



**CITY OF VAN WERT  
VAN WERT COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



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

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**STATE OF OHIO**



CITY OF VAN WERT

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

City of Van Wert  
Van Wert County  
515 East Main Street  
Van Wert, Ohio 45891

To the Members of Council:

We have audited the accompanying financial statements of the City of Van Wert, Van Wert County, Ohio, (the City) as of and for the year ended December 31, 1999. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as described in the following paragraphs, 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.

Insurance claims reported in the self-insurance fund (an Internal Service Fund) are processed by a service organization that is independent of the City. The service organization did not provide us with evidence regarding the design or proper operation of its internal controls. We were unable to perform procedures to satisfy ourselves as to the proper processing of health insurance claims. Those claims represent 67 percent of the disbursements for the Internal Service Fund type.

Ohio Administrative Code Section 117-1-11, requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the City prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, can not be determined at this time.

In our opinion, except for the claims disbursements which we were unable to examine as described in the third paragraph, Internal Service Fund, the financial statements referred to above present fairly, in all material respects, the cash, investments, and combined fund cash balances of the City of Van Wert, Van Wert County, as of December 31, 1999, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and actual disbursements, for the year then ended on the basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the financial statements of the City taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 25, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, City 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**JIM PETRO**  
Auditor of State

August 25, 2000

**CITY OF VAN WERT  
VAN WERT COUNTY**

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

	<b>Governmental Fund Types</b>			<b>Total (Memorandum Only)</b>	
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>		<b>Capital Project</b>
<b>Receipts:</b>					
Taxes	\$2,547,749	\$545,742	\$0	\$1,982,513	\$5,076,004
Charges For Services	177,409	0	0	0	177,409
Fines, Forfeitures, Licenses	284,139	48,713	0	0	332,852
Revolving Loan Repayments	0	58,090	0	0	58,090
Intergovernmental Receipts	567,935	726,874	0	779,044	2,073,853
Special Assessments	0	0	28,515	18,025	46,540
All Other Receipts	199,475	86,003	24,996	0	310,474
<b>Total Receipts</b>	<b>3,776,707</b>	<b>1,465,422</b>	<b>53,511</b>	<b>2,779,582</b>	<b>8,075,222</b>
<b>Disbursements:</b>					
Security of Persons & Property	3,266,775	265,534	0	0	3,532,309
Community Environment	350,051	508,459	0	0	858,510
Transportation	0	388,383	0	0	388,383
General Government	1,127,194	52,888	9,363	35,214	1,224,659
Leisure Time Activities	406,704	0	0	0	406,704
Health Services	76,000	0	0	0	76,000
Capital Outlay	0	0	184,147	2,071,385	2,255,532
Debt Service	0	0	131,125	11,900	143,025
<b>Total Disbursements</b>	<b>5,226,724</b>	<b>1,215,264</b>	<b>324,635</b>	<b>2,118,499</b>	<b>8,885,122</b>
Total Receipts Over (Under) Disbursements	(1,450,017)	250,158	(271,124)	661,083	(809,900)
<b>Other Financing Sources (Uses)</b>					
Operating Transfers-In	0	0	102,506	0	102,506
Operating Transfers-Out	(102,506)	0	0	0	(102,506)
Advance-In	1,439,651	0	0	0	1,439,651
Advance-Out	0	(541,436)	0	(898,215)	(1,439,651)
Sale of Fixed Assets	12,575	0	29,400	0	41,975
Other Financing Sources	20,615	6,279	0	300	27,194
<b>Total Other Financing Sources (Uses)</b>	<b>1,370,335</b>	<b>(535,157)</b>	<b>131,906</b>	<b>(897,915)</b>	<b>69,169</b>
Total Receipts And Other Sources Over (Under) Disbursemet And Other Uses	(79,682)	(284,999)	(139,218)	(236,832)	(740,731)
Fund Cash Balance January 1	(153,213)	962,541	371,046	1,867,450	3,047,824
<b>Fund Cash Balance December 31</b>	<b>(\$232,895)</b>	<b>\$677,542</b>	<b>\$231,828</b>	<b>\$1,630,618</b>	<b>\$2,307,093</b>

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

CITY OF VAN WERT  
VAN WERT COUNTY

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

	Proprietary Fund Types		Fiduciary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	Agency	
<b>Receipts:</b>					
Charges For Services	\$2,981,437	\$767,142	\$0	\$0	\$3,748,579
Other Operating Receipts	22,437	39,329	1,156	0	62,922
Total Receipts	<u>3,003,874</u>	<u>806,471</u>	<u>1,156</u>	<u>0</u>	<u>3,811,501</u>
<b>Disbursements:</b>					
Personal Services	957,851	67,128	0	0	1,024,979
Contract Services	0	129,244	0	0	129,244
Claims	0	530,713	0	0	530,713
Supplies And Materials	805,665	63,990	0	0	869,655
Capital Outlay	1,969,462	0	0	0	1,969,462
Total Disbursements	<u>3,732,978</u>	<u>791,075</u>	<u>0</u>	<u>0</u>	<u>4,524,053</u>
Total Receipts Over (Under) Disbursements	(729,104)	15,396	1,156	0	(712,552)
<b>Non-Operating Receipts (Disbursements)</b>					
Sale of Notes	2,241,758	0	0	0	2,241,758
Other Non-Operating Revenue	2,214	0	0	1,010,875	1,013,089
Debt Service	(1,543,076)	0	0	0	(1,543,076)
Other Non-Operating Disbursements	(723)	0	0	(1,030,754)	(1,031,477)
Taxes	0	0	0	27,284	27,284
Intergovernmental	0	0	0	2,784	2,784
Total Non-Operating Receipts (Disbursements)	<u>700,173</u>	<u>0</u>	<u>0</u>	<u>10,189</u>	<u>710,362</u>
Net Income	(28,931)	15,396	1,156	10,189	(2,190)
Fund Cash Balance January 1	<u>760,326</u>	<u>170,784</u>	<u>25,000</u>	<u>81,209</u>	<u>1,037,319</u>
<b>Fund Cash Balance December 31</b>	<u>\$731,395</u>	<u>\$186,180</u>	<u>\$26,156</u>	<u>\$91,398</u>	<u>\$1,035,129</u>

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

**CITY OF VAN WERT  
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS-BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<u>Fund Types/Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b>Governmental:</b>			
General Fund	\$6,435,703	\$3,809,897	(\$2,625,806)
Special Revenue Funds	1,719,803	1,471,701	(248,102)
Debt Service Funds	91,971	185,417	93,446
Capital Project Funds	1,404,664	2,779,882	1,375,218
<b>Proprietary:</b>			
Enterprise Funds	3,813,590	5,247,846	1,434,256
Internal Service Funds	708,103	806,471	98,368
<b>Fiduciary:</b>			
Trust Funds	<u>0</u>	<u>1,156</u>	<u>1,156</u>
<b>Total (Memorandum Only)</b>	<u><u>\$14,173,834</u></u>	<u><u>\$14,302,370</u></u>	<u><u>\$128,536</u></u>

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

**CITY OF VAN WERT  
VAN WERT COUNTY**

**COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 1999**

<u>Fund Types/Fund</u>	<u>Prior Year Carryover Appropriations</u>	<u>1999 Appropriations</u>	<u>Total</u>
<b>Governmental:</b>			
General Fund	\$0	\$7,330,639	\$7,330,639
Special Revenue Funds	0	1,952,277	1,952,277
Debt Service Funds	0	368,476	368,476
Capital Project Funds	0	2,751,006	2,751,006
<b>Proprietary:</b>			
Enterprise Funds	0	5,260,374	5,260,374
Internal Service Funds	0	878,833	878,833
<b>Fiduciary:</b>			
Trust Funds	<u>0</u>	<u>0</u>	<u>0</u>
<b>Total (Memorandum Only)</b>	<u><u>\$0</u></u>	<u><u>\$18,541,605</u></u>	<u><u>\$18,541,605</u></u>

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

<u>Actual 1999 Disbursements</u>	<u>Encumbrances Outstanding At 12-31-99</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
\$5,329,230	\$0	\$5,329,230	\$2,001,409
1,215,264	0	1,215,264	737,013
324,635	0	324,635	43,841
2,118,499	0	2,118,499	632,507
5,276,777	0	5,276,777	(16,403)
791,075	0	791,075	87,758
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$15,055,480</u>	<u>\$0</u>	<u>\$15,055,480</u>	<u>\$3,486,125</u>

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**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**1. REPORTING ENTITY AND BASIS OF PRESENTATION**

**A. REPORTING ENTITY**

The City of Van Wert (the City) is a home rule municipal corporation established and operated under the laws of the State of Ohio. The City operates under the Mayor/Council form of government.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government of the City of Van Wert consists of all funds, departments, boards and agencies that are not legally separate from the City. The City is segmented into many different activities and smaller accounting entities. These include a police force, a fire fighting force, a street maintenance force, planning and zoning departments, a parks and recreation system, a water system, a sewer system, and a staff to provide essential support to these service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the Mayor through administrative and managerial requirements and procedures. All are responsible to the citizens of Van Wert and are included as part of the primary government.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

The City is associated with the Van Wert County Swimming Pool defined as a joint venture. This organization is presented in the notes to the financial statements.

