16,536,312</u>	<u>\$ 11,173,409</u>	<u>\$ 5,362,903</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,096,402	\$ 1,095,923	\$ (479)
Special Revenue	1,762,250	1,757,481	(4,769)
Debt Service	808,800	808,788	(12)
Capital Projects	648,500	622,695	(25,805)
Enterprise	5,064,500	5,058,882	(5,618)
Internal Service	354,000	353,463	(537)
Fiduciary	93,342	92,640	(702)
Total	<u>\$ 9,827,794</u>	<u>\$ 9,789,872</u>	<u>\$ (37,922)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,166,779	\$ 1,101,067	\$ 65,712
Special Revenue	1,618,964	1,530,411	88,553
Debt Service	798,630	798,616	14
Capital Projects	945,015	782,365	162,650
Enterprise	5,848,747	5,671,676	177,071
Internal Service	446,285	379,640	66,645
Fiduciary	100,761	86,659	14,102
Total	<u>\$ 10,925,181</u>	<u>\$ 10,350,434</u>	<u>\$ 574,747</u>

**VILLAGE OF COLUMBIANA
COLUMBIANA COUNTY**

**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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
OWDA Note	\$ 34,146	1.70%
Bond Anticipation Note 1999	260,000	4.25%
Bond Anticipation Note 1999	445,000	4.00%
Electric System Improvement Notes 1999	645,000	3.70%
Total	\$ 1,384,146	

The Ohio Water Development Authority (OWDA) note relates to a wastewater treatment plant improvements project that was mandated by the Ohio Environmental Protection Agency for the Clean Water Act. The OWDA approved up to \$328,796 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$34,436, including interest, over 5 years. The scheduled payment amount below assumes that \$328,796 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Each of the Bond Anticipation Notes relate to improving the water storage facilities. The notes will be repaid in full within a year, including interest. The notes are collateralized by water receipts and the Village has set water rates sufficient to cover the debt service requirements.

The Electric System Improvement Notes relate to improving the municipal electric system by removing damaged switchgear and old distribution line, installing new switchgear, reconstructing 1.25 miles of distribution line, and acquiring and installing transformers.

**VILLAGE OF COLUMBIANA
COLUMBIANA COUNTY**

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

5. DEBT (Continued)

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

Year ending Dec, 31:	OWDA Notes	Bond Anticipation Note(1)	Bond Anticipation Note (2)	Electric System Improvement Notes	Total
2000	\$ 34,436	\$ 271,050	\$ 462,800	\$ 668,865	\$ 1,437,151

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans 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. For 1999 and 1998, members of PFDPF contributed 10% of their gross salaries. The Village contributed an amount equal to 19.5% of participants' gross salaries. 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
- Vehicles
- Errors and omissions

The Village also provides health insurance and prescription coverage to full-time employees through a self insurance fund maintained by the Village. Any expenses exceeding \$20,000 are reimbursed by a private carrier.

8. SUBSEQUENT EVENTS

Based on mandates from the EPA, the Village may have to spend about \$9 million in the next couple of years to update the wastewater treatment plant. The treatment plant currently needs to treat the water at the rate of 1.3 million gallons, but part of the process only allows 900,000 gallons to be treated. When the first phase of the project is completed, the plant will be capable of treating 1.9 million gallons.

The Village has issued \$500,000 in a Bond Anticipation Note for Utility Improvements to build a new electrical substation and revamp it's old substation. The Note was issued on May 4, 2000 and will mature on May 3, 2001. The interest rate is 4.90% and will be paid for by utility receipts.

VILLAGE OF COLUMBIANA
COLUMBIANA COUNTY

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

8. SUBSEQUENT EVENTS (Continued)

The Village also has issued \$445,000 in a Bond Anticipation Note for Utility Improvements to pay the costs of extending the Village's water distribution system and sewage collection system to serve a newly annexed area of the Village. The Note was issued on September 8, 2000 and will mature on September 7, 2001. The interest rate is 4.90% and will be paid for by assessments to current property owners and developers.



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

Village of Columbiana
Columbiana County
28 West Friend Street
Columbiana, Ohio 44408

To the Village Council:

We have audited the accompanying financial statements of the Village of Columbiana, Columbiana County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 2, 2001. 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, and contracts, 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 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 March 2, 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 another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 2, 2001.

Village of Columbiana
Columbiana 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

March 2, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF COLUMBIANA

COLUMBIANA 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 17, 2001**