



**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



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

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**STATE OF OHIO**



VILLAGE OF FORT RECOVERY  
MERCER COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Fort Recovery  
Mercer County  
P.O. Box 340  
201 South Main Street  
Fort Recovery, Ohio 45846

To the Village Council:

We have audited the accompanying general-purpose financial statements of the Village of Fort Recovery, Mercer County, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Villages's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 described 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Fort Recovery, Mercer County, 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 August 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 and contracts. 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, Village Council and other officials authorized to receive this report under Section 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

August 7, 2001

**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

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

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$92,394	\$75,807			\$329,131	\$497,332
Special Assessments	6,968			9,638		16,606
Intergovernmental Receipts	77,446	97,417		550,367		725,230
Charges for Services		12,238				12,238
Fines, Licenses, and Permits	790					790
Earnings on Investments	4,557					4,557
Miscellaneous	6,387	30,263				36,650
<b>Total Cash Receipts</b>	<u>188,542</u>	<u>215,725</u>		<u>560,005</u>	<u>329,131</u>	<u>1,293,403</u>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	113,190					113,190
Public Health Services	5,510	13,595				19,105
Leisure Time Activities		29,047				29,047
Community Environment	51					51
Transportation	1,055	90,647				91,702
General Government	152,899				33,647	186,546
Debt Service					27,730	27,730
Capital Outlay	24,245	91,902		731,327	10,168	857,642
<b>Total Disbursements</b>	<u>296,950</u>	<u>225,191</u>	<u>27,730</u>	<u>731,327</u>	<u>43,815</u>	<u>1,325,013</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(108,408)</u>	<u>(9,466)</u>	<u>(27,730)</u>	<u>(171,322)</u>	<u>285,316</u>	<u>(31,610)</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Bonds or Notes	105,000					105,000
Sale of Fixed Assets		3,560				3,560
Transfers-In	5,480	29,778	40,167	167,951	285	243,661
Advances-In	1,511					1,511
Transfers-Out	(778)	(5,765)			(260,117)	(266,660)
Advances-Out				(1,511)		(1,511)
Other Uses					(24,107)	(24,107)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>111,213</u>	<u>27,573</u>	<u>40,167</u>	<u>166,440</u>	<u>(283,939)</u>	<u>61,454</u>
Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,805	18,107	12,437	(4,882)	1,377	29,844
Fund Cash Balances January 1	2,022	66,555	24,063	5,617	20,313	118,570
<b>Fund Cash Balances, December 31</b>	<u>\$4,827</u>	<u>\$84,662</u>	<u>\$36,500</u>	<u>\$735</u>	<u>\$21,690</u>	<u>\$148,414</u>

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

**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Nonexpendable Trust</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$322,464		\$322,464
Miscellaneous	105	144	249
Total Operating Cash Receipts	322,569	144	322,713
<b>Operating Cash Disbursements:</b>			
Personal Services	142,820		142,820
Travel Transportation	492		492
Contractual Services	67,040		67,040
Supplies and Materials	49,153		49,153
Capital Outlay	41,456		41,456
Total Operating Cash Disbursements	300,961	0	300,961
Operating Income	21,608	144	21,752
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	12,397		12,397
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	58,581		58,581
Other Non-Operating Cash Disbursements	1,379		1,379
Total Non-Operating Cash Disbursements	59,960	0	59,960
Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(25,955)	144	(25,811)
Transfers-In	69,687		69,687
Transfers-Out	(46,688)	0	(46,688)
Net Receipts Over/(Under) Disbursements	(2,956)	144	(2,812)
Fund Cash Balances, January 1	202,864	3,000	205,864
<b>Fund Cash Balances, December 31</b>	<b>\$199,908</b>	<b>\$3,144</b>	<b>\$203,052</b>