**B. BASIS OF ACCOUNTING**

Although required by Ohio Administrative Code Section 117-1-11 to prepare its annual financial report in accordance with generally accepted accounting principles, the City chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting 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 formerly prescribed or permitted by the Auditor of State.

**C. FUND ACCOUNTING**

The City maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

**C. FUND ACCOUNTING (Continued)**

**GOVERNMENTAL FUNDS**

**General Fund**

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

**Special Revenue Funds**

To account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes.

**Capital Projects Funds**

To account for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary and trust funds).

**Debt Service Funds**

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

**PROPRIETARY FUNDS**

**Enterprise Funds**

To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

**Internal Service Fund**

The internal service fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the County, or to other governmental units, on a cost-reimbursement basis.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**1. REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

**C. FUND ACCOUNTING (Continued)**

**FIDUCIARY FUNDS**

**Trust and Agency Funds**

To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include non expendable trust funds and agency funds.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(As Required by Various Statutes)

**A. BUDGETARY PROCESS**

**1. Budget**

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**2. Estimated Resources**

The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the County receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year.

Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources.

The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations.

**3. Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**4. Encumbrances**

The City is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)  
(As Required by Various Statutes)

**A. BUDGETARY PROCESS** (Continued)

**4. Encumbrances** (Continued)

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**B. PROPERTY, PLANT AND EQUIPMENT**

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

**C. CASH AND CASH EQUIVALENTS**

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the City's records.

During 1999, investments were limited to STAROhio, repurchase agreements, federal government securities and common stock.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 1999.

Interest is distributed to the General Fund, the Revolving Loan Special Revenue Fund, Van Wert Bicentennial Trust Special Revenue Fund, Fire Department Welfare Trust Special Revenue Trust Fund and the Walter F. Emans Memorial Trust Fund.

**D. ACCUMULATED UNPAID VACATION AND SICK LEAVE**

Accumulated unpaid vacation and sick pay are not accrued under the cash basis of accounting described in Note 1. At December 31, 1999, and in accordance with the City's sick leave policy, management estimates that \$1,150,953 in sick leave and \$196,764 in vacation leave has been accumulated by the employees of the City. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practicable to determine the actuarial value of these benefits as of December 31, 1999.

**E. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE**

**Accountability - Fund Deficits**

General Fund - There is a deficit in the general fund of \$232,895 due to incorrect income tax allocation in 1998, for which an audit adjustment was made and the correction of the 1999 allocations during 1999.

Special Revenue Funds - There is a deficit in the COPS FAST fund of \$73,411 due to expenditures made for which grant funds were not available to be drawn down.

Enterprise Funds - There is a deficit in the Sewer Fund of \$177,263 because of cash flow. The deficit will be covered by the collection of 4<sup>th</sup> quarter 1999 utility billings which begin January 1, 2000.

**Compliance**

Section 5705.10, Revised Code, states that money paid into any fund shall be used only for the purposes for which such fund was established. The existence of a deficit balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund or funds carrying the deficit balance. The General, COPS FAST, and the Sewer funds had a deficit cash balances at year end.

Section 5705.39, Revised Code, provides that appropriations from each fund shall not exceed the estimated revenue available for expenditure as certified by the budget commission. The following funds had appropriations exceeding estimated resources:

<b>Fund</b>	<b>Estimated Resources</b>	<b>Appropriations</b>	<b>Variance</b>
General Fund	\$7,300,000	\$7,330,639	(\$30,639)
Street Maintenance & Repair Fund	512,553	515,153	(2,600)
Street Construction Fund	2,567,902	2,607,056	(39,154)
Park Improvement Fund	97,482	143,950	(46,468)
Water Fund	1,692,858	1,722,858	(30,000)
Sewer Fund	2,536,157	3,496,016	(959,859)

Section 5705.41(B), Revised Code, prohibits a subdivision from making an expenditure unless it has been properly appropriated. The following funds had expenditures that exceeded total appropriations for 1999:

<b>Fund</b>	<b>Appropriation</b>	<b>Expenditures</b>	<b>Variance</b>
Hotel/Motel Fund	\$58,000	\$80,899	(\$22,899)
Sewer Fund	3,496,016	3,820,231	(324,215)

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

**Compliance (Continued)**

Section 5705.41(D) requires the City to reserve (encumber) appropriations when commitments are made. The City did not encumber all commitments required by Ohio law.

**4. DEPOSITS AND INVESTMENTS**

The City Auditor and City Treasurer are responsible for selecting depositories and investing funds. State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts. Interim monies may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All Federal agency services shall be direct issuances of Federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

**Deposits:** At year end, the carrying amount of the City's deposits was \$29,203 and the bank balance was \$263,542. Of the bank balance, \$234,222 was covered by federal deposit insurance and \$29,320 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the County's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the County to a successful claim by the Federal Deposit Insurance Corporation.

**Investments:** GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements", requires that local governments disclose the carrying amounts and market value of investments, classified by risk. The government's investments are categorized as either (1) insured or registered, or securities are held by the City or its agent in the City's name, (2) uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name or (3) uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name. Investments in STAROhio and mutual funds are not classified since they are not evidenced by securities that exist in physical or book entry form.

	Risk Category		Carrying Value	Fair Value
	1	2		
Federal Agency Securities	0	2,851,270	2,851,270	2,799,335
Common Stock	5,779	0	5,779	11,648
Money Market mutual fund			109,388	109,388
STAROhio			346,582	346,582
<b>Total</b>			<b>\$3,313,019</b>	<b>\$3,266,953</b>

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**5. DEBT OBLIGATIONS**

Debt outstanding at December 31, 1999 consisted of the following:

General Obligation Notes	
Principal Outstanding	\$1,090,000
Interest Rate	4.10%
General Obligation Bonds	
Principal Outstanding	\$1,515,000
Interest Rates	4.80 - 9.5%
Ohio Water Development Authority Loans	
Principal Outstanding	\$2,161,988
Interest Rates	3.81 - 4.12%
Taxable Industrial Revenue Bond	
Principal Outstanding	\$430,158
Interest Rate	7.25%
Police Pension	
Principal Outstanding	\$137,615
Interest Rate	5.00%
Fire Pension	
Principal Outstanding	\$232,888
Interest Rate	5.00%

The General Obligation Note was renewed on June 17, 1999, maturing on June 15, 2000 and in anticipation of the issuance of bonds to cover the costs of improving the municipal sanitary sewerage system by constructing, reconstructing and otherwise improving sewage treatment and collection facilities, constructing a building to house equipment and motorized vehicles for that system and acquiring equipment and motorized vehicles.

The City issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities, street improvement and sewage system improvements. General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. The General Obligations bonds relate to 3 issues:

Waterworks System Improvement Bonds, issued in 1983 for 20 years to cover the costs of improving the municipal waterworks system by constructing a water treatment. The debt service on the Waterworks System Improvement Debt will be paid from municipal waterworks system revenues.

Westwood Drive Street Improvement Bonds, issued in 1990 for 20 years to cover the costs of improving Westwood Drive. A special assessment was levied on the property owners for their portion of the cost of improving Westwood Drive. All special assessments collected shall be used for the payment of the principal and interest on the bond until paid in full.

