



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Fiduciary Fund Type – For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11
Schedule of Prior Audit Findings	12



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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Dellroy
Carroll County
P.O. Box 174
2 East Main Street
Dellroy, Ohio 44620

To the Village Council:

We have audited the accompanying financial statements of the Village of Dellroy, Carroll County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 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 accompanying financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Dellroy as of December 31, 1999 and December 31, 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 January 31, 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 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 that reads "Jim Petro".

Jim Petro
Auditor of State

January 31, 2000

**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	\$18,993	\$4,874	\$23,867
Intergovernmental Receipts	45,990	12,932	58,922
Fines, Licenses, and Permits	1,175	0	1,175
Earnings on Investments	190	95	285
Fees	498	0	498
Miscellaneous	66	0	66
Total Cash Receipts	66,912	17,901	84,813
Cash Disbursements:			
Current:			
Security of Persons and Property	19,460	5,527	24,987
Public Health Services	883	0	883
Community Environment	762	0	762
Transportation	5,181	14,632	19,813
General Government	26,571	0	26,571
Capital Outlay	19,061	1,750	20,811
Total Disbursements	71,918	21,909	93,827
Total Receipts (Under) Disbursements	(5,006)	(4,008)	(9,014)
Other Financing Receipts/(Disbursements):			
Transfers-In	13	0	13
Transfers-Out	0	(13)	(13)
Total Other Financing Receipts/(Disbursements)	13	(13)	0
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Sources	(4,993)	(4,021)	(9,014)
Fund Cash Balances, January 1	16,140	7,534	23,674
Fund Cash Balances, December 31	\$11,147	\$3,513	\$14,660
Reserves for Encumbrances, December 31	\$5,669	\$861	\$6,530

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

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Property Tax and Other Local Taxes	\$16,034	\$5,038	\$3,220	\$24,292
Intergovernmental Receipts	41,147	13,399	0	54,546
Fines, Licenses, and Permits	2,218	0	0	2,218
Earnings on Investments	191	94	7	292
Fees	490	0	0	490
Miscellaneous	8,892	0	0	8,892
	68,972	18,531	3,227	90,730
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	23,894	6,184	0	30,078
Public Health Services	911	0	0	911
Community Environment	72	0	0	72
Transportation	0	10,010	0	10,010
General Government	28,805	0	0	28,805
Debt Service	1,885	0	3,279	5,164
Capital Outlay	4,200	0	0	4,200
	59,767	16,194	3,279	79,240
Total Disbursements				
Total Receipts Over/(Under) Disbursements	9,205	2,337	(52)	11,490
Other Financing Receipts/(Disbursements):				
Transfers-In	14	0	0	14
Transfers-Out	0	(10)	(4)	(14)
	14	(10)	(4)	0
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Sources	9,219	2,327	(56)	11,490
Fund Cash Balances, January 1	6,921	5,207	56	12,184
Fund Cash Balances, December 31	\$16,140	\$7,534	\$0	\$23,674
Reserves for Encumbrances, December 31	\$12,603	\$1,250	\$0	\$13,853

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Type
	Agency
Non-Operating Cash Receipts:	
Mayor's Court Receipts	\$1,299
Total Non-Operating Cash Receipts	1,299
Non-Operating Cash Disbursements:	
Mayor's Court Disbursements	2,446
Total Non-Operating Cash Disbursements	2,446
Net Receipts (Under) Disbursements	(1,147)
Fund Cash Balances, January 1	1,147
Fund Cash Balances, December 31	\$0

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Dellroy, Carroll 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, street repair and maintenance, and police protection. The Village contracts with the Dellroy Volunteer Fire Department for fire protection.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Village has interest and non-interest bearing checking accounts. Interest earned is recognized and recorded when received. Investment procedures are restricted by the provisions of the Ohio Revised Code. No other investments were held by the Village.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue 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 fund:

Street Construction, Maintenance and Repair Fund - This fund receives intergovernmental receipts for the improvement and maintenance of the Village streets.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Debt Service Fund - This fund is used to account for monies received from taxes for the payment of debt principal and interest.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund - This fund receives fines and costs from the Village's Mayor's court which are disbursed to the State of Ohio or to the Village's general fund.

