



**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Yorkville  
Jefferson County  
139 Market Street  
Yorkville, Ohio 43971

To the Village Council:

We have audited the accompanying financial statements of the Village of Yorkville, Jefferson 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 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 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 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.

This report is intended solely for the information and use of the 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 15, 2001

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**VILLAGE OF YORKVILLE  
JEFFERSON 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>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$203,532	\$31,104	\$34,951	\$49,205	\$318,792
Special Assessments		555			555
Intergovernmental Receipts	89,489	31,182			120,671
Charges for Services	7,694	4,251			11,945
Fines, Licenses, and Permits	8,069				8,069
Miscellaneous	21,074	8,564	14,200	2,304	46,142
<b>Total Cash Receipts</b>	<u>329,858</u>	<u>75,656</u>	<u>49,151</u>	<u>51,509</u>	<u>506,174</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	145,420	12,441			157,861
Community Environment	29				29
Transportation		45,396			45,396
General Government	73,154	726			73,880
Debt Service:					
Principal Payments			20,130		20,130
Interest Payments			30,847		30,847
Capital Outlay	58,728	918		39,650	99,296
<b>Total Cash Disbursements</b>	<u>277,331</u>	<u>59,481</u>	<u>50,977</u>	<u>39,650</u>	<u>427,439</u>
<b>Total Receipts (Under) Disbursements</b>	<u>52,527</u>	<u>16,175</u>	<u>(1,826)</u>	<u>11,859</u>	<u>78,735</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In			15,000		15,000
Transfers-Out	(6,000)				(6,000)
Other Uses			(835)		(835)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(6,000)</u>		<u>14,165</u>		<u>8,165</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b>	<u>46,527</u>	<u>16,175</u>	<u>12,339</u>	<u>11,859</u>	<u>86,900</u>
<b>Fund Cash Balances January 1</b>	<u>236,861</u>	<u>215,433</u>	<u>305,640</u>	<u>103,997</u>	<u>861,931</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$283,388</u></u>	<u><u>\$231,608</u></u>	<u><u>\$317,979</u></u>	<u><u>\$115,856</u></u>	<u><u>\$948,831</u></u>

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

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$226,625		\$226,625
Miscellaneous	11,610		11,610
	<u>238,235</u>		<u>238,235</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	115,256		115,256
Contractual Services	37,471		37,471
Supplies and Materials	48,726		48,726
Capital Outlay	52,687		52,687
	<u>254,140</u>		<u>254,140</u>
Operating Loss	<u>(15,905)</u>		<u>(15,905)</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts		\$267,839	267,839
		<u>267,839</u>	<u>267,839</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	839		839
Other Non-Operating Cash Disbursements	10,885	255,651	266,536
	<u>11,724</u>	<u>255,651</u>	<u>267,375</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(27,629)	12,188	(15,441)
Transfers-In	6,000		6,000
Transfers-Out	<u>(15,000)</u>		<u>(15,000)</u>
Net Receipts Over/(Under) Disbursements	(36,629)	12,188	(24,441)
Fund Cash Balances, January 1	<u>41,710</u>	<u>22,928</u>	<u>64,638</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$5,081</u></b>	<b><u>\$35,116</u></b>	<b><u>\$40,197</u></b>