Various Purpose Bonds, issued in 1991 for 20 years to cover the costs of improving the municipal wastewater treatment facilities. The debt service on the municipal wastewater treatment facilities will be paid from municipal wastewater system revenues.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**5. DEBT OBLIGATIONS (Continued)**

Ohio Water Development Authority (OWDA) loans relate to 3 outstanding loans as follows: OWDA Loan number 3 and 4 relate to a Wastewater Sludge Processing project. The OWDA has approved up to \$1,086,005 in loans to the City for this project. The OWDA loan 3 will be repaid in semiannual installments of \$37,338, including interest, over 20 years. The scheduled payments and principal amount reflected for OWDA loan 3 includes capitalized interest of \$25,486. The OWDA loan number 4 does not have a schedule of payments yet as the City has not drawn down all of the funds. Ohio Water Development Authority (OWDA) loan number 5 relates to Wastewater Treatment Plan Improvements project. The City does not receive the funds for this project due to OWDA paying the contractors directly. The City does not have a schedule of payments yet as the City is still drawing on this loan. The scheduled payment will be adjusted to reflect any revisions in amounts actually expended for the project. Revenue of the utility facilities have been pledged to repay these costs. The City has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Taxable Industrial Revenue Bonds were issued in 1996 for a period of 15 years to purchase land in Vision Park Industrial Park. In 1997, the City made an early principal payment of \$150,000 reducing the maturity by seven years to 2005. The debt is secured by a Purchase Money Mortgage. The City is to pay the bond principal and interest from non-tax revenues, consisting primarily of investment income and crop sales.

The Police and Fire Pension obligation is a long-term accounting liability that is the City's accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. The liability will be paid from the police and fire pension special revenue funds in semiannual payments through the year 2035.

Amortization of the above bond (long term) debt, including interest, is scheduled as follows:

Year ending <u>December 31</u>	General Obligation <u>Bonds</u>	OWDA <u>Loans</u>	Industrial Revenue <u>Bonds</u>	Police <u>Pension</u>	Fire <u>Pension</u>
2000	\$266,613	\$75,336	\$102,505	\$7,548	\$12,773
2001	254,302	75,335	102,505	7,548	12,774
2002	246,918	75,336	102,505	7,548	12,773
2003	239,092	75,336	102,505	7,548	12,774
2004	150,878	75,336	102,505	7,548	12,773
Subsequent	<u>1,022,907</u>	<u>1,092,366</u>	<u>5,118</u>	<u>230,213</u>	<u>389,595</u>
Total	<u>\$2,180,710</u>	<u>\$1,469,045</u>	<u>\$517,643</u>	<u>\$267,953</u>	<u>\$453,462</u>

**6. INCOME TAX**

The City levies an income tax of one and half percent on all income earned within the City as well as incomes of residents earned outside the City. In the latter case the City allows a credit of 100 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Income tax is allocated by ordinance and was credited to the following funds in 1999: General fund \$1,389,298, Street Construction fund \$1,718,546, Street fund \$352,838, Capital Improvement fund \$203,764 and Park fund \$60,203.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**7. PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last reappraisal was completed for tax year 1996.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property, for the calendar year ended December 31, 1999, was \$3.2 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$3.2 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$3.2 per \$1,000 of assessed valuation for all other real property. Real property owners tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 1999, was \$3.2 per \$1,000 of assessed valuation.

Real Property - 1998 Valuation	
Residential/Agricultural	\$72,328,910
Commercial/Industrial	34,366,590
Public Utilities	14,230
Tangible Personal Property - 1999 Valuation	
General -	38,641,460
Public Utilities -	<u>6,300,620</u>
Total Valuation	<u>\$151,651,810</u>

The Van Wert County Treasurer collects property tax on behalf of all taxing districts within the County. The Van Wert County Auditor periodically remits to the taxing districts their portions of the taxes collected.

**8. RISK MANAGEMENT**

**Property and Liability**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 1999, the City contracted with Purmort Brothers Insurance Agency for general liability, property, law enforcement and public officials liability insurance.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

Coverages provided by the insurance are as follows:

<u>Type of Coverage</u>	<u>Coverage</u>	<u>Deductible</u>
General, Auto	Aggregate	\$4,000,000
	Per occurrence	2,000,000
Public Officials Errors and Omissions	Aggregate	3,000,000
	Per occurrence	1,000,000
Law Enforcement Occurrence Liability	Aggregate	3,000,000
	Wrongful Act	1,000,000
	Each Person	1,000,000
Building and Contents		21,712,000
		2,500

The City pays all elected officials' bonds per statute.

**Workers' Compensation**

Workers' compensation benefits are provided through the State Bureau of Worker's Compensation. For 1999, the City did not participate in a group rating program. The City Administration is taking steps to gain eligibility for a group-rating program. In an effort to reduce the cost of Workers' Compensation premiums, the City began participating in the BWC 10-step Premium Discount Program.

**Employee Medical Benefits**

The City established a medical self-insurance fund (an Internal Service Fund) to account for and finance its uninsured risks of loss. Under this program, the medical self-insurance fund provides coverage for up to a maximum of \$35,000 for each individual. The City purchased commercial insurance for claims in excess of coverage provided by the fund. The City has contracted with North Shore Administrators of Sandusky, Ohio to be the administrator of this Program. Settled claims have not exceeded the fund's coverage or stop-loss insurance coverage in 1999. The City does not anticipate being responsible for any costs that exceed the stop-loss insurance coverage.

All funds of the City participate in the program and make payments to the medical self-insurance fund based on a set rate per employee for single or family coverage. During 1999, a total of \$129,244 was paid for administrative fees and premiums and \$530,713 was paid for claims and benefits.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**9. DEFINED BENEFIT PENSION PLANS**

**A. Public Employees Retirement System**

All City full-time employees, other than law enforcement employees, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations and the City is required to contribute 13.55 percent. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 1999, 1998, and 1997 were \$255,699, \$260,471, and \$247,903 respectively. The full amount has been contributed for 1998 and 1997. All required contributions have been paid through December 31, 1999.

**B. Police and Firemen's Disability and Pension Fund**

The City contributes to the Police and Firemen's Disability and Pension Fund of Ohio (the "Fund"), a cost-sharing multiple employer public employee retirement system administered by the Fund's Board of Trustees. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provision are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code.

The Fund issues a publicly available financial report that includes financial information and required supplementary information for the Fund. That report may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$178,931 and 188,758 for the year ended December 31, 1999, \$168,354 and \$180,421 for 1998, and \$156,283 and \$163,492 for 1997. The full amount has been contributed for 1998 and 1997. Seventy-three percent has been contributed for 1999.

In addition to the current contribution, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 1999, the unfunded liability of the City was \$368,262, payable in semiannual payments through the year 2035. This is an accounting liability of the City which will not vary.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by a State retirement system have an option to choose Social Security or the appropriate state system. As of December 31, 1999, six reserve firemen and one council person have elected Social Security. The City's liability is 6.2 percent of wages paid.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**10. POSTEMPLOYMENT BENEFITS**

**A. Public Employees Retirement System (PERS)**

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll for employees not engaged in law enforcement; 4.2 percent was the portion that was used to fund health care for the year 1999.

For 1999, benefits were funded on a pay-as-you-go basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. During 1999, OPEB expenditures made by PERS were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. At December 31, 1999, the total number of benefit recipients eligible for OPEB through PERS was 118,062. The City's actual contributions for 1999 which were used to fund OPEB were \$79,257.