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. Appropriations exceeded estimated resources in several funds in 1998.

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.

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>	
Demand deposits	<u>\$14,660</u>	<u>\$23,674</u>	

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 69,369	\$ 66,925	\$ (2,444)
Special Revenue	<u>18,079</u>	<u>17,901</u>	<u>(178)</u>
Total	\$ <u>87,448</u>	\$ <u>84,826</u>	\$ <u>(2,622)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 84,009	\$ 77,587	\$ 6,422
Special Revenue	<u>25,390</u>	<u>22,783</u>	<u>2,607</u>
Total	\$ <u>109,399</u>	\$ <u>100,370</u>	\$ <u>9,029</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 64,358	\$ 68,986	\$ 4,628
Special Revenue	13,226	18,531	5,305
Debt Service	<u>3,009</u>	<u>3,227</u>	<u>218</u>
Total	\$ <u>80,593</u>	\$ <u>90,744</u>	\$ <u>10,151</u>

**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	\$ 80,137	\$ 72,370	\$ 7,767
Special Revenue	22,643	17,454	5,189
Debt Service	<u>5,261</u>	<u>3,283</u>	<u>1,978</u>
Total	\$ <u>108,041</u>	\$ <u>93,107</u>	\$ <u>14,934</u>

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

The employees of the Village were covered by the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple-employer plans. 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. For 1999, 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 is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

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



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

Village of Dellroy
Carroll County
P.O. Box 174
2 East Main Street
Dellroy, Ohio 44620

To the Village Council:

We have audited the accompanying financial statements of the Village of Dellroy, Carroll County, Ohio, (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated January 31, 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 is required to be reported under *Government Auditing Standards*. The instances of noncompliance are described in the accompanying schedule of findings as items number 1999-31210-01 and 1999-31210-02. We also noted certain immaterial instances of noncompliance, which we have reported to management of the Village in a separate letter dated January 31, 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 January 31, 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.



Jim Petro
Auditor of State

January 31, 2000

SCHEDULE OF FINDINGS

**DECEMBER 31, 1999-1998
(Continued)**

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

Finding Number	1999-31210-01
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Ohio Revised Code § 5705.39 requires that the total appropriations from each fund shall not exceed the total estimated revenue available certified by the county auditor.

In 1998, the appropriations in the Street Construction, Maintenance, and Repair Fund, the State Highway Fund, and the Debt Service Fund exceeded the total certified estimated revenue available by 20%, 38% and 42%, respectively.

The Village Clerk/Treasurer should compare the appropriations to the total estimated resources available throughout the year and amend the certificate of estimated receipts as needed with the county auditor.

Finding Number	1999-31210-02
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Ohio Revised Code § 5705.41 (D) provides that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

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

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of the Council.

During 1999, 35% of the liabilities, contracts, or open purchase commitments tested were not certified by the clerk/treasurer and were not encumbered until the time of payment. These commitments were not subsequently approved by the Council within the aforementioned 30 day time period. During 1998, 62% of the liabilities, contracts, or open purchase commitments tested were not certified by the clerk/treasurer and were not encumbered until the time of payment. These commitments were not subsequently approved by the Council within the aforementioned 30 day time period.

Each disbursement should be certified prior to making the order or contract to expend Village money.

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1997 - 1996**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1997-31210-01	Finding for Recovery against Police Marshall for purchases without supporting documentation.	No	The County Prosecuting Attorney is following up on the finding for recovery.
1997-31210-02	Police Department Savings Account Withdrawals not supported by invoices.	No	Not corrected.
1997-31210-03	Ohio Revised Code Section 5705.41(D) Disbursements were not properly certified.	No	Not corrected.
1997-31210-04	Accounting records to be maintained by the Police Department.	No	Partially corrected.



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VILLAGE OF DELLROY
CARROLL 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.

By: Susan Babbitt
Clerk of the Bureau

Date: FEB 24 2000