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



VILLAGE OF YORKVILLE  
JEFFERSON 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$171,094	\$49,332	\$39,199	\$45,464	\$305,089
Intergovernmental Receipts	81,307	34,897			116,204
Charges for Services	20	2,800	12,000		14,820
Fines, Licenses, and Permits	16,670	923			17,593
Miscellaneous	38,545	45,152			83,697
<b>Total Cash Receipts</b>	<b>307,636</b>	<b>133,104</b>	<b>51,199</b>	<b>45,464</b>	<b>537,403</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	80,696	27,704			108,400
Transportation	1,290	8,167			9,457
General Government	175,454	66,724			242,178
Debt Service:					
Principal Payments			17,932	2,000	19,932
Interest Payments			33,364		33,364
Capital Outlay		38,056		64,047	102,103
<b>Total Cash Disbursements</b>	<b>257,440</b>	<b>140,651</b>	<b>51,296</b>	<b>66,047</b>	<b>515,434</b>
<b>Total Receipts (Under) Disbursements</b>	<b>50,196</b>	<b>(7,547)</b>	<b>(97)</b>	<b>(20,583)</b>	<b>21,969</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In	7,642	1,948	15,000		24,590
Transfers-Out	(22,000)	(17,743)			(39,743)
Other Uses			(7,282)		(7,282)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(14,358)</b>	<b>(15,795)</b>	<b>7,718</b>		<b>(22,435)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>35,838</b>	<b>(23,342)</b>	<b>7,621</b>	<b>(20,583)</b>	<b>(466)</b>
Fund Cash Balances January 1	201,023	238,775	298,019	124,580	862,397
<b>Fund Cash Balances, December 31</b>	<b>\$236,861</b>	<b>\$215,433</b>	<b>\$305,640</b>	<b>\$103,997</b>	<b>\$861,931</b>

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

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$241,736		\$241,736
Miscellaneous	46		46
Total Operating Cash Receipts	<u>241,782</u>		<u>241,782</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	125,147		125,147
Contractual Services	28,111		28,111
Supplies and Materials	43,617		43,617
Capital Outlay	35,717		35,717
Total Operating Cash Disbursements	<u>232,592</u>		<u>232,592</u>
Operating Income	<u>9,190</u>		<u>9,190</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	158	\$276,486	276,644
Total Non-Operating Cash Receipts	<u>158</u>	<u>276,486</u>	<u>276,644</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements	16,843	260,693	277,536
Total Non-Operating Cash Disbursements	<u>16,843</u>	<u>260,693</u>	<u>277,536</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(7,495)	15,793	8,298
Transfers-In	31,852		31,852
Transfers-Out	(16,699)		(16,699)
Net Receipts Over Disbursements	7,658	15,793	23,451
Fund Cash Balances, January 1	<u>34,052</u>	<u>7,135</u>	<u>41,187</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$41,710</u></b>	<b><u>\$22,928</u></b>	<b><u>\$64,638</u></b>

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

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Yorkville, Jefferson 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 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. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**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.

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

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

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

*Fire Levy Fund* - This fund receives levy money for the purpose of providing fire protection 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:

*Bond Voted Fund* - This fund is used to retire loans through the Ohio Water Development Authority. Loans were taken out to complete water and sewer projects mandated by the Ohio Environmental Protection Agency.

**4. Capital Project Fund**

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 fund:

*Equipment Fund* - This fund is used to purchase equipment used by the Village departments.

**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.

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

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

*Payroll Fund* - This fund was established to hold monies transferred from various funds for payroll purposes.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**VILLAGE OF YORKVILLE  
JEFFERSON 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 function 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.

**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	\$ 682,488	\$ 633,669
Certificates of deposit	306,540	292,900
	\$ 989,028	\$ 926,569
	\$ 989,028	\$ 926,569

**Deposits:** 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

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 295,000	\$ 329,858	\$ 34,858
Special Revenue	81,866	75,656	(6,210)
Debt Service	41,939	64,151	22,212
Capital Project	27,333	51,509	24,176
Enterprise	234,000	244,235	10,235
Total	<u>\$ 680,138</u>	<u>\$ 765,409</u>	<u>\$ 85,271</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 393,500	\$ 283,331	\$ 110,169
Special Revenue	121,345	59,481	61,864
Debt Service	52,000	51,812	188
Capital Project	50,000	39,650	10,350
Enterprise	253,733	280,864	(27,131)
Total	<u>\$ 870,578</u>	<u>\$ 715,138</u>	<u>\$ 155,440</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 407,775	\$ 315,278	\$ (92,497)
Special Revenue	60,057	135,052	74,995
Debt Service	86,000	66,199	(19,801)
Capital Project	34,375	45,464	11,089
Enterprise	239,500	273,792	34,292
Total	<u>\$ 827,707</u>	<u>\$ 835,785</u>	<u>\$ 8,078</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 358,900	\$ 279,440	\$ 79,460
Special Revenue	202,050	158,394	43,656
Debt Service	105,700	58,578	47,122
Capital Projects	80,000	66,047	13,953
Enterprise	262,000	266,134	(4,134)
Total	<u>\$ 1,008,650</u>	<u>\$ 828,593</u>	<u>\$ 180,057</u>

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

The Village did not properly certify and encumber funds as required by Ohio Revised Code § 5705.41 (D).