**B. Police and Firemen's Disability and Pension Fund**

The Police and Firemen's Disability and Pension Fund (the "Fund") provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 6.5 percent of covered payroll is applied to the postemployment health care program. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998, was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 that were used to fund postemployment benefits were \$59,644 for police and \$51,122 for fire. The Fund's total health care expenses for the year ended December 31, 1998, (the latest information available) were \$78,596,790.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**11. JOINT VENTURE**

The Van Wert County Swimming Pool (the Pool) is a joint venture between the City of Van Wert and Van Wert County. The Pool is jointly operated by the City and the County for the benefit of all the citizens of the County. The recreation board governs the operations of the Pool. The board is made up of five members, with the City Council appointing two members to the board and the County Commissioners also appointing two members. The four members then appoint the fifth member. The Pool is no longer a self-supporting enterprise. Pool rates are adjusted on a yearly basis in order to provide for a sufficient reserve over and above normal operational costs for any necessary improvements, but the rates have not been sufficient to provide for the payment of the Swimming Pool Slide Note. During 1999, the City contributed \$10,000 for repairs and maintenance and \$38,213 for debt on the Swimming Pool Slide Note since the Pool was unable to pay all of the debt payments due. This payment paid off the Swimming Pool Slide Note. The Pool is a joint venture since continued participation by the City is necessary for the Pool's continued existence. In future years, it is anticipated that the City will subsidize pool operations with the County's help. Complete financial statements can be obtained from the Pool located at 585 Fox Road, Van Wert, Ohio 45891.

**12. CONTRACTUAL COMMITMENTS**

The City had entered into the following contractual commitments as of December 31, 1999:

Peterson Construction	Wastewater Treatment Plant Improvements	\$5,051,673
Schumm Plumbing	Wastewater Treatment Plant Improvements	71,968

**13. CONTINGENT LIABILITIES**

**Litigation**

The City is party to legal proceedings. The City is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the City.

**Grants**

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

**14. SUBSEQUENT EVENTS**

The City passed Ordinance #00-03-033 providing for the re-issuance and sale of a \$500,000 note, in anticipation of the issuance of bonds, for the purpose of paying the costs of improving the municipal sanitary sewerage system by constructing, reconstructing and otherwise improving sewage treatment and collection facilities, constructing a building to house equipment and motorized vehicles for that system and acquiring equipment and motorized vehicles therefor. The note was to be dated approximately June 1, 2001 and \$5,000 shall mature on August 28, 2016 and \$495,000 shall mature on June 25, 2017 and shall bear an interest rate not to exceed 8% per year.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**14. SUBSEQUENT EVENTS** (Continued)

The City has entered into the following major contracts during 2000:

Cherry Street Project	Ziakam Construction	\$709,736
Race Street Project	Chuck Samples Construction	\$377,112
Southeast Water Loop	Ziakam Construction	\$39,011

On December 27, 1999, the City passed Ordinance #7027-99 to advance \$1,439,651 from the Street Construction Maintenance & Repair, Street Construction and Capital Improvement funds to the General Fund. The City then filed an application with the Tax Commissioner for the authority to petition the court of common pleas to make these advances permanent transfers. On August 11, 2000, the application was denied due to inconsistencies between the petition and the ordinances involved.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED DECEMBER 31, 1999**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Disbursements</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
(Passed through Ohio Department of Development)				
Community Development Block Grant/State's Program	A-C-98-191-1	14.228	\$36,000	\$38,101
Formula	A-F-97-191-1	14.228	11,000	9,931
	A-F-98-191-1	14.228	25,400	23,144
Total			<u>72,400</u>	<u>71,176</u>
Home Investment Partnership (HOME) Program	A-C-98-191-2	14.239	19,000	5,883
<b>Direct Program</b>				
Home Investment Partnership (HOME) Program	M98-SG390152	14.239	166,882	211,442
Total			<u>185,882</u>	<u>217,325</u>
Total United States Department of Housing and Urban Development			258,282	288,501
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
(Passed through Ohio Department of Transportation)				
Highway Planning and Construction Grant	PID 17787	20.205	747,692	747,692
Total United States Department of Transportation			<u>747,692</u>	<u>747,692</u>
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>				
<b>Direct Program</b>				
Public Safety Partnership & Community Policing Grants	1995CFWX0171	16.710	60,651	40,449
Total United States Department of Justice			<u>60,651</u>	<u>40,449</u>
Total Federal Assistance			<u>\$1,066,625</u>	<u>\$1,076,642</u>

*See Accompanying Notes to the Schedule of Federal Awards Expenditures*

**CITY OF VAN WERT  
VAN WERT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

**NOTE A—SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B—MATCHING REQUIREMENTS**

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.

**NOTE C—COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS**

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low moderate income households and to eligible persons. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City (passed through the Ohio Department of Development). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property and UCC Equipment. At December 31, 1999, the gross amount of loans outstanding under this program were \$534,801. Delinquent amounts due were \$266,211.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Suite 2040  
Dayton, Ohio 45402  
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Facsimile 937-285-6688  
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**REPORT ON COMPLIANCE AND INTERNAL CONTROL REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

City of Van Wert  
Van Wert County  
515 East Main Street  
Van Wert, Ohio 45891

To the City Council:

We have audited the financial statements of the City of Van Wert, Ohio, (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated August 25, 2000, which was qualified for lack of evidence regarding the processing of claims and wherein we noted that the City has continued to follow the basis of accounting previously prescribed by the Auditor of State rather than generally accepted accounting principles which is now required. 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 City'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, 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 1999-20281-001 through 1999-20281-013. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated August 25, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City'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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-20281-014 to 1999-20281-020.

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 material weaknesses. However, of the reportable conditions described above, we considered items 1999-20281-014 to 1999-20281-017 to be material weaknesses.

We also noted others matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated August 25, 2000.

This report is intended for the information and use of management, City Council, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**JIM PETRO**  
Auditor of State

August 25, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Van Wert  
Van Wert County  
515 East Main Street  
Van Wert, Ohio 45891

To the City Council:

**Compliance**

We have audited the compliance of the City of Van Wert, Ohio, (the City) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 1999. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

As described in items 1999-20281-021 through 1999-20281-023 in the accompanying schedule of findings, the City did not comply with requirements regarding the Davis Bacon Act and Reporting that are applicable to its Highway Planning and Construction Program. Compliance with such requirements is necessary, in our opinion, for the City to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 1999. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 which are described in the accompanying Schedule of Findings as items 1999-20281-024 and 1999-20281-025.

### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgement, could adversely affect the City's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable conditions are described in the accompanying schedule of findings as item 1999-20281-021 through 1999-20281-026.

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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance 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 material weaknesses. However, of the reportable conditions described above, we consider items 1999-20281-021 through 1999-20281-023 and 1999-20281-026 to be material weaknesses. We also noted other matters involving the internal control over federal compliance that do not require inclusion in this report that we have reported to management of the City in a separate letter dated August 25, 2000.

This report is intended for the information of management, City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



**JIM PETRO**  
Auditor of State

August 25, 2000

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

**FOR THE YEAR ENDED DECEMBER 31, 1999**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d)(1)(i)	Type of Financial Statement Opinion	Qualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under §.510?	Yes
(d)(1)(vii)	Major Programs (list):	Highway Planning and Construction, CFDA # 20.205
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

<b>Finding Number</b>	1999-20281-001
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**Finding for Recovery Repaid Under Audit**

The City issued expenditures for insurance premiums for employees who were no longer in the service of the City.

Employee	Last Service Date	Premium Paid			
		Date	Amount	Coverage	Fund
Gregory Yoh	12/17/98	1/29/99	\$75.14	January 1999	General
		2/11/99	75.14	February 1999	General
		3/25/99	<u>86.07</u>	March 1999	General
Total Gregory Yoh			\$236.35		
Brent Hoblet	8/13/99	9/28/99	\$82.79	September 1999	Water
		11/16/99	<u>82.79</u>	October 1999	Water
Total Brent Hoblet			<u>165.58</u>		
Grand Total			<u>\$401.93</u>		

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Derek Allen, former Safety Service Director, who was responsible for removing names from insurance rosters and approved these expenditures, in the amount of \$401.93 in favor of the City General Fund in the amount of \$236.35 and in favor of the City Water Fund in the amount of \$165.58.

This amount was repaid by Derek Allen on receipt number 3823, on 9/6/00.

<b>Finding Number</b>	1999-20281-002
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**Finding for Recovery Repaid Under Audit**

The City Auditor, Clyde Bellinger, received reimbursement twice for airfare to a conference. Reimbursement of the \$360.75 airfare was made on 11/5/99 and 11/30/99.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Clyde Bellinger, former City Auditor, and the Cincinnati Insurance Company, the Auditor's bonding company, jointly and severally, in the amount of \$360.75 and in favor of the City General Fund.