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



**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

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

	Governmental Fund Types				Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$90,807	\$73,517			\$308,133	\$472,457
Special Assessments	8,179			2,638		10,817
Intergovernmental Receipts	189,655	91,380		215,132		496,167
Charges for Services		19,089				19,089
Fines, Licenses, and Permits	729					729
Earnings on Investments	9,393					9,393
Miscellaneous	7,197	16,602		1,071		24,870
<b>Total Cash Receipts</b>	<b>305,960</b>	<b>200,588</b>		<b>218,841</b>	<b>308,133</b>	<b>1,033,522</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	117,250					117,250
Public Health Services	5,429	9,045				14,474
Leisure Time Activities		40,166				40,166
Community Environment	1,250					1,250
Basic Utility Services					10,037	10,037
Transportation		75,572				75,572
General Government	133,542	234			26,453	160,229
Debt Service			27,707			27,707
Capital Outlay	18,339	78,577		701,535	24,898	823,349
<b>Total Disbursements</b>	<b>275,810</b>	<b>203,594</b>	<b>27,707</b>	<b>701,535</b>	<b>61,388</b>	<b>1,270,034</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>30,150</b>	<b>(3,006)</b>	<b>(27,707)</b>	<b>(482,694)</b>	<b>246,745</b>	<b>(236,512)</b>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Fixed Assets				98,924		98,924
Transfers-In	7,837	14,148	31,000	172,161	305	225,451
Advances-In				36,511		36,511
Transfers-Out	(548)	(10,354)		(1,536)	(230,013)	(242,451)
Advances-Out	(36,511)					(36,511)
Other Uses					(16,439)	(16,439)
Other Sources		585				585
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(29,222)</b>	<b>4,379</b>	<b>31,000</b>	<b>306,060</b>	<b>(246,147)</b>	<b>66,070</b>
<b>Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>928</b>	<b>1,373</b>	<b>3,293</b>	<b>(176,634)</b>	<b>598</b>	<b>(170,442)</b>
<b>Fund Cash Balances January 1</b>	<b>1,094</b>	<b>65,182</b>	<b>20,770</b>	<b>182,251</b>	<b>19,715</b>	<b>289,012</b>
<b>Fund Cash Balances, December 31</b>	<b>\$2,022</b>	<b>\$66,555</b>	<b>\$24,063</b>	<b>\$5,617</b>	<b>\$20,313</b>	<b>\$118,570</b>

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

**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$320,424		\$320,424
Miscellaneous	5,383		5,383
Total Operating Cash Receipts	<u>325,807</u>		<u>325,807</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	140,779		140,779
Travel Transportation	1,226		1,226
Contractual Services	42,890		42,890
Supplies and Materials	46,043		46,043
Capital Outlay	18,603		18,603
Total Operating Cash Disbursements	<u>249,541</u>		<u>249,541</u>
Operating Income	<u>76,266</u>		<u>76,266</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	<u>1,700</u>		<u>1,700</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	58,153		58,153
Other Non-Operating Cash Disbursements	<u>1,617</u>		<u>1,617</u>
Total Non-Operating Cash Disbursements	<u>59,770</u>		<u>59,770</u>
Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	18,196		18,196
Transfers-In	60,260	3,000	63,260
Transfers-Out	<u>(46,260)</u>		<u>(46,260)</u>
Net Receipts Over/(Under) Disbursements	32,196	3,000	35,196
Fund Cash Balances, January 1	<u>170,668</u>		<u>170,668</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$202,864</u></u>	<u><u>\$3,000</u></u>	<u><u>\$205,864</u></u>

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

**VILLAGE OF FORT RECOVERY  
MERCER 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 Fort Recovery, Mercer County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

The 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 and cash deposits 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 Funds:

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

**Parks and Recreation Funds** - This fund receives donations and concession stand revenues for maintaining the Village parks.

**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

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

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

**Motor Vehicle License Tag Fund** - This fund receives auto registration permissive tax monies for constructing, maintaining and repairing Village streets.

**Storm Sewer Levy Fund** - This fund receives tax monies from Village levies for repairing, maintaining, and constructing storm sewer lines within 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 fund:

**Industrial Park FHA Debt Service Fund** - This fund is used to account for retirement of bonds used to pay off a loan for the purchase of land for an industrial park site.

**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 funds:

**Industrial Park CDBG Grant Fund** - This fund receives grant funds from the Department of Development for the Community Development Block Grant. The proceeds are being used for installing water and sewer lines and for providing other services to prepare the land at the Village industrial park.

**John Street Storm Reconstruction Fund** - This fund receives Issue II funding for reconstructing the John Street storm system.

**Industrial Park Improvement Fund** - This fund receives proceeds from the sale of land for creating the new industrial park in the Village.

**5. Enterprise Funds**

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

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

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

**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

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

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

**6. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements.

If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

**Village Income Tax Fund** - This fund receives Village income tax money to provide funds for the purposes of general municipal operation, maintenance of equipment, extension, enlargement and improvement of municipal services and facilities and capital improvements.

