



**VILLAGE OF DARBYVILLE
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF DARBYVILLE
PICKAWAY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Darbyville
Pickaway County
16671 Main Street
Darbyville, Ohio 43164

To the Village Council:

We have audited the accompanying financial statements of the Village of Darbyville, Pickaway County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 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 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 of Darbyville, Pickaway County, Ohio as of December 31, 2000 and December 31, 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 February 7, 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, 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 that audit.

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.

JIM PETRO
Auditor of State

February 7, 2001

**VILLAGE OF DARBYVILLE
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$3,848	\$0	\$3,848
Intergovernmental Receipts	25,881	6,756	32,637
Miscellaneous	710	0	710
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	30,439	6,756	37,195
Cash Disbursements:			
Current:			
Security of Persons and Property	4,980	0	4,980
Public Health Services	301	0	301
Leisure Time Activities	808	0	808
Transportation	0	7,266	7,266
General Government	14,657	0	14,657
Capital Outlay	30,150	0	30,150
	<hr/>	<hr/>	<hr/>
Total Disbursements	50,896	7,266	58,162
Total Receipts Over/(Under) Disbursements	<hr/> <u>(20,457)</u>	<hr/> <u>(510)</u>	<hr/> <u>(20,967)</u>
Other Financing Receipts/(Disbursements):			
Sale of Notes	<hr/> <u>20,000</u>	<hr/> <u>0</u>	<hr/> <u>20,000</u>
Total Other Financing Receipts/(Disbursements)	<hr/> <u>20,000</u>	<hr/> <u>0</u>	<hr/> <u>20,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/> <u>(457)</u>	<hr/> <u>(510)</u>	<hr/> <u>(967)</u>
Fund Cash Balances January 1, 2000	<hr/> <u>48,265</u>	<hr/> <u>28,115</u>	<hr/> <u>76,380</u>
Fund Cash Balances, December 31, 2000	<hr/> <u>\$47,808</u>	<hr/> <u>\$27,605</u>	<hr/> <u>\$75,413</u>

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

VILLAGE OF DARBYVILLE
PICKAWAY COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
DECEMBER 31, 2000

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$20,471
Miscellaneous	4,178
	<hr/>
Total Operating Cash Receipts	24,649
	<hr/>
Operating Cash Disbursements:	
Personal Services	2,993
Contractual Services	9,886
Supplies and Materials	1,354
	<hr/>
Total Operating Cash Disbursements	14,233
	<hr/>
Operating Income	10,416
Fund Cash Balances, January 1, 2000	43,901
	<hr/>
Fund Cash Balances, December 31, 2000	<u><u>\$54,317</u></u>

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

**VILLAGE OF DARBYVILLE
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$2,683	\$0	\$2,683
Intergovernmental Receipts	24,565	7,178	31,743
Miscellaneous	385	7	392
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	27,633	7,185	34,818
Cash Disbursements:			
Current:			
Security of Persons and Property	4,980	0	4,980
Public Health Services	297	0	297
Leisure Time Activities	954	0	954
Transportation	0	5,523	5,523
General Government	14,846	0	14,846
	<hr/>	<hr/>	<hr/>
Total Disbursements	21,077	5,523	26,600
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	6,556	1,662	8,218
Fund Cash Balances January 1, 1999	<hr/>	<hr/>	<hr/>
	41,709	26,453	68,162
Fund Cash Balances, December 31, 1999	<u>48,265</u>	<u>28,115</u>	<u>76,380</u>

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

VILLAGE OF DARBYVILLE
PICKAWAY COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
DECEMBER 31, 1999

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$22,475
Miscellaneous	<u>3,727</u>
Total Operating Cash Receipts	<u>26,202</u>
Operating Cash Disbursements:	
Personal Services	2,271
Fringe Benefits	
Contractual Services	10,636
Supplies and Materials	<u>1,891</u>
Total Operating Cash Disbursements	<u>14,798</u>
Operating Income	11,404
Fund Cash Balances, January 1, 1999	<u>32,497</u>
Fund Cash Balances, December 31, 1999	<u><u>\$43,901</u></u>

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

**VILLAGE OF DARBYVILLE
PICKAWAY 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 Darbyville, Pickaway 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 utilities. Fire protection is provided through a contract with the Village of Ashville. The Village contracts with the Pickaway 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 and investments that are restricted as to use. The Village classifies its funds into the following types:

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.