This amount was repaid by Clyde Bellinger on receipt number 3744, on 08/15/00.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	1999-20281-003
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**Finding for Recovery Repaid Under Audit**

The City issued a check for services rendered by Burns, Bertsch, Harris and Clark in the amount of \$3,087.50, however the invoice contained calculation errors and the services invoiced totaled only \$2,892.50 resulting in a overpayment to Burns, Bertsch, Harris and Clark of \$195.

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Burns, Bertsch, Harris and Clark in the amount of \$195 in favor of the CHIP Fund.

This amount was repaid by Burns, Bertsch, Harris and Clark on receipt number 3774, on 08/21/00.

<b>Finding Number</b>	1999-20281-004
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Van Wert, Ordinance #6749-96 (1996), stated that after July 1, 1997, the income tax rate shall be at the rate of one and one-half (1.5%) percent per annum. The funds raised by this .5% increase shall be used only for to design, build, maintain and inspect city streets, for any related equipment needs, labor, materials and supplies. Streets will include curbs, gutters, approaches (to street side of sidewalk) and storm sewers as well as street proper. The City established the Street Construction Fund to account for the proceeds of this increase in income tax.

During 1999, the City received a Highway Planning and Construction reimbursement grant for the South Washington Street project. Under this grant/project, the City was responsible for 100% of the associated water and sewer line costs necessary during the project. The City paid all contract expenditures for the South Washington Street project, including those related to the water and sewer line costs, from the Street Construction Fund. Therefore, the City paid \$171,105 for water line construction and \$4,686 for sewer line construction from the Street Construction Fund which is not eligible for reimbursement under the Highway Planning and Construction grant and which is not an allowable expense of the income tax per the above ordinance.

An adjustment has been made from the Water Fund in the amount of \$171,105 and the Sewer Fund in the amount of \$4,686 in favor of the Street Construction Fund. The accompanying financial statements reflect the above noted adjustments and the adjustments have been posted to the accounting records of the City.

<b>Finding Number</b>	1999-20281-005
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During 1999, the City received a Highway Planning and Construction reimbursement grant for the South Washington Street project. The City accounted for the expenditures of the South Washington Street project in the Street Construction Fund. On 11/22/99, a grant reimbursement in the amount of \$326,949 for a portion of the construction costs incurred was incorrectly posted to the Street Maintenance and Repair Fund, rather than reimbursing the Street Construction Fund which incurred the related costs.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number** 1999-20281-005 (Continued)

An adjustment has been made against the Street Maintenance and Repair Fund in the amount of \$326,949 in favor of the Street Construction Fund. The accompanying financial statements reflect the above noted adjustment and the adjustment has been posted to the accounting records of the City.

<b>Finding Number</b>	1999-20281-006
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Ohio Admin. Code § 117-6-01 requires the City to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

The City prepared its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omits assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

The City should begin developing the information necessary to prepare financial statements in accordance with generally accepted accounting principles, including generating lists of fixed assets, including infrastructure, land, buildings, equipment, vehicles, and furniture and fixtures, accumulating historical cost information for these assets, maintaining records of all leave balances accumulated by City employees (sick, vacation, personal leave and compensatory time), preparing consumable inventory schedules at year end and assessing the value for these inventories.

<b>Finding Number</b>	1999-20281-007
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Ohio Rev. Code § 731.45 states that the legislative authority of a municipal corporation shall determine its own rules and keep a journal of its proceedings and Ohio Rev Code Section 121.22(c), states the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection.

From January 1999 until July 12, 1999, there were no council minutes maintained in the minutes journal. Photocopies were obtained, but these were not signed by the Clerk or Council President. Also, there were no photocopies available for the minutes from meetings on March 22, 1999, April 12, 1999 or August 9, 1999.

Council should implement procedures to ensure that the minutes are promptly prepared, filed and maintained. All minutes should be signed by the Clerk and Council President after they are read and approved by the Council.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

<b>Finding Number</b>	1999-20281-008
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Ohio Rev. Code § 733.11 states that the city auditor shall keep the books of the city and exhibit accurate statements of all moneys received and expended, of all property owned by the city and the income derived therefrom, and of all taxes and assessments.

The City entered into a water pollution control loan fund agreement for the wastewater treatment plant improvements project where the requests submitted for disbursements were made by the Ohio Water Development Authority directly to the contractor. Project pay requests one through four were approved and issued during 1999; therefore, an audit adjustment to both revenue and expenses in the amount of one million ninety-seven thousand four hundred eighty-nine dollars and eighty seven cents (\$1,097,489.87) was required to be posted to the Sewer Fund financial statements as Capital Outlay and Proceeds of Notes in order to reflect the financial benefit. The City also did not have an up to date inventory of all property owned by the City.

When the City benefits from a loan or grant in which payments are made directly to the contractor by the loaner and grantor, the City should record the revenue and a corresponding expenditure in the appropriate fund at the time the payment is issued to the loaner or grantor. The City should maintain an inventory list of all property owned by the City.

<b>Finding Number</b>	1999-20281-009
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Ohio Rev. Code § 5705.10 states that monies paid into any fund shall be used only for which purpose such fund was established. The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay the obligations of the fund or funds carrying the deficit balance.

At December 31, 1999, the following funds deficit fund balances existed:

General Fund	\$232,895
Sewer Fund	177,263
COPS FAST Fund	73,411

The City should develop a plan of action to control operating costs or increase the revenues generated in the General and Sewer funds and improve the cash management of the COPS FAST Fund. The City should also review the financial history of the City to determine if the City is experiencing long term negative spending and if so, consider obtaining a financial forecast to aid in developing a plan of action.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

<b>Finding Number</b>	1999-20281-010
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Ohio Rev. Code § 5705.39 provides that appropriations from each fund shall not exceed the estimated resources available for expenditure as certified by the budget commission. The following funds had appropriations exceeding estimated resources:

Fund	Estimated Resources	Appropriations	Variance
General Fund	\$7,300,000	\$7,330,639	(\$30,639)
Street Maintenance & Repair Fund	512,553	515,153	(2,600)
Street Construction Fund	2,567,902	2,607,056	(39,154)
Park Improvement Fund	97,482	143,950	(46,468)
Water Fund	1,692,858	1,722,858	(30,000)
Sewer Fund	2,536,157	3,496,016	(959,859)

The City should monitor their appropriations vs estimated resources during the year and amend these as necessary in order to not overspend.

<b>Finding Number</b>	1999-20281-011
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Ohio Rev. Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. The following funds had expenditures that exceeded total appropriations for 1999:

Fund	Appropriation	Expenditures	Variance
Hotel/Motel Fund	\$58,000	\$80,899	(\$22,899)
Sewer Fund	3,496,016	3,820,231	(324,215)

The General, Sewer, and CHIP funds had line accounts in which expenditures exceeded appropriations at times during 1999.

The City should monitor their appropriations throughout the year and amend or supplement them as necessary to prevent the expenditure of funds that are not appropriated.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	1999-20281-012
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Ohio Rev. 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 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 the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

For 95% of the expenditures tested, the City honored expenditures for which there was no prior certification from the fiscal officer (City Auditor).

The City should review Ohio Rev. Code Section 5705.41(D) and implement procedures for certification of funds.

<b>Finding Number</b>	1999-20281-013
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City of Van Wert, Ordinance No. 6792-97, Section 9 (1997), stated that there shall be levied on all the taxable property in the City, in addition to all other taxes, the same tax that would have been levied if the Bonds had been issued without the prior issuance of the Notes. The tax shall be within the ten-mill limitation imposed by law, shall be and is ordered computed, certified, levied and extended upon the tax duplicate and collected, and shall be placed before and in preference to all other items and for the full amount thereof. The proceeds of the tax levy shall be placed in a Bond Retirement Fund, which is irrevocably pledged for the payment of the debt charges on the Notes or the Bonds when and as the same fall due. In each year to the extent the income from the City's sewerage system is available for the payment of the debt charges on the Notes and Bonds and is appropriated for that purpose, the amount of the tax shall be reduced by the amount of the income so available and appropriated.

Ohio Rev. Code Section 5705.36 and 5705.39 provides that appropriations from each fund shall not exceed the estimated revenue available for expenditure as certified by the budget commission.