**Cemetery Trust Fund** - This fund receives bequests used for maintaining graves.

**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. 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.

**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

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

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

**G. Unpaid Vacation and Sick Leave**

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

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

The Village maintains a cash and 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	\$ 330,838	\$ 304,091
Certificates of deposit	<u>20,628</u>	<u>20,343</u>
Total deposits	<u>\$ 351,466</u>	<u>\$ 324,434</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, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 285,366	\$ 300,533	\$ 15,167
Special Revenue	232,289	249,063	16,774
Debt Service	31,000	40,167	9,167
Capital Projects	790,486	727,956	(62,530)
Enterprise	398,024	404,653	6,629
Fiduciary	<u>325,563</u>	<u>329,560</u>	<u>3,997</u>
Total	<u>\$ 2,062,728</u>	<u>\$ 2,051,932</u>	<u>\$ (10,796)</u>

**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 311,461	\$ 297,728	\$ 13,733
Special Revenue	298,845	230,956	67,889
Debt Service	55,063	27,730	27,333
Capital Projects	790,486	732,838	57,648
Enterprise	600,598	407,609	192,989
Fiduciary	345,876	328,039	17,837
Total	<u>\$ 2,402,329</u>	<u>\$ 2,024,900</u>	<u>\$ 377,429</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 313,000	\$ 313,797	\$ 797
Special Revenue	223,941	215,321	(8,620)
Debt Service	35,000	31,000	(4,000)
Capital Projects	754,501	526,437	(228,064)
Enterprise	380,020	387,767	7,747
Fiduciary	350,475	311,438	(39,037)
Total	<u>\$ 2,056,937</u>	<u>\$ 1,785,760</u>	<u>\$ (271,177)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 313,000	\$ 312,869	\$ 131
Special Revenue	283,966	213,948	70,018
Debt Service	55,770	27,707	28,063
Capital Projects	1,097,291	703,071	394,220
Enterprise	550,668	355,571	195,097
Fiduciary	370,190	307,840	62,350
Total	<u>\$ 2,670,885</u>	<u>\$ 1,921,006</u>	<u>\$ 749,879</u>

**VILLAGE OF FORT RECOVERY  
MERCER 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. LOCAL INCOME TAX**

This locally levied tax of one percent is applied to gross salaries, wages, and other personal service compensation earned by residents of both in and out of the Village and to earnings of non-residents employed within the boundaries of the Village. It also applies to net income of organizations conducting business within the Village.

**6. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$ 621,190	5.0% and 7.25%
Street Improvement/General Fund Note	105,000	5.50%
Ohio Water Development Authority Loans	22,113	5.25%
Real Estate Acquisition Bonds	374,000	5.00%
Total	\$ 1,122,303	

Mortgage Revenue Bonds are for water plant improvements. Revenue of the water plant is pledged to pay the debt.

The Street Improvement/General Fund Note was issued for the purpose of balancing the general fund due to street improvement projects prior to year end.

Ohio Water Development Authority Loan is for waste water facility construction. Revenue of the waste water facility is pledged to pay for the debt.

Real Estate Acquisition Bonds were issued for retirement of a loan for the purchase of land for an industrial park and retention pond thereon. The bond is secured by mortgage on real estate.



**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

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

**6. DEBT (Continued)**

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

Year ending December 31:	Mortgage Revenue Bonds	Street Improvement/ General Fund Note	Ohio Water Development Authority Loan	Real Estate Acquisition Bonds
2001	\$ 45,959	\$ 106,427	\$ 11,893	\$ 29,300
2002	46,230	0	11,893	29,245
2003	46,451	0	0	29,270
2004	46,722	0	0	29,270
2005	46,836	0	0	29,245
Subsequent	835,826		0	556,365
Total	<u>\$ 1,068,024</u>	<u>\$ 106,427</u>	<u>\$ 23,786</u>	<u>\$ 702,695</u>

**7. 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 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries from January 1, 1999 to 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 paid all contributions required through December 31, 2000.

**8. RISK MANAGEMENT**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

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

**8. RISK MANAGEMENT (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31:

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

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

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**10. CONTRACTUAL COMMITMENTS**

The Village entered into a contract with Jutte Excavating in 2000 for the Center Street Improvement Project. The amount outstanding as of December 31, 2000 is \$289,187.



