



**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

VILLAGE OF NEW RIEGEL
SENECA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of New Riegel
Seneca County
13 West Findlay Street
P.O. Box 8
New Riegel, Ohio 44853-0008

To the Village Council:

We have audited the accompanying financial statements of the Village of New Riegel, Seneca County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As stated on Note 8, a reclassification of fund balance was made in 1999. The Village previously reported the Income Tax activity as Expendable Trust. This activity was reclassified as a General Fund starting in 1999.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 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.

Village of New Riegel
Seneca County
Report of Independent Accountants
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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 § 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 15, 2001

**VILLAGE OF NEW RIEGEL
SENECA 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property Tax and Other Local Taxes	\$126,530		\$126,530
Intergovernmental Receipts	83,328	\$9,986	93,314
Charges for Services	23,990		23,990
Fines, Licenses, and Permits	6,532		6,532
Earnings on Investments	5,869	2,179	8,048
Miscellaneous	2,637		2,637
 Total Cash Receipts	 248,886	 12,165	 261,051
Cash Disbursements:			
Current:			
Security of Persons and Property	59,864		59,864
Public Health Services	1,099		1,099
Leisure Time Activities	4,210		4,210
Transportation	379	8,885	9,264
General Government	50,014		50,014
Capital Outlay	45,513		45,513
 Total Cash Disbursements	 161,079	 8,885	 169,964
 Total Receipts Over Disbursements	 87,807	 3,280	 91,087
 Fund Cash Balances, January 1	 267,862	 35,598	 303,460
 Fund Cash Balances, December 31	 \$355,669	 \$38,878	 \$394,547

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

VILLAGE OF NEW RIEGEL
SENECA COUNTY

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

	<u>Enterprise</u>
Non-Operating Cash Disbursements:	
Basic Utility Services	\$5,450
Fund Cash Balances, January 1	<u>13,200</u>
Fund Cash Balances, December 31	<u><u>\$7,750</u></u>

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

**VILLAGE OF NEW RIEGEL
SENECA 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property Tax and Other Local Taxes	\$125,639		\$125,639
Intergovernmental Receipts	67,007	\$10,263	77,270
Charges for Services	23,990		23,990
Fines, Licenses, and Permits	504		504
Earnings on Investments	5,236	1,304	6,540
Miscellaneous	853		853
	<u>223,229</u>	<u>11,567</u>	<u>234,796</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	54,208		54,208
Public Health Services	387		387
Leisure Time Activities	5,909		5,909
Refunds	1,318		1,318
Transportation	500	71,429	71,929
General Government	40,632		40,632
	<u>102,954</u>	<u>71,429</u>	<u>174,383</u>
Total Cash Disbursements	<u>102,954</u>	<u>71,429</u>	<u>174,383</u>
Total Receipts Over/(Under) Disbursements	<u>120,275</u>	<u>(59,862)</u>	<u>60,413</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	267	71,441	71,708
Transfers-Out	(86,441)	(267)	(86,708)
	<u>(86,174)</u>	<u>71,174</u>	<u>(15,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>(86,174)</u>	<u>71,174</u>	<u>(15,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	34,101	11,312	45,413
Fund Cash Balances, January 1	<u>233,761</u>	<u>24,286</u>	<u>258,047</u>
Fund Cash Balances, December 31	<u>\$267,862</u>	<u>\$35,598</u>	<u>\$303,460</u>

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

VILLAGE OF NEW RIEGEL
SENECA COUNTY

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

	<u>Enterprise</u>
Non-Operating Cash Disbursements:	
Basic Utility Services	\$9,636
Transfers-In	<u>15,000</u>
Net Receipts Over Disbursements	5,364
Fund Cash Balances, January 1	<u>7,836</u>
Fund Cash Balances, December 31	<u><u>\$13,200</u></u>

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

**VILLAGE OF NEW RIEGEL
SENECA 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 New Riegel, Seneca 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 fire 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

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing state highways in the Village.

**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

3. Enterprise Fund

This fund accounts 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:

Sewer Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a sewer plant expansion. This loan will be repaid from a sewer surcharge.

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, 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 re-appropriated in the subsequent year.

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

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

**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$288,075	\$303,222
Certificate of deposit	114,222	13,438
Total deposits	<u>\$402,297</u>	<u>\$316,660</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

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	\$222,929	\$248,886	\$25,957
Special Revenue		12,165	12,165
Total	<u>\$222,929</u>	<u>\$261,051</u>	<u>\$38,122</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,540	\$161,079	(\$40,539)
Special Revenue	51,000	8,885	42,115
Enterprise	17,927	5,450	12,477
Total	<u>\$189,467</u>	<u>\$175,414</u>	<u>\$14,053</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$114,957	\$223,496	\$108,539
Special Revenue	88,443	83,008	(5,435)
Enterprise		15,000	15,000
Total	<u>\$203,400</u>	<u>\$321,504</u>	<u>\$118,104</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$195,100	\$189,395	\$5,705
Special Revenue	99,000	71,696	27,304
Enterprise	13,000	9,636	3,364
Total	<u>\$307,100</u>	<u>\$270,727</u>	<u>\$36,373</u>

**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

The Village had expenditures exceeding appropriations which is not in compliance with Ohio Revised Code § 5705.41(B).

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	<u>\$12,500</u>	0%

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$25,000 in loans to the Village for this project. As of December 31, 2000, the Village has received \$20,000 of the approved loan. According to the agreement, since the loan was not financed within two years from the date of the loan award, repayment is to be made in equal annual payments of \$2,500. If the project is financed after installment payments have started, the balance is due at that time.

6. RETIREMENT SYSTEMS

The Village's 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% during 1999 and 10.84% during 2000 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

8. RECLASSIFICATION OF FUND BALANCE

The Village previously reported the activity for the income tax activity as an Expendable Trust Fund. Starting in 1999, the Village has classified this activity as part of the General Fund. The adjustment is as follows:

	<u>General Fund</u>	<u>Expendable Trust Fund</u>
Fund Balance Previously Reported	\$142,986	\$90,775
Adjustment	<u>90,775</u>	<u>(90,775)</u>
Restated Fund Balance at 1/1/99	<u><u>\$233,761</u></u>	<u><u> </u></u>

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

Village of New Riegel
Seneca County
13 West Findlay Street
P.O. Box 8
New Riegel, Ohio 44853-0008

To the Village Council:

We have audited the accompanying financial statements of the Village of New Riegel, Seneca County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 15, 2001, in which we noted the Village reclassified the income tax fund from an expendable trust fund to the general fund. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instances of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2000-30574-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 15, 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.

Village of New Riegel
Seneca 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

March 15, 2001

**VILLAGE OF NEW RIEGEL
SENECA 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 2000-30574-001

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter. During fiscal year 2000, general fund expenditures (\$161,079) exceeded appropriations (\$120,540) by \$40,539. This could result in deficit spending.

We recommend appropriation measures be compared to the latest amended certificate of estimated resources and appropriate modification be made prior to submitting it to the County Auditor. In addition, the Village should request a certification from the County Auditor for each appropriation measure.

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**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-30574-001	Ohio Revised Code § 5705.41(B) expenditures exceeding appropriations	No	Issued material citation in current audit, Finding #2000-30574-001.
1998-30574-002	Ohio Revised Code § 5705.41(D) not properly encumbering	Yes	No longer valid. Client properly encumbered funds.



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VILLAGE OF NEW RIEGEL

SENECA 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 12, 2001**