The City paid the Sewage System Improvement Note from the Sewer Fund during 1999, however the Sewer Fund had a negative ending fund balance of \$177,263 at December 31, 1999. The City appropriated \$1,150,650 for sewer debt payment in 1999 per City of Van Wert, Ordinance No. 6838-98 (1998) and the City paid \$1,145,523 which was within the approved appropriations. However, the appropriations for the Sewer Fund exceeded the estimated resources by \$959,859.

The City should monitor the requirements of the debt ordinances and also monitor the level of available revenues in the various funds related to the debt ordinances and the appropriations set. Since the ending fund balance was negative and the appropriations set, including the debt payments, exceeded the level of estimated resources, the City should have levied a tax within the ten-mill limitation in order to pay for the debt not covered by resources of the Sewer Fund.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	1999-20281-014
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**MONITORING FINANCIAL REPORTS AND BUDGET**

The duties of City Council include the management and control of the finances and property of the municipal corporation. In order to properly perform these duties, the City Council should review financial reports and monitor the City budget.

While the Council does receive periodic financial statements, there is no documentation of the extent to which the Council uses this financial information to monitor financial activity. The following items were encountered which question the extent to which the City's financial activity is properly monitored:

- Several funds carry a negative cash balance as of December 31, 1999 and no documented plan is in place by the City to control costs and/or increase resources of the funds.
- The financial statements contained material mispostings of revenues and expenditures (federal revenues, and Water, Sewer, and Street Construction Fund expenditures)
- The City's Detail Trial Balance and Monthly General Journal printouts did not contain budgeted receipts for all funds and the budgeted amounts that were included did not agree to the amended Official Certificate of Estimated Resources.
- Portions of the 1999 appropriation resolution as adopted by Council was not recorded in the City Detailed Trial Balance and Monthly General Journal printouts as passed by the Council. Some of the supplemental appropriations passed by Council were not posted to the City Detailed Trial Balance and Monthly General Journal printouts, while modifications to the budget were recorded by the City Auditor as supplemental appropriations in the City's printouts.

For each regular meeting, the Auditor and/or Treasurer should provide the Council with detailed budget and actual financial statements, lists of investments, cash balances, and reconciliation reports. The Council should carefully review the aforementioned information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the City. This information can help answer questions such as the following:

Inquiries Relevant to Overall City Operations:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs? Are expenditures made on a timely basis?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are grant revenues being recorded in the proper funds?
- Is the City drawing all the grant revenues available and drawing timely?
- Are anticipated receipts being timely received?
- Is the City maximizing its return on invested cash balances?
- Are bank reconciliations performed on a timely basis and are there any unusual reconciling items?
- Are estimated revenues sufficient to cover appropriations?
- Do expenditures consistently exceed revenues generated - Is the City experiencing a negative trend?

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	1999-20281-014
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**MONITORING FINANCIAL REPORTS AND BUDGET** (Continued)

The Council should investigate any failures to meet reporting requirements and/or unusual delays in obtaining financial information or providing financial reports. Council should also consider any negative financial indicators found from the performance of the inquiries to determine if the City should perform or obtain a financial forecast. In addition to performing such reviews and inquiries, documentation should be maintained to support that a review was made. This could be documented by making a notation in the minutes or initialing documents reviewed.

<b>Finding Number</b>	1999-20281-015
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**DISBURSEMENT PROCEDURES**

The City does not have in place adequate internal control procedures to allow for review and approval of purchases prior to the obligation being incurred by City employees. The following problems were noted when reviewing non-payroll disbursements:

- For 75% of expenditures, the requisition was approved after the purchase was already made.
- For 95% of expenditures, the expenditures was made without a purchase order.
- For 6.60 % of expenditures, the expenditure was not supported by adequate supporting documentation (Either no invoice was attached to the voucher packet or a copy was used).

In addition, we noted the Elected Official and/or Safety Service Director and the applicable Department Head did not always approve requisitions or approve the expenditure for payment after receipt of the goods or services. Invoices were also not being defaced to indicate that payment was made.

This could result in noncompliance with the Ohio Revised Code; an expenditure being made for an improper public purpose; duplication of payment; possible diversion of funds; improper posting of expenditures to the City's financial statements; and payment for a good or service which has not been received; and deficit spending of City funds. Procedures should be implemented to ensure that:

- Purchase Orders and Requisitions are completed and approved by the Department Head and the Safety Service Director before any purchase of the good or service is made.
- All payments made are supported by original documentation (invoices).
- All invoices are approved for payment after receipt of the goods or services. Evidence of this approval should be documented on the invoice which supports the payment being made.
- All expenditures are posted to the proper fund/account. Fund and account charged should be included on a voucher and review and approval be evidenced and this should be used as the posting source.
- All invoices are defaced to indicate that payment was made.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	1999-20281-016
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**INTERNAL CONTROLS OVER COMPLIANCE**

The City's management is responsible for establishing an internal control structure to assure compliance with laws and regulations. The lack of administrative continuity in government units (because of continuing changes in elected legislative bodies and in administrative organizations) increases the need for an effective internal control system.

It is apparent from the number of violations of City ordinances, Ohio Revised Code, Federal Regulations, Federal grant agreements and regulations and contract provisions that the management of the City has failed to establish an internal control structure that assures compliance with laws and regulations.

The City should develop a control system which includes a monitoring system and the assignment of responsibilities over monitoring the compliance to appropriate individuals. Areas for which the City should immediately consider include:

- Bond (i.e. debt) compliance
- Budgetary compliance
- Contract compliance
- Grant compliance
- Procurement compliance

The City should also provide those individuals assigned the responsibility of monitoring compliance with adequate training, adequate tools and references, including current revised code books and a means to communicate results of monitoring reviews to management and City Council.

<b>Finding Number</b>	1999-20281-017
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**INSURANCE CLAIMS PROCESSING - SAS 70**

The City contracts with a third party to administer health insurance claims. The third party administrator of the health benefit plan does not have a SAS No. 70 review of its internal control surrounding the handling and payment of claims, nor does the City have an internal control structure in place regarding review of the processing of insurance claims by the third party administrator.

Internal controls should be in place that provide reasonable assurance that payment of insurance claims are made only after proper management approval. Because of the failure to require approval from the proper level of management, and without a SAS No. 70 review of the third party administrator's internal control procedures, claims may be reimbursed without the approval or knowledge of management.

Procedures should be implemented requiring documentation of the accounting procedures performed to ensure health insurance charges are being sufficiently monitored. Also, the third party administrator should provide the City with a SAS No. 70 review of its internal control surrounding the handling and payment of claims.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	1999-20281-018
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**AUDIT COMMITTEE**

The City should establish an Audit Committee to serve as a liaison between management and its auditors. The primary functions of such a Committee are to monitor and review the City's accounting and financial reporting practices, and to follow up on citations and recommendations made by its auditors.

The Audit Committee should be actively involved in:

- Meeting with the City's independent auditors before and after each audit;
- Monitoring the progress of the financial and compliance audit;
- Evaluating the results of the financial and compliance audit; and
- Ensuring that the internal control and legal compliance issues identified in the audit are promptly and effectively remedied.

In addition, the audit committee should meet regularly (perhaps quarterly) to monitor the City's legal compliance, financial condition, and controls over the safeguarding of assets.

The audit committee can include members of the City Council. However, it can also include representation that is independent from elected officials or management. The committee could include professionals knowledgeable in the City's financial operations, such as attorneys or bankers.

<b>Finding Number</b>	1999-20281-019
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**SEWER RATE REVIEW**

The City entered into a Water Pollution Control Loan Fund Agreement in which they are required to prescribe and charge such rates, after meeting 1) operation and maintenance expenses, 2) if required by the Director, a contribution to the City's Capital Improvement Fund, and 3) the payment of all amounts required by any mortgage, indenture of mortgage, trust indenture or other instruments as shall result in revenues at least adequate to provide for payments required by the agreement.

During 1998, industrial customers account for approximately 30% of all sewer revenues, while during 1999 this decreased to approximately 27% of all sewer revenues. As of December 31, 1999 the Sewer Fund had a negative cash balance of \$172,263. The existence of a negative balance in the sewer fund indicates the City is not meeting the requirement to charge adequate rates to cover operation and maintenance expenses and the debt requirements of the facility. In addition, during 1999 the City has entered into similar agreements in excess of \$8,000,000 which will result in higher debt repayment schedules.

