



**VILLAGE CROWN CITY
GALLIA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Crown City
Gallia County
P. O. Box 316
Crown City, Ohio 45623

To the Village Council:

We have audited the accompanying financial statements of the Village of Crown City, Gallia County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Crown City, Gallia County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2000, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, management, and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 18, 2000

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

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax and Other Local Taxes | \$67,968 | \$ | \$67,968 |
| Intergovernmental Receipts | 153 | 49,031 | 49,184 |
| Charges for Services | 2,188 | 3,761 | 5,949 |
| Fines, Licenses, and Permits | 145 | | 145 |
| Earnings on Investments | 1,459 | 1,426 | 2,885 |
| Miscellaneous | 812 | 7,148 | 7,960 |
| | <u>72,725</u> | <u>61,366</u> | <u>134,091</u> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 18,442 | 3,762 | 22,204 |
| Public Health Services | | 2,052 | 2,052 |
| Leisure Time Activities | | 541 | 541 |
| Basic Utility Services | 10,217 | | 10,217 |
| Transportation | 1,039 | 3,698 | 4,737 |
| General Government | 26,789 | | 26,789 |
| Debt Service: | | | |
| Principal Payments | 3,341 | | 3,341 |
| Interest Payments | 4,055 | | 4,055 |
| Capital Outlay | 19,813 | 65,802 | 85,615 |
| | <u>83,696</u> | <u>75,855</u> | <u>159,551</u> |
| Total Receipts Over/(Under) Disbursements | <u>(10,971)</u> | <u>(14,489)</u> | <u>(25,460)</u> |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | | 500 | 500 |
| Transfers-Out | (500) | | (500) |
| | <u>(500)</u> | <u>500</u> | |
| Total Other Financing Receipts/(Disbursements) | <u>(500)</u> | <u>500</u> | |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (11,471) | (13,989) | (25,460) |
| Fund Cash Balances, January 1 | <u>65,036</u> | <u>67,587</u> | <u>132,623</u> |
| Fund Cash Balances, December 31 | <u>\$53,565</u> | <u>\$53,598</u> | <u>\$107,163</u> |

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

**VILLAGE OF CROWN CITY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax and Other Local Taxes | \$71,185 | \$ | \$71,185 |
| Intergovernmental Receipts | 169 | 168,193 | 168,362 |
| Charges for Services | 1,780 | 2,248 | 4,028 |
| Fines, Licenses, and Permits | 434 | | 434 |
| Earnings on Investments | 1,662 | 1,903 | 3,565 |
| Miscellaneous | 3,890 | 4,185 | 8,075 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 79,120 | 176,529 | 255,649 |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 17,151 | 82 | 17,233 |
| Public Health Services | | 2,630 | 2,630 |
| Leisure Time Activities | | 584 | 584 |
| Basic Utility Services | 4,785 | | 4,785 |
| Transportation | | 16,385 | 16,385 |
| General Government | 28,842 | | 28,842 |
| Capital Outlay | 13,073 | 125,905 | 138,978 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 63,851 | 145,586 | 209,437 |
| | <hr/> | <hr/> | <hr/> |
| Total Receipts Over/(Under) Disbursements | 15,269 | 30,943 | 46,212 |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | | 500 | 500 |
| Transfers-Out | (500) | | (500) |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Receipts/(Disbursements) | (500) | 500 | |
| | <hr/> | <hr/> | <hr/> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 14,769 | 31,443 | 46,212 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, January 1 | 50,267 | 36,144 | 86,411 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | <u>\$65,036</u> | <u>\$67,587</u> | <u>\$132,623</u> |

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

**VILLAGE OF CROWN CITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Crown City, Gallia County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, park operations (leisure time activities), maintenance of streets, police and fire protection, and general Village maintenance.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

C. Cash and Investments

The Village's certificate of deposit is valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

VILLAGE OF CROWN CITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Park Fund - This fund receives grant monies and donations for maintaining the Village park.

Volunteer Fire Fund - This fund receives monies from donations and an annual parade to aid with the expenses of the Village fire department.

Federal Emergency Management Agency (FEMA) Funds - These funds receive federal monies for flood related losses within the Village.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

VILLAGE OF CROWN CITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

| | <u>1999</u> | <u>1998</u> |
|-------------------------|-------------------|-------------------|
| Demand deposits | \$ 96,463 | \$ 124,023 |
| Certificates of deposit | <u>10,700</u> | <u>8,600</u> |
| Total deposits | <u>\$ 107,163</u> | <u>\$ 132,623</u> |

