



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF VANLUE
HANCOCK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Vanlue
Hancock County
305 South Buffalo Street
P.O. Box 77
Vanlue, Ohio 45890-0077

To the Village Council:

We have audited the accompanying financial statements of the Village of Vanlue, Hancock 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 audits.

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 and reserves for encumbrances 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 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 audits.

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

May 30, 2001

**VILLAGE OF VANLUE
HANCOCK 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$4,332			\$4,332
Special Assessments		\$7,915		7,915
Intergovernmental Receipts	55,306	10,283		65,589
Fines, Licenses, and Permits	330			330
Earnings on Investments	1,837	470		2,307
Miscellaneous	570			570
	<u>62,375</u>	<u>18,668</u>		<u>81,043</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	5,600	5,642		11,242
Public Health Services	1,426			1,426
Leisure Time Activities	674			674
Community Environment	291			291
Basic Utility Services	1,617			1,617
Transportation	10,634	8,769		19,403
General Government	28,876			28,876
Debt Service:				
Principal Payments			\$520	520
Capital Outlay	995			995
	<u>50,113</u>	<u>14,411</u>	<u>520</u>	<u>65,044</u>
Total Cash Disbursements				
	<u>50,113</u>	<u>14,411</u>	<u>520</u>	<u>65,044</u>
Total Receipts Over/(Under) Disbursements	<u>12,262</u>	<u>4,257</u>	<u>(520)</u>	<u>15,999</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			520	520
Transfers-Out	(2,034)			(2,034)
	<u>(2,034)</u>		<u>520</u>	<u>(1,514)</u>
Total Other Financing Receipts/(Disbursements)				
	<u>(2,034)</u>		<u>520</u>	<u>(1,514)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	10,228	4,257		14,485
Fund Cash Balances, January 1	94,331	22,239		116,570
Fund Cash Balances, December 31	<u>\$104,559</u>	<u>\$26,496</u>		<u>\$131,055</u>
Reserves for Encumbrances, December 31	<u>\$2,634</u>	<u>\$44</u>		<u>\$2,678</u>

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

**VILLAGE OF VANLUE
HANCOCK COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$38,889
Operating Cash Disbursements:	
Personal Services	11,176
Travel Transportation	21
Contractual Services	7,308
Supplies and Materials	4,111
Capital Outlay	2,149
Total Operating Cash Disbursements	24,765
Operating Income	14,124
Non-Operating Cash Disbursements:	
Debt Service	15,450
Excess of Disbursements Over Receipts Before Interfund Transfers	(1,326)
Transfers-In	1,514
Net Receipts Over Disbursements	188
Fund Cash Balances, January 1	55,684
Fund Cash Balances, December 31	\$55,872
Reserve for Encumbrances, December 31	

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

**VILLAGE OF VANLUE
HANCOCK 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$3,820			\$3,820
Special Assessments		\$6,029		6,029
Intergovernmental Receipts	67,205	9,640		76,845
Fines, Licenses, and Permits	280			280
Earnings on Investments	1,092	54		1,146
Miscellaneous	670			670
	<u>73,067</u>	<u>15,723</u>		<u>88,790</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	5,600	5,429		11,029
Public Health Services	1,140	142		1,282
Leisure Time Activities	1,297			1,297
Community Environment	342			342
Transportation	12,356	8,582		20,938
General Government	24,965			24,965
Debt Service:				
Principal Payments			\$520	520
Capital Outlay	1,010			1,010
	<u>46,710</u>	<u>14,153</u>	<u>520</u>	<u>61,383</u>
Total Cash Disbursements				
	<u>46,710</u>	<u>14,153</u>	<u>520</u>	<u>61,383</u>
Total Receipts Over/(Under) Disbursements	<u>26,357</u>	<u>1,570</u>	<u>(520)</u>	<u>27,407</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			520	520
Transfers-Out	(520)			(520)
	<u>(520)</u>		<u>520</u>	
Total Other Financing Receipts/(Disbursements)				
	<u>(520)</u>		<u>520</u>	
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	25,837	1,570		27,407
Fund Cash Balances January 1	68,494	20,669		89,163
Fund Cash Balances, December 31	<u>\$94,331</u>	<u>\$22,239</u>		<u>\$116,570</u>
Reserves for Encumbrances, December 31	<u>\$1,476</u>	<u>\$415</u>		<u>\$1,891</u>