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

Village of Fort Recovery  
Mercer County  
P.O. Box 340  
201 South Main Street  
Fort Recovery, Ohio 45846

To the Village Council:

We have audited the financial statements of the Village of Fort Recovery (the "Village") as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated August 7, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30254-001 and 2000-30254-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 7, 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 August 7, 2001.

Village of Fort Recovery  
Mercer 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

August 7, 2001

**VILLAGE OF FORT RECOVERY  
MERCER COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number 2000-30254-001</b>	
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Ohio Rev. Code Section 5735.27 (A)(1) and (A)(2) prescribes the method for distribution and use of gas tax credited pursuant to (B)(2)(a) and (c)(2)(a) of Section 5735.23 and pursuant to (B) of Section 5735.26 for municipal corporations and indicates the amount received by each municipal corporation shall be used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads and streets; etc.. Ohio Rev. Code Section 4501.04 prescribes the method for distribution and use of auto registration revenues pursuant to Ohio Rev. Code 4501 and indicates the amount received by each municipal corporation shall be used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads and streets; etc.. Ohio Rev. Code Section 5735.28 states wherever a municipal corporation is on the line of the state highway system as designated by the director of transportation as an extension or continuance of the state highway system, seven and one-half per cent of the amount paid to any municipal corporation pursuant to Sections 4501.04, 5735.23 and 5735.27 of the Revised Code shall be used by it only to construct, reconstruct, repave, widen, maintain, and repair such highways, to purchase, erect, and maintain traffic lights and signals, and to erect and maintain street and traffic signs and markers on such highways.

The Street Construction, Maintenance and Repair Fund and the State Highway Improvement Fund were established by the Village of to account for the use of the gas and auto registration revenues received pursuant to the above noted Sections. The Motor Vehicle License Fund was established to account for municipal levied license taxes pursuant to Ohio Rev. Code Chapter 4504.

During 2000, \$3,700 of gas tax monies were credited to the Street Construction, Maintenance and Repair Fund rather than the State Highway Improvement Fund as required. During 1999, \$2,769 in gas tax monies was incorrectly distributed to the Street Maintenance and Repair Fund rather than to the State Highway Fund, and \$6,560 of auto registration fees was incorrectly distributed to the Motor Vehicle License Fund rather than the Street, Construction, Maintenance & Repair and State Highway funds. \$6,068 should have been distributed to the Street, Construction, Maintenance, & Repair Fund and \$492 should have been distributed to the State Highway Fund.

An adjustment has been made against the Street Construction, Maintenance and Repair Fund in the amount of \$3,700 in 2000 and \$2,769 in 1999 in favor of the State Highway Improvement Fund. In addition, an adjustment has been made to the Motor Vehicle License Fund in the amount of \$6,560 in favor of the Street Construction, Maintenance and Repair Fund for \$6,068 and in favor of the State Highway Fund for \$492. The accompanying financial statements reflect the above noted adjustments and the adjustments have been posted to the accounting records of the Village.

VILLAGE OF FORT RECOVERY  
MERCER 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 2000-30254-002**

Ohio Rev. Code Section 5705.41(D) states that no subdivision shall make any contract or order 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 the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certificate 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 that 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.

Not all contracts and orders for expenditures greater than \$1,000 were certified by the fiscal officer (village clerk) prior to the commitment. Also, the certificate of the fiscal officer (village clerk) was not attached or documented for any transaction less than \$1,000 that was not encumbered by a blanket or multi-vendor purchase order. Purchase orders for the transactions less than \$1,000 are not printed off the system in order to reduce paper costs. 50% of the number of transactions tested, which represents 44% of the expenditures tested, did not have certification prior to commitment.

Prior certification needs to be obtained and evidenced in order to meet compliance requirements. For those transactions less than \$1,000, not encumbered by a blanket or multi-vendor purchase order, the certification statement stamp should be affixed to the invoice (voucher packet supporting documentation) signed by the fiscal officer (village clerk) and identified as a "Then & Now". Administration and Elected Officials should review the exceptions which are provided by statute to this basic requirement with reference to the Ohio Compliance Supplement to enhance their awareness and understanding of this compliance requirement.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF FORT RECOVERY**

**MERCER 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  
SEPTEMBER 11, 2001**