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool or pledged securities.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted</u> <u>Receipts</u> | <u>Actual</u> <u>Receipts</u> | <u>Variance</u> |
|------------------|------------------------------------|----------------------------------|------------------|
| General | \$ 80,272 | \$ 72,725 | \$ (7,547) |
| Special Revenue | <u>17,575</u> | <u>61,866</u> | <u>44,291</u> |
| Total | <u>\$ 97,847</u> | <u>\$ 134,591</u> | <u>\$ 36,744</u> |

1999 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation</u> <u>Authority</u> | <u>Budgetary</u> <u>Expenditures</u> | <u>Variance</u> |
|------------------|--|---|--------------------|
| General | \$ 90,879 | \$ 84,196 | \$ 6,683 |
| Special Revenue | <u>39,853</u> | <u>75,855</u> | <u>(36,002)</u> |
| Total | <u>\$ 130,732</u> | <u>\$ 160,051</u> | <u>\$ (29,319)</u> |

1998 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted</u> <u>Receipts</u> | <u>Actual</u> <u>Receipts</u> | <u>Variance</u> |
|------------------|------------------------------------|----------------------------------|-------------------|
| General | \$ 60,980 | \$ 79,120 | \$ 18,140 |
| Special Revenue | <u>57,009</u> | <u>177,029</u> | <u>120,020</u> |
| Total | <u>\$ 117,989</u> | <u>\$ 256,149</u> | <u>\$ 138,160</u> |

VILLAGE OF CROWN CITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

| 1998 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 127,782 | \$ 64,351 | \$ 63,431 |
| Special Revenue | <u>79,420</u> | <u>145,586</u> | <u>(66,166)</u> |
| Total | <u>\$ 207,202</u> | <u>\$ 209,937</u> | <u>\$ (2,735)</u> |

The Village had expenditures exceeding appropriations and the Village did not properly encumber funds during 1999 and 1998.

4. PROPERTY TAX

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

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

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

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

| | Principal | Interest Rate |
|---------------------------|------------------|------------------|
| Building Acquisition Bond | <u>\$ 96,659</u> | 4.00% |

The Building Acquisition Bond relates to the building purchased for the Fire Department. A bond agreement was signed with Ohio Valley Bank for \$100,000 at 4% interest due in annual installments over the next twenty years. The first payment was made November 1, 1999.

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

**VILLAGE OF CROWN CITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

| Year ending December 31: | Building Acquisition Bond |
|-----------------------------|---------------------------------|
| 2000 | \$ 7,396 |
| 2001 | 7,396 |
| 2002 | 7,396 |
| 2003 | 7,396 |
| 2004 | 7,396 |
| Subsequent | 110,940 |
| Total | \$ 147,920 |

6. RETIREMENT SYSTEMS

The Village's employees, as well as the Clerk and Council members, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Business Auto
- Professional Liability
- Fire Damage
- Property Damage

8. PENDING LITIGATION

The Village was named as a defendant in a pending litigation lawsuit at December 31, 1999. Although the outcome of this suit is not presently determinable, counsel believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

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

Village of Crown City
Gallia County
P.O. Box 316
Crown City, Ohio 45623

To the Village Council:

We have audited the financial statements of the Village of Crown City, Gallia County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompany Schedule of Findings as items 1999-30727-001 and 1999-30727-002. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated May 18, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 18, 2000.

This report is intended for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 18, 2000

**VILLAGE OF CROWN CITY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 1999-30727-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village's expenditures exceeded the appropriations in the Cemetery Fund (\$7,476), Park Fund (\$541), Volunteer Fire Fund (\$12,552), FEMA 96 Fund (\$96,626) and FEMA 97 Fund (\$3,976) for 1999. The Village's expenditures exceeded appropriations in the Cemetery Fund (\$8,592), Park Fund (\$479), and FEMA 96 Fund (\$111,887) for 1998.

We recommend the Village prepare an annual appropriation measure, monitor expenditures and appropriations, and approve and file an amended appropriation measure when expenditures will exceed appropriations.

FINDING NUMBER 1999-30727-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

The following exception to this basic requirement is provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures of the taxing authority.

Certain liabilities, contracts, and open purchase commitments were not certified by the Clerk and/or encumbered until the time of payment. These commitments were not subsequently approved by the Council within the aforementioned 30 day time period.

We recommend that the Clerk properly certify funds before the time of payment.

**CORRECTIVE ACTION PLAN
DECEMBER 31, 1999 AND 1998**

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|---|-----------------------------|----------------------------|
| 1999-30727-001 | Clerk intends to prepare annual appropriation measure, monitor expenditures and appropriations, and approve and file an amended appropriation measure when expenditures will exceed appropriations. | 6/30/00 | Jessie Mae Bills, Clerk |
| 1999-30727-002 | Clerk intends to properly certify funds before the time of payment. | 6/30/00 | Jessie Mae Bills, Clerk |



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VILLAGE OF CROWN CITY

GALLIA 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
JULY 6, 2000