



**VILLAGE OF ELGIN  
VAN WERT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDING DECEMBER 31, 2000-1999**



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

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**STATE OF OHIO**



VILLAGE OF ELGIN  
VAN WERT COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Elgin  
Van Wert County  
P.O. Box 29  
Elgin, Ohio 45838

To the Village Council:

We have audited the accompanying financial statements of the Village of Elgin, Van Wert County (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 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 May 14, 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 our 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

May 14, 2001

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**VILLAGE OF ELGIN  
VAN WERT 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$2,590		\$2,590
Special Assessments	308		308
Intergovernmental Receipts	18,392	1,301	19,693
Earnings on Investments	2,612		2,612
	23,902	1,301	25,203
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	5,786		5,786
Public Health Services	606		606
Leisure Time Activities	5,398		5,398
Transportation	11,677		11,677
General Government	6,954		6,954
	30,421	0	30,421
<b>Total Disbursements</b>			
	(6,519)	1,301	(5,218)
<b>Total Receipts Over/(Under) Disbursements</b>			
Fund Cash Balances January 1	70,804	10,446	81,250
	\$64,285	\$11,747	\$76,032
<b>Fund Cash Balances, December 31</b>			

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

**VILLAGE OF ELGIN  
VAN WERT COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$2,078		\$2,078
Intergovernmental Receipts	17,727	1,487	19,214
Earnings on Investments	1,688	292	1,980
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	21,493	1,779	23,272
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	1,639		1,639
Public Health Services	857		857
Leisure Time Activities	2,606		2,606
Transportation	1,908	18	1,926
General Government	9,241		9,241
	<hr/>	<hr/>	<hr/>
Total Disbursements	16,251	18	16,269
Total Receipts Over Disbursements	5,242	1,761	7,003
Fund Cash Balances January 1	65,562	8,685	74,247
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<u>\$70,804</u>	<u>\$10,446</u>	<u>\$81,250</u>

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



**VILLAGE OF ELGIN  
VAN WERT 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 Elgin, Van Wert 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)

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.

**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 Fund:

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

**E. Budgetary Process**

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

**VILLAGE OF ELGIN  
VAN WERT COUNTY**

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

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

**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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments 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.

**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	\$ 26,032	\$ 31,250
Certificates of deposit	<u>50,000</u>	<u>50,000</u>
Total deposits	<u>\$ 76,032</u>	<u>\$ 81,250</u>

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

**VILLAGE OF ELGIN  
VAN WERT 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 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 22,150	\$ 23,902	\$ 1,752
Special Revenue	5,235	1,301	(3,934)
Total	<u>\$ 27,385</u>	<u>\$ 25,203</u>	<u>\$ (2,182)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 48,800	\$ 30,421	\$ 18,379
Special Revenue	15,500	0	15,500
Total	<u>\$ 64,300</u>	<u>\$ 30,421</u>	<u>\$ 33,879</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 21,150	\$ 21,493	\$ 343
Special Revenue	1,705	1,779	74
Total	<u>\$ 22,855</u>	<u>\$ 23,272</u>	<u>\$ 417</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 43,850	\$ 16,251	\$ 27,599
Special Revenue	15,600	18	15,582
Total	<u>\$ 59,450</u>	<u>\$ 16,269</u>	<u>\$ 43,181</u>

The Village did not comply with Ohio Revised Code Section 5705.41 (D).

**VILLAGE OF ELGIN  
VAN WERT COUNTY**

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

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. RETIREMENT SYSTEMS**

The Village's elected 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. For 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 to December 31, 2000 the employer rate was temporarily rolled back to 8.13% of participant's gross salaries. The Village has not paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles



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

Village of Elgin  
Van Wert County  
P.O. Box 29  
Elgin, Ohio 45838

To the Village Council:

We have audited the accompanying financial statements of the Village of Elgin, Van Wert 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 May 14, 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 2000-30281-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 14, 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. 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 14, 2001.

Village of Elgin  
Van Wert 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 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

May 14, 2001

VILLAGE OF ELGIN  
VAN WERT 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 2000-30281-001**

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to of an appropriated fund free from any previous encumbrance. Further, contracts and order for expenditures lacking prior certification should be considered null and void. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

In seventy five percent (75%) of the invoices tested, the date of the invoice preceded the date of the purchase order or blanker certificate date. There was evidence that the Village Council approved the expenditure by formal resolution within thirty days, however, the certification of funds did not indicate that the funds were free from previous encumbrance both at the time of contract and of the time of payment ("Then and Now" certificate).

The Village should require that all employees and officials obtain the required certification prior to incurring the obligations. If prior certification is not obtained and the Village does approve the expenditure by formal resolution, the certification of funds should indicate that funds were available at the time the contract or order was made and at the time of payment.

**VILLAGE OF ELGIN  
VAN WERT COUNTY**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1998-30281-001	ORC 5705.38, Annual appropriations resolution was not approved.	Yes	
1998-30281-002	ORC 5705.41(B), Expenditures exceeded appropriations.	Yes	
1998-30281-003	Village Ordinance #1997-1, Clerk was overpaid	Yes	
1998-30281-004	ORC 731.13, In-term wage increase for Mayor	Yes	
1998-30281-005	5705.41(D), Prior certification was not obtained for all expenditures.	No	See finding # 2000-30281-001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF ELGIN**

**VAN WERT 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 5, 2001**