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 Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Enterprise Funds

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

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

**VILLAGE OF DARBYVILLE
PICKAWAY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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.

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.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$129,730</u>	<u>\$120,281</u>
Total deposits	<u>129,730</u>	<u>120,281</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.

**VILLAGE OF DARBYVILLE
PICKAWAY COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 32,470	\$ 50,439	\$ 17,969
Special Revenue	6,918	6,756	(162)
Enterprise	25,200	24,649	(551)
Total	<u>\$ 64,588</u>	<u>\$ 81,844</u>	<u>\$ 17,256</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 80,734	\$ 50,896	\$ 29,838
Special Revenue	35,032	7,266	27,766
Enterprise	69,101	14,233	54,868
Total	<u>\$ 184,867</u>	<u>\$ 72,395</u>	<u>\$ 112,472</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 67,029	\$ 27,633	\$ (39,396)
Special Revenue	33,051	7,185	(25,866)
Enterprise	56,497	26,202	(30,295)
Total	<u>\$ 156,577</u>	<u>\$ 61,020</u>	<u>\$ (95,557)</u>

**VILLAGE OF DARBYVILLE
PICKAWAY COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 67,029	\$ 21,077	\$ 45,952
Special Revenue	33,051	5,523	27,528
Enterprise	56,497	14,798	41,699
Total	<u>\$ 156,577</u>	<u>\$ 41,398</u>	<u>\$ 115,179</u>

The Village did not encumber purchase commitments at the time of a purchase commitment. This is not in compliance with Ohio Rev. Code Section 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 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, 2000 was as follows:

	Principal	Interest Rate
Land Acquisition Note - National City Bank	<u>\$20,000</u>	6.27%
Total	<u>\$ 20,000</u>	

The Land Acquisition Note relates to the purchase of property for a park. The note will be repaid in annual installments of \$5,000 plus interest, over 4 years.

**VILLAGE OF DARBYVILLE
PICKAWAY COUNTY**

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

5. DEBT (Continued)

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

Year Ending December 31:	Land Acquisition Note
2001	\$ 6,254
2002	5,940
2003	5,627
2004	<u>5,314</u>
Total	<u>\$ 23,135</u>

6. RETIREMENT SYSTEMS

The Village's part-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 1999 and 10.84% for 2000. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Boiler and machinery

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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

Village of Darbyville
Pickaway County
16671 Main Street
Darbyville, Ohio 43164

To the Village Council:

We have audited the accompanying financial statements of the Village of Darbyville, Pickaway County, Ohio (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated February 7, 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, 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 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 2000-30665-001. We, also, noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated February 7, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Village of Darbyville
Pickaway County
Report on Compliance and on Internal Control Required
by *Government Auditing Standards*
Page 2

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.

JIM PETRO
Auditor of State

February 7, 2001

**VILLAGE OF DARBYVILLE
PICKAWAY COUNTY**

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

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

Finding Number

2000-30665-001

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. This section also provides two exceptions to the above requirements:

- 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 District 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.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the legislative authority.

For all expenditures tested the Village did not certify in accordance with this code section. The Village did not use a "super blanket " purchase orders, or employ the aforementioned exceptions allowable under this section.

We recommend the Village comply with Ohio Rev. Code Section 5705.41(D). In those cases when prior certification does not occur the Village should employ the exceptions allowable.



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VILLAGE OF DARBYVILLE

PICKAWAY 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 1, 2001**