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

**VILLAGE OF VANLUE
HANCOCK COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$39,044
Miscellaneous	310
	39,354
Total Operating Cash Receipts	39,354
Operating Cash Disbursements:	
Personal Services	11,883
Travel Transportation	35
Contractual Services	7,323
Supplies and Materials	3,058
Capital Outlay	7,655
	29,954
Total Operating Cash Disbursements	29,954
Operating Income	9,400
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	957
Non-Operating Cash Disbursements:	
Debt Service	14,750
Excess of Disbursements Over Receipts Before Interfund Transfers	(4,393)
Transfers-In	290
Transfers-Out	(290)
	(4,393)
Net Disbursements Over Receipts	(4,393)
Fund Cash Balances, January 1	60,077
Fund Cash Balances, December 31	\$55,684
Reserve for Encumbrances, December 31	\$152

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

**VILLAGE OF VANLUE
HANCOCK 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 Vanlue, Hancock 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 sewer utilities, park operations (leisure time activities), and fire services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

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:

VILLAGE OF VANLUE
HANCOCK COUNTY

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

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

Street Lighting Fund - This fund receives tax levy monies to fund street lighting.

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:

Bond Retirement Fund - This fund receives transfers from the General Fund to pay an OWDA loan.

4. Enterprise Funds

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

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

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

**VILLAGE OF VANLUE
HANCOCK COUNTY**

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

F. Property, Plant and Equipment

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

G. Unpaid Sick Leave

Employees are entitled to cash payments for unused sick leave in certain circumstances, such as upon leaving employment. Unpaid sick leave is not reflected as a liability 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	\$151,677	\$134,504
Certificates of deposit	35,250	37,750
Total deposits	<u>\$186,927</u>	<u>\$172,254</u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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	\$58,851	\$62,375	\$3,524
Special Revenue	15,770	18,668	2,898
Debt Service	520	520	
Enterprise	44,000	40,403	(3,597)
Total	<u>\$119,141</u>	<u>\$121,966</u>	<u>\$2,825</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$153,176	\$54,781	\$98,395
Special Revenue	38,016	14,455	23,561
Debt Service	520	520	
Enterprise	99,684	40,215	59,469
Total	<u>\$291,396</u>	<u>\$109,971</u>	<u>\$181,425</u>

**VILLAGE OF VANLUE
HANCOCK COUNTY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,020	\$73,067	(\$1,953)
Special Revenue	17,710	15,723	(1,987)
Debt Service	520	520	0
Enterprise	41,600	40,601	(999)
Total	\$134,850	\$129,911	(\$4,939)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$121,571	\$48,706	\$72,865
Special Revenue	38,171	14,568	23,603
Debt Service	520	520	
Enterprise	103,780	45,146	58,634
Total	\$264,042	\$108,940	\$155,102

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:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$2,600	0%
Mortgage Revenue Bonds	163,000	5%
Total	\$165,600	

**VILLAGE OF VANLUE
HANCOCK COUNTY**

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

The Ohio Water Development Authority (OWDA) loan relates to a cooperative agreement with the Ohio Water Development Authority dated November 30, 1994. The loan will be repaid in annual installments of \$520, interest free, over 10 years. Payments are made from the Village's Bond Retirement Fund, which receives transfers from the General Fund to retire the debt.

The Mortgage Revenue Bonds relate to sewer improvements. Principal and interest is due January 1 of each year. Debt is retired thru the Sewer Fund. Per the debt agreement, the amount of one payment is maintained in a debt reserve fund. The amount in the debt reserve fund is maintained in a certificate of deposit that is rolled over approximately every seven months.

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

<u>Year ending December 31:</u>	<u>OWDA Loan</u>	<u>Mortgage Revenue Bonds</u>
2001	\$520	\$15,100
2002	520	14,750
2003	520	15,400
2004	520	15,000
2005	520	14,600
Subsequent		163,950
Total	<u>\$2,600</u>	<u>\$238,800</u>

6. RETIREMENT SYSTEMS

The Village's officials and 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. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village is a member of the Ohio Government Risk Management Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Village's policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- Property;
- Inland Marine;
- Liability;
- Automobile; AND
- Crime.

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OFFICE OF THE AUDITOR

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

Village of Vanlue
Hancock County
305 South Buffalo Street
P.O. Box 77
Vanlue, Ohio 45890-0077

To the Village Council:

We have audited the accompanying financial statements of the Village of Vanlue, Hancock County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 30, 2001. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated May 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 May 30, 2001.

Village of Vanlue
Hancock 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 30, 2001



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF VANLUE

HANCOCK 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 19, 2001**