The City should review the current rate structure to determine the adequacy of revenues being generated in relation to the current and future operating costs and future capital improvement requirements to determine compliance with the restrictions of the Water Pollution Control Loan Fund agreements.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

<b>Finding Number</b>	1999-20281-020
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**DISTRIBUTION OF AUDIT COSTS**

The 1998 and 1997 audit costs were paid during 1999 and totaled over \$32,000. These costs were charged entirely against the Sewer Fund, which resulted in the Sewer Fund being charged for costs that were not obligations of that fund and increased the Sewer Fund deficit balance as of December 31, 1999. Audit costs should be distributed among the funds which can legally pay this expenditure and have adequate resources to pay these costs.

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	1999-20281-021
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**CFDA Title and Number:** 20.205 Highway Planning and Construction Grant  
**Federal Award Number/Year:** PID 17787  
**Federal Agency:** U.S. Department of Transportation  
**Pass-Through Agency:** Ohio Department of Transportation

**Noncompliance - Code of Federal Regulations - Davis-Bacon Act**

According to 40 USC 276a-276a-7 when required by the Davis-Bacon Act, the Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, or the Federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL.

The contractor, Ziakam Construction, did not pay the Federal Prevailing Wages as contained in the contract for the project funded by the Highway Planning and Construction Grant. During the period the Laborers and Operators under the contract were paid the following:

<b>Laborer</b>	<b>Amount Paid per Payrolls Submitted</b>
04/03/99 to 10/02/99	21.87
10/09/99	17.82
10/30/99 to 11/27/99	17.97

Federal Prevailing wages to be paid per the contract for Group 1 Laborers was \$18.42 plus an additional \$4.05 for fringes for a total of \$22.47.

<b>Operator</b>	<b>Amount paid per Payrolls Submitted</b>
04/03/99 to 05/29/99	27.84
06/05/99 to 10/02/99	29.69
10/09/99	22.89
10/30/99 to 11/27/99	23.08

CITY OF VAN WERT  
VAN WERT COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)

**3. FINDINGS FOR FEDERAL AWARDS**

**Finding Number** 1999-20281-021 (Continued)

**Noncompliance - Code of Federal Regulations - Davis-Bacon Act (Continued)**

Federal Prevailing wages to be paid per the contract for Group 1 Operators was \$22.09 plus an additional \$6.50 for fringes for a total of \$28.59.

Procedures should be implemented to monitor the payment of Department of Labor prevailing wage rates as set forth in the contract.

<b>Finding Number</b>	1999-20281-022
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**CFDA Title and Number:** 20.205 Highway Planning and Construction Grant  
**Federal Award Number/Year:** PID 17787  
**Federal Agency:** U.S. Department of Transportation  
**Pass-Through Agency:** Ohio Department of Transportation

**Noncompliance - Code of Federal Regulations - Financial Reporting**

49 CFR 18.20 (b) (1) states that the financial management systems of other grantees and subgrantees must meet the following standard: Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

The City did not maintain accurate, current, and complete information regarding the expenditures and reimbursements under the grant. Failure to perform accurate financial management could result in errors or discrepancies in the expenditures and reimbursements under the grant to occur without being detected during the normal course of business and did result in inaccurate reporting for reimbursement as noted in Finding 1999-20281-005 and 1999-20281-023 and incorrect matching of federal funds as reported in Finding 1999-20281-024.

Procedures should be developed that help ensure that all financial information related to the grant is maintained in an accurate, current, and complete manner. Financial reporting information should be reviewed and approved by appropriate department personnel and City officials.

<b>Finding Number</b>	1999-20281-023
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**CFDA Title and Number:** 20.205 Highway Planning and Construction Grant  
**Federal Award Number/Year:** PID 17787  
**Federal Agency:** U.S. Department of Transportation  
**Pass-Through Agency:** Ohio Department of Transportation

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS**

**Finding Number** 1999-20281-023 (Continued)

**Noncompliance - Code of Federal Regulations - Reporting**

Agreement Number 8947 between the State of Ohio and the City of Van Wert states: "The City shall pay one hundred percent (100%) of approved contractor invoices for the project, and submit a written request to the Ohio Department of Transportation (ODOT) for reimbursement of ODOT's share, with the contractor's paid invoice attached as documentation."

The City requested and received reimbursement prior to the incurring of project costs. On both 07/16/99 and 9/10/99, the City received a reimbursement in the amount of \$162,801.36, however, expenditures incurred for federal reimbursement on the project as of these dates only totaled to \$186,577.60. Therefore, the City requested and received reimbursement in excess of \$139,025 for expenditures not yet occurred. As of December 31, 1999, the City has paid the noted expenditures.

Procedures should be developed to reconcile the costs for which reimbursement is requested to actual disbursements made by the City prior to the date of the reimbursement request. Financial reporting information and requests for reimbursement should be reviewed and approved by appropriate department personnel and City officials.

<b>Finding Number</b>	1999-20281-024
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**CFDA Title and Number:** 20.205 Highway Planning and Construction Grant

**Federal Award Number/Year:** PID 17787

**Federal Agency:** U.S. Department of Transportation

**Pass-Through Agency:** Ohio Department of Transportation

**Noncompliance - Code of Federal Regulations - Matching**

49 CFR 18.24(b)(10): "limits the Federal share to 80 percent of the net cost of construction, as determined by the Secretary of Transportation."

The City did not properly submit 80% of federal allowable costs for reimbursement under the grant. The City submitted the following:

Date	Eligible Expenditures	Requested Federal Reimbursement	% of Federal Reimbursement
06/03/99	\$176,958.00	\$162,801.36	92.00%
07/21/99	56,264.00	162,801.36	289.35%
08/30/99	103,413.00	95,139.96	92.00%
11/02/99	607,986.05	326,949.46	53.78%

The City should implement a review of all grant reimbursement requests to determine the request is appropriate based upon the conditions and requirements set forth in the grant agreement.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS**

<b>Finding Number</b>	1999-20281-025
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**CFDA Title and Number:** 20.205 Highway Planning and Construction Grant  
**Federal Award Number/Year:** PID 17787  
**Federal Agency:** U.S. Department of Transportation  
**Pass-Through Agency:** Ohio Department of Transportation

**Noncompliance - Code of Federal Regulations - Procurement**

49 CFR 18.36 (b) states that grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations.

The City honored 100% of the contract expenditures for which there was no prior certification from the fiscal officer (City Auditor) as required under Ohio Rev. Code Section 5705.41(D).

The City should review their policies and procedures regarding federal transactions and monitor compliance with applicable State and local laws and regulations.

<b>Finding Number</b>	1999-20281-026
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**MONITORING OF PREVAILING WAGE RATES - PREVAILING WAGE COORDINATOR**

The City entered into contracts that required prevailing wage rates be paid by the contractor. The City did not have a prevailing wage coordinator or other procedures in place for the review of the payroll documentation submitted by contractors to ensure that prevailing wage rates had been paid.

The lack of having a prevailing wage coordinator or other procedures in place for the review of the prevailing wage documentation resulted in the City being unaware that the contractor for the South Washington Street and Cable and Keplar Street Bridge projects failed to meet the contract 's prevailing wage clauses.

