



**VILLAGE OF BUTLERVILLE
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF BUTLERVILLE
WARREN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Butlerville
Warren County
8516 Walnut Street
P.O. Box 227
Pleasant Plain, Ohio 45162

To the Village Council:

We have audited the accompanying financial statements of the Village of Butlerville, Warren County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should not be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

May 2, 2001

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**VILLAGE OF BUTLERVILLE
WARREN COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$1,463	\$234	\$1,697
Intergovernmental Receipts	5,972	2,997	8,969
Charges for Services	2,764	0	2,764
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	10,199	3,231	13,430
Cash Disbursements:			
Current:			
Security of Persons and Property	1,309	0	1,309
Public Health Services	40	0	40
Transportation	0	435	435
General Government	8,166	0	8,166
	<hr/>	<hr/>	<hr/>
Total Disbursements	9,515	435	9,950
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	684	2,796	3,480
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	239	6,980	7,219
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$923</u>	<u>\$9,776</u>	<u>\$10,699</u>

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

**VILLAGE OF BUTLERVILLE
WARREN 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**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$1,790	\$1,130	\$2,920
Intergovernmental Receipts	6,158	2,163	8,321
Charges for Services	951	0	951
Fines, Licenses, and Permits	20	0	20
Miscellaneous	149	0	149
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	9,068	3,293	12,361
Cash Disbursements:			
Current:			
Security of Persons and Property	1,278	0	1,278
Public Health Services	40	0	40
Transportation	0	2,201	2,201
General Government	10,433	0	10,433
	<hr/>	<hr/>	<hr/>
Total Disbursements	11,751	2,201	13,952
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(2,683)	1,092	(1,591)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	2,922	5,888	8,810
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$239	\$6,980	\$7,219

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

**VILLAGE OF BUTLERVILLE
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Butleville, Warren County, Ohio (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 and park operations (leisure time activities). The Village contracts with the Warren 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 Deposits

During the fiscal years 2000 and 1999, the Village funds were in a non-interest bearing checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash 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 Fund

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

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

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

**VILLAGE OF BUTLERVILLE
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 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 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

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 deposits at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$10,699</u>	<u>\$7,219</u>

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

**VILLAGE OF BUTLERVILLE
WARREN COUNTY**

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,065	\$ 10,199	\$ 2,134
Special Revenue	7,200	3,231	(3,969)
Total	\$ 15,265	\$ 13,430	\$ (1,835)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 17,850	\$ 9,515	\$ 8,335
Special Revenue	5,000	435	4,565
Total	\$ 22,850	\$ 9,950	\$ 12,900

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 20,000	\$ 9,068	\$ (10,932)
Special Revenue	7,000	3,293	(3,707)
Total	\$ 27,000	\$ 12,361	\$ (14,639)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 15,820	\$ 11,751	\$ 4,069
Special Revenue	5,000	2,201	2,799
Total	\$ 20,820	\$ 13,952	\$ 6,868

Total appropriations exceeded estimated resources in the general fund in 2000.

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

**VILLAGE OF BUTLERVILLE
WARREN COUNTY**

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

4. PROPERTY TAX (Continued)

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. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability

6. CONTINGENT LIABILITIES

During both 2000 and 1999, the Village paid certain wages that were subject to Medicare tax and PERS contributions. Neither withholding was deducted from the wages nor submitted to the IRS/PERS. The Village may be liable for these contributions.



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

Village of Butlerville
Warren County
8516 Walnut Street
P.O. Box. 227
Pleasant Plain, Ohio 45162

To the Village Council:

We have audited the accompanying financial statements of the Village of Butlerville, Warren County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 2, 2001. We conducted our audits 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 accompanying schedule of findings as items 2000-30483-001 through 2000-30483-005.

Also, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 2, 2001.

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 2, 2001.

Village of Butlerville
Warren County
Report on Compliance and on Internal Control Required
by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

May 2, 2001

**VILLAGE OF BUTLERVILLE
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-30483-001

Material Noncompliance - Medicare Withholdings

26 USC 3102(a), requires that Medicare tax be withheld from all employees hired on or after March 31, 1986. The contribution rate for this coverage is 1.45% of payroll for the employee and 1.45% of payroll for the employer. No medicare tax was withheld from employees hired on or after April 1, 1986. Total wages paid during 2000 subject to withholding were \$3,415. Total wages paid during 1999 subject to withholding were \$3,812.

We recommend the Village notify the IRS of this citation so that it may be resolved.

FINDING NUMBER 2000-30483-002

Material Noncompliance - PERS Withholdings

Ohio Rev. Code, Section 145.03, requires compulsory membership in the Public Employees Retirement System (PERS) for all eligible employees. Ohio Rev. Code, Section 145.47, requires member contributions and Ohio Rev. Code Section 145.48, requires employer contributions. All eligible employees from the Village are not members of the Public Employees Retirement System, and no exemptions for such were on file. In addition, the Village did not contribute to PERS during our audit period. The Village paid \$3,415 in wages in 2000 and \$3,812 in 1999.

FINDING NUMBER 2000-30483-003

Material Noncompliance - Certification of Funds

Ohio Rev. Code Section, 5705.41 (D), states 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. This certificate need be signed only by the subdivision's fiscal officer. 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 both at the time of the contract or order and at the time of the certificate, 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.
- B. If the amount involved is less than one thousand dollars, the clerk-treasurer may authorize the payment through a Then and Now Certificate without the affirmation of the Village Council, if such expenditure is otherwise valid.

In 1999 and part of 2000, the Village did not use purchase orders. In 39 of 40 items tested, purchase orders were not used or appropriations were improperly encumbered.

FINDING NUMBER 2000-30483-004

Material Noncompliance - Issuance of W-2s

26 CFR 1.6041-2, provides that wages as defined in Section 3102, Internal Revenue Code, are to be reported on form W-2. The Village did not issue W-2's to its employees in 1999. The Village paid \$3,812 in wages in 1999.

FINDING NUMBER 2000-30483-005

Material Noncompliance - Appropriations Exceeding Estimated Resources

Ohio Rev. Code, Section, 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

In 2000, appropriations exceeded estimated revenue by \$9,585 in the general fund.



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VILLAGE OF BUTLERVILLE

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 12, 2001**