



**VILLAGE OF NEVILLE
CLERMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF NEVILLE
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Neville
Clermont County
P. O. Box 126
Neville, OH 45156

To the Village Council:

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 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 August 28, 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 management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

August 28, 2000

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund Type</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$1,687	\$157	\$0	\$1,844
Intergovernmental Receipts	34,730	1,852		36,582
Earnings on Investments	2,926	104		3,030
Miscellaneous	7,314	0		7,314
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	46,657	2,113	0	48,770
Cash Disbursements:				
Current:				
Security of Persons and Property	1,945	0	0	1,945
Leisure Time Activities	109	0	0	109
Basic Utility Services	6,539	0	0	6,539
General Government	19,372	0	0	19,372
Capital Outlay	9,940	0	0	9,940
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	37,905	0	0	37,905
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	8,752	2,113	0	10,865
Other Financing Receipts/(Disbursements):				
Other Sources	600	0	618	1,218
Other Uses	(3,727)	0	(735)	(4,462)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(3,127)	0	(117)	(3,244)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,625	2,113	(117)	7,621
Fund cash balances, January 1	44,003	25,176	854	70,033
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$49,628	\$27,289	\$737	\$77,654
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$4,597	\$0	\$0	\$4,597
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The notes to the financial statements are an integral part of this statement.

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund Type</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$2,061	\$299	\$0	\$2,360
Intergovernmental Receipts	22,931	1,312		24,243
Fines, Licenses, and Permits	104	0		104
Earnings on Investments	3,107	83		3,190
Miscellaneous	5,042	0		5,042
Total Cash Receipts	<u>33,245</u>	<u>1,694</u>	<u>0</u>	<u>34,939</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	2,110	0		2,110
Leisure Time Activities	0	243		243
Basic Utility Services	6,074	0		6,074
Transportation	0	1,852		1,852
General Government	23,664	3,360		27,024
Total Disbursements	<u>31,848</u>	<u>5,455</u>	<u>0</u>	<u>37,303</u>
Total Receipts Over/(Under) Disbursements	<u>1,397</u>	<u>(3,761)</u>	<u>0</u>	<u>(2,364)</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes				0
Transfers-In	0	352		352
Advances-In				0
Transfers-Out	(352)	0		(352)
Other Sources			854	854
Other Uses	0	(14)		(14)
Total Other Financing Receipts/(Disbursements)	<u>(352)</u>	<u>338</u>	<u>854</u>	<u>840</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>1,045</u>	<u>(3,423)</u>	<u>854</u>	<u>(1,524)</u>
Fund cash balances, January 1	<u>42,958</u>	<u>28,599</u>	<u>0</u>	<u>71,557</u>
Fund Cash Balances, December 31	<u>\$44,003</u>	<u>\$25,176</u>	<u>\$854</u>	<u>\$70,033</u>
Reserves for Encumbrances, December 31	<u>\$2,228</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,228</u>

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

VILLAGE OF NEVILLE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Neville, Clermont County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including public health and welfare. The Village contracts with the Clermont County Sheriff's department to provide security of persons and property.

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

B. Basis of Accounting

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

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

C. Cash and Deposits

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue 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 state highways.

3. Fiduciary Fund (Agency Fund)

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FEMA Buy-out Fund - this fund receives proceeds from title tax proration.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law; however, a review was performed to determine the amount of encumbrances at year-end. These encumbrances have been included in the financial statements.

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and deposit 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	\$ 25,359	\$ 17,738
Certificates of deposit	<u>52,295</u>	<u>52,295</u>
Total deposits	<u><u>77,654</u></u>	<u><u>70,033</u></u>

Deposits are insured by the Federal Depository Insurance Corporation.

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 42,819	\$ 47,257	\$ 4,438
Special Revenue	1,751	2,113	362
Fiduciary	0	618	618
Total	<u>\$ 44,570</u>	<u>\$ 49,988</u>	<u>\$ 5,418</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,993	\$ 46,229	\$ 27,764
Special Revenue	26,145	0	26,145
Fiduciary	854	735	119
Total	<u>\$ 100,992</u>	<u>\$ 46,964</u>	<u>\$ 54,028</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 31,193	\$ 33,245	\$ 2,052
Special Revenue	2,054	2,046	(8)
Fiduciary	0	854	854
Total	<u>\$ 33,247</u>	<u>\$ 36,145</u>	<u>\$ 2,898</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 71,480	\$ 34,428	\$ 37,052
Special Revenue	30,212	5,469	24,743
Fiduciary	0	0	0
Total	<u>\$ 101,692</u>	<u>\$ 39,897</u>	<u>\$ 61,795</u>

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

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. RETIREMENT SYSTEMS

Village officials and one full-time employee belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are 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.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability



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

Village of Neville
Clermont County
P. O. Box 126
Neville, OH 45156

To the Village Council:

We have audited the accompanying financial statements of the Village of Neville, Clermont County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 28, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 1999-30413-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-30413-001.

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 condition and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 28, 2000.

This report is intended for the information and use of 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

August 28, 2000

**VILLAGE OF NEVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30413-001

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000 dollars, the Clerk/Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Council, if such expenditure is otherwise valid.

The availability of funds was not certified by the Clerk before the purchase commitment was made. Of the twenty expenditures tested, seventeen were executed without first obtaining the fiscal officer's certification. Additionally, no "Then and Now Certificates" were utilized.

We recommend the Village obtain approved purchase orders which contain the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making a commitment.



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VILLAGE OF NEVILLE

CLERMONT 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
SEPTEMBER 12, 2000**