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan (#644)	\$ 255,087	10.98%
Ohio Water Development Authority Loan (#3021)	17,661	5.30%
General Obligation Bonds	500	5.66%
Total	\$ 273,248	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer projects that were mandated by the Ohio Environmental Protection Agency. The OWDA approved loans to the Village for these projects.

The proceeds of the general obligation bonds were used to make street repairs.

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

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

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

**5. DEBT (Continued)**

For the Year ending December 31:	OWDA Loan (664)	OWDA Loan (3021)	General Obligation Bonds
2001	\$ 49,534	\$ 1,679	\$ 552
2002	49,534	1,679	0
2003	49,534	1,679	0
2004	49,534	1,679	0
2005	49,534	1,679	0
Subsequent	<u>148,600</u>	<u>22,653</u>	<u>0</u>
Total	<u>\$ 396,270</u>	<u>\$ 31,048</u>	<u>\$ 552</u>

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

**7. RISK MANAGEMENT**

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

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





STATE OF OHIO  
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 Yorkville  
Jefferson County  
139 Market Street  
Yorkville, Ohio 43971

To the Village Council:

We have audited the accompanying financial statements of the Village of Yorkville, Jefferson County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 15, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2000-31241-001 and 2000-31241-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 15, 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-31241-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be a material weakness. However, we believe the reportable condition described above is not a material weakness. We also 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 15, 2001.

Village of Yorkville  
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Report of Independent Accountants on Compliance and on Internal Control  
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This report is intended for the information and use of the 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 15, 2001

VILLAGE OF YORKVILLE  
JEFFERSON 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 2000-31241-001

**Ohio Revised Code § 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 had 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. The amount so certified shall be recorded against the applicable appropriation account.

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

1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
2. If the amount involved is less than one thousand dollars the fiscal officer issues a certificate, but may authorize it to be paid without the affirmation of the Council.

Of the fiscal year 1999 expenditures tested, 95% were not certified and of the fiscal year 2000 expenditures tested, 97% were not certified and neither of the exceptions available to the Village were met.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. The Village should obtain approved purchase orders which include the fiscal officer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making a commitment.

FINDING NUMBER 2000-31241-002

**Ohio Revised Code § 733.28** requires the village clerk/treasurer to keep the books of the village, exhibit accurate statements of all monies received and expended, of all the property owned by the village, and the income derived therefore, and of all taxes and assessments.

The Clerk/Treasurer failed to keep accurate records. Ledgers did not accurately reflect all the financial activity of the Village. Errors included misclassification of receipts, expenditures and transfers. In addition, the Village had not established the State Highway and Mayor's Court Funds as required.

The Clerk/Treasurer should record all financial activity of the Village in the receipts ledger, appropriation ledger and the cash journal, as appropriate, so that accurate statements of all moneys received and expended can be prepared. Periodically, financial reports including all activity of the Village should be submitted to Council for review. Adjustments to include activity of the aforementioned funds were made to the financial statements and are reflected in this report.

**FINDING NUMBER 2000-31241-003**

Numerous errors were noted on the Village's annual financial report. Errors included misclassification of receipts, expenditures, transfers and failure to report mayor's court activity. Because of the aggregate number of these errors, the Villages financial position was not accurately presented on the financial statements. Numerous corrections to the report were necessary in order to properly reflect the ledgers as posted.

More care should be given to the preparation and completion of the annual financial report. Since this report is the presentation of the Village's financial position, it is imperative that the report fairly and accurately present the Village's financial status.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF YORKVILLE**

**JEFFERSON 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 21, 2001**