The City should appoint a prevailing wage coordinator and establish policies and procedures to monitor contractor's compliance with contract prevailing wage clauses.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1999**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-20281-001	Ordinance #5818-82 - Distribution of Income Tax	Yes	
1998-20281-002	Ohio Rev. Code 5735.27(A)(1) and (A)(2) - Distribution of Gas Tax	Yes	
1998-20281-003	Municipal Court Distributions	No	Partially corrected, revised and placed in management letter
1998-20281-004	Ohio Rev. Code 5705.41(D)- Prior certification of funds	No	Not corrected, see Finding Number 1999-20281-012
1998-20281-005	Ohio Rev. Code 5705.10 - Deficit fund balances	No	Not corrected, see Finding Number 1999-20281-009
1998-20281-006	Ohio Rev. Code 5705.39	No	Not corrected, see Finding Number 1999-20281-010
1998-20281-007	Ordinance #6792-97 - Deficit Spending for Debt	No	Not corrected, see Finding Number 1999-20281-013
1998-20281-008	Ohio Administrative Code 117-6-01 - Annual report on GAAP basis	No	Not corrected, see Finding Number 1999-20281-006
1998-20281-009	Ohio Rev. Code 2921.42 (A)(4) - Conflict of Interest	Yes	Referred to City Solicitor
1998-20281-010	Financial Reporting	Yes	
1998-20281-011	Monitoring Financial Report and Budget	No	Not corrected, see Finding Number 1999-20281-014
1998-20281-012	Disbursement Procedures	No	Not corrected, see Finding Number 1999-20281-015
1998-20281-013	Insurance Claims Processing - SAS 70	No	Not corrected, see Finding Number 1999-20281-017
1998-20281-014	Internal Controls over Compliance	No	Not corrected, see Finding Number 1999-20281-016
1998-20281-015	Sewer Rate Review	No	Not corrected, see Finding Number 1999-20281-019
1998-20281-016	Audit Committee	No	Not corrected, see Finding Number 1999-20281-018

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
1998-20281-017	HOME Program - Reporting Noncompliance	No	The City has received from ODOD an Excel program for tracking grant monies. The program includes a general ledger, cash receipts journal, cash disbursements journal and project summary journal. All future grants will be assigned a unique fund number and a separate file will be maintained with copies of all receipts and disbursements.
1998-20281-018	HOME Program - Activities Allowed/Unallowed Questioned Cost for \$25,792	No	The City will be undergoing an audit by ODOD in September 2000. ODOD is looking at all grants including the AC-96-191-2. Attempts are being made to reconcile all previous grant expenditures, however documentation is difficult to track. The City Auditor is currently working with Dianne Harris, grant coordinator, to document previous revenues and expenses. Once ODOD completes their audit, all issues should be resolved.
1998-20281-019	HOME Program - Reporting Noncompliance	No	The City has received from ODOD an Excel program for tracking grant monies. The program includes a general ledger, cash receipts journal, cash disbursements journal and project summary journal. All future grants will be assigned a unique fund number an a separate file will be maintained with copies of all receipts and disbursements.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 1999  
(Continued)**

1998-20281-020	HOME Program -Reporting Questioned Cost \$10,234	No	The City will be undergoing an audit by ODOD in September 2000. ODOD is looking at all grants including the AC-96-191-1. Attempts are being made to reconcile all pervious grant expenditures, however documentation is difficult to track. The City Auditor is currently working with Dianne Harris, grant coordinator, to document previous revenues and expenses. Once ODOD completes their audit, all issues should be resolved.

**CITY OF VAN WERT  
VAN WERT COUNTY**

**DECEMBER 31, 1999**

**CORRECTIVE ACTION PLAN**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact person
1999-20281-006	The City Auditor is working with the Local Government Services division of the State Auditor's office to develop proper information for GAAP. The target year for GAAP reporting is 2003	12-31-2003	City Auditor
1999-20281-007	January 1, 2000 City Council retained services of a new council clerk. To date, all council minutes for 2000 have been prepared, signed and filed.	9-25-00	Council President
1999-20281-008	All benefits received from grants for calendar year 2000, whether paid directly to the city or the contractor, will be recorded in both the revenue and expenses for the city.	12-31-00	City Auditor
1999-20281-009	Appropriations and estimated resources for the General Fund for 2000 are in balance. Sewer rates were increased for 2000 to increase revenue sufficiently to cover expenses. The COPS FAST grant fund has been closed out.	9-25-00	City Auditor
1999-20281-010	The City Auditor and Finance Committee review resources and appropriations at month end. Quarterly, a report comparing appropriations vs. estimated resources is presented to council.	9-25-00	City Auditor Finance Committee Chair
1999-20281-011	The City Auditor monitors appropriations monthly. Supplemental budget appropriations are requested as needed.	9-25-00	City Auditor
1999-20281-012	The City has implemented a Purchase Order system, which requires certification from the auditor prior to any expenditure. All departments will be using Purchase Orders by October 1, 2000.	10-01-00	City Auditor
1999-20281-013	Sewer rates were adjusted for 2000 with debt repayment being included in the increase.	9-25-00	Safety Service Director
1999-02081-014	They City Auditor provides a monthly report to council including a list of investments, cash balances, and reconciliation report. An explanation is given for any negative cash balances. The finance committee reviews monthly reports of all revenues and expenditures. Council is provided with a quarterly report that includes revenues collected, estimated resources, actual expenses, and budget appropriations. The 2000 budget is balanced, and was an act of Council to address deficit balances.	9-25-00	City Auditor Finance Committee Chair

**CITY OF VAN WERT  
VAN WERT COUNTY**

**DECEMBER 31, 1999**

**CORRECTIVE ACTION PLAN  
(Continued)**

1999-20281-015	The City has implemented a Purchase Order system, which requires certification from the auditor prior to any expenditure. All departments will be using Purchase Orders by October 1, 2000.	10-01-00	City Auditor
1999-20281-016	The City has contracted with the Center for Policy Analysis & Public Service at Bowling Green State University for Fiscal Analysis Capacity Training. This training is designed to give local governments the ability to (1) maintain and improve their fiscal health, (2) develop proficiency in the use of three public finance tools, (3) obtain control and influence on their future, (4) organize and present data in a useful format for decision making, and (5) inform the public.	10-10-00	Mayor
1999-20281-017	The City contracted with Health Claim Auditors Inc to perform the SAS No. 70 audit. The audit was completed and submitted to the State Auditor's Office, who then determined Health Claim Auditors were not qualified to perform the audit. Alternative plans for 2000 are being investigated.	4-1-01	Safety Service Director
1999-20281-018	The Finance Committee is taking a pro-active role in the review of the City's accounting and financial reporting practices. In addition, the City has contracted with the Center for Policy Analysis & Public Service at Bowling Green State University for Fiscal Analysis Capacity Training. This training is designed to give local governments the ability to (1) maintain and improve their fiscal health, (2) develop proficiency in the use of three public finance tools, (3) obtain control and influence on their future, (4) organize and present data in a useful format for decision making, and (5) inform the public.	10-10-00	Finance Committee Chair
1999-20281-019	Sewer rates were re-evaluated for 2000 and new rates put into effect. Future costs were included in rate increases.	9-25-00	Safety Service Director
1999-20281-020	Audit costs for the 1999 audit will be split between the General Fund, Sewer Fund, Water Fund, and Street Construction Fund.	9-25-00	City Auditor
1999-20281-021	The City was without a City Engineer from June 1999 until May 2000. The new City Engineer is now responsible for Highway Planning and Construction Grants, and is the prevailing wage coordinator. Policies and procedures are being monitored for compliance. Ziakam Construction made adjustments in 2000 to employees to bring their 1999 wages on this project up to the prevailing wage rate.	9-25-00	City Engineer
1999-20281-022	The City was without a City Engineer from June 1999 until May 2000. The new City Engineer is now responsible for Highway Planning and Construction Grants, and is the prevailing wage coordinator. Policies and procedures are being monitored for compliance.	9-25-00	City Engineer

**CITY OF VAN WERT  
VAN WERT COUNTY**

**DECEMBER 31, 1999**

**CORRECTIVE ACTION PLAN  
(Continued)**

1999-20281-023	The City was without a City Engineer from June 1999 until May 2000. The new City Engineer is now responsible for Highway Planning and Construction Grants, and is the prevailing wage coordinator. Policies and procedures are being monitored for compliance.	9-25-00	City Engineer
1999-20281-024	The City was without a City Engineer from June 1999 until May 2000. The new City Engineer is now responsible for Highway Planning and Construction Grants, and is the prevailing wage coordinator. Policies and procedures are being monitored for compliance.	9-25-00	City Engineer
1999-20281-025	The City was without a City Engineer from June 1999 until May 2000. The new City Engineer is now responsible for Highway Planning and Construction Grants, and is the prevailing wage coordinator. Policies and procedures are being monitored for compliance.	9-25-00	City Engineer
1999-20281-026	The City was without a City Engineer from June 1999 until May 2000. The new City Engineer is now responsible for Highway Planning and Construction Grants, and is the prevailing wage coordinator. Policies and procedures are being monitored for compliance.	9-25-00	City Engineer





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**CITY OF VAN WERT**

**VAN WERT COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 10, 2000**