



**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF FAIRVIEW
GUERNSEY COUNTY

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

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Fairview
Guernsey County
Box 74
Fairview, Ohio 43736

To the Village Council:

We have audited the accompanying financial statements of the Village of Fairview, Guernsey 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of the Village of Fairview, Guernsey County, 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 July 27, 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 be read in conjunction with this report in considering the results of our audit.

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.

Jim Petro
Auditor of State

July 27, 2001

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**VILLAGE OF FAIRVIEW
GUERNSEY 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$1,834	\$305	\$2,139
Intergovernmental Receipts	5,847	3,236	9,083
Charges for Services		1,625	1,625
Miscellaneous	6,193		6,193
 Total Cash Receipts	13,874	5,166	19,040
Cash Disbursements:			
Current:			
Security of Persons and Property	2,484		2,484
Public Health Services	7	1,925	1,932
Basic Utility Services	240		240
Transportation		2,837	2,837
General Government	9,306		9,306
 Total Cash Disbursements	12,037	4,762	16,799
 Total Cash Receipts Over/(Under) Cash Disbursements	1,837	404	2,241
 Fund Cash Balances January 1	4,440	4,804	9,244
 Fund Cash Balances, December 31	\$6,277	\$5,208	\$11,485

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

VILLAGE OF FAIRVIEW
GUERNSEY COUNTY

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

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Miscellaneous	<u>\$462</u>
Total Operating Cash Receipts	<u>462</u>
Operating Income/(Loss)	462
Fund Cash Balances, January 1	<u>13,815</u>
Fund Cash Balances, December 31	<u><u>\$14,277</u></u>

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

**VILLAGE OF FAIRVIEW
GUERNSEY 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	\$1,684	\$277	\$1,961
Intergovernmental Receipts	3,706	3,616	7,322
Charges for Services		425	425
Miscellaneous	2,361		2,361
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	7,751	4,318	12,069
Cash Disbursements:			
Current:			
Security of Persons and Property	1,140		1,140
Public Health Services	7	237	244
Transportation		2,703	2,703
General Government	5,796		5,796
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	6,943	2,940	9,883
Total Cash Receipts Over/(Under) Cash Disbursements	808	1,378	2,186
Fund Cash Balances January 1, Restated, See Note 3	3,632	3,426	7,058
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$4,440</u>	<u>\$4,804</u>	<u>\$9,244</u>

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

VILLAGE OF FAIRVIEW
GUERNSEY COUNTY

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

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Miscellaneous	<u>\$457</u>
Total Operating Cash Receipts	<u>457</u>
Operating Income/(Loss)	457
Fund Cash Balances, January 1 Restated, See Note 3	<u>13,358</u>
Fund Cash Balances, December 31	<u><u>\$13,815</u></u>

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

**VILLAGE OF FAIRVIEW
GUERNSEY 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 Fairview, Guernsey 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.

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

Certificates of deposit are 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 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 Funds:

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

Cemetery Fund - This fund receives cemetery levy proceeds and proceeds from the sale of cemetery lots and grave openings for the purpose of maintaining the cemetery in the Village.

**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary 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 funds:

Cemetery Trust Fund - This fund receives interest from principal that is invested in a cemetery trust account for maintenance of the cemetery in 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 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

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.

**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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>2000</u>	<u>1999</u>
Demand Deposits	\$ 13,819	\$ 11,116
Certificates of Deposit	<u>11,943</u>	<u>11,943</u>
Total deposits	<u>\$ 25,762</u>	<u>\$ 23,059</u>

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

3. PRIOR PERIOD ADJUSTMENT

For the year ended December 31, 1998, an adjustment resulted in fund balance restatement.

	<u>Fund Balance at December 31, 1998</u>	<u>Restatement Amount</u>	<u>Fund Balance at January 1, 1999</u>
<u>Governmental Funds:</u>			
Special Revenue	\$2,714	\$712	\$3,426
<u>Fiduciary Funds:</u>			
Nonexpendable Trust	\$14,070	(\$712)	\$13,358

The changes in fund balances for the Cemetery Fund, Special Revenue Fund Type and Cemetery Bequest, Nonexpendable Trust Fund Type are the result of adjustments for posting errors in the prior period.

4. 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	\$ 11,327	\$ 13,874	\$ 2,547
Special Revenue	<u>1,439</u>	<u>5,166</u>	<u>3,727</u>
Total	<u>\$ 12,776</u>	<u>\$ 19,502</u>	<u>\$ 6,736</u>

**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

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

4. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 9,493	\$ 12,037	\$ (2,544)
Special Revenue	5,729	4,762	967
Fiduciary	0	0	0
Total	<u>\$ 15,222</u>	<u>\$ 16,799</u>	<u>\$ (1,577)</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 4,425	\$ 7,751	\$ 3,326
Special Revenue	1,344	4,318	2,974
Fiduciary	0	457	457
Total	<u>\$ 5,769</u>	<u>\$ 12,526</u>	<u>\$ 6,757</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 6,070	\$ 6,943	\$ (873)
Special Revenue	4,056	2,940	1,116
Fiduciary	0	0	0
Total	<u>\$ 10,126</u>	<u>\$ 9,883</u>	<u>\$ 243</u>

The Village had expenditures in excess of the appropriations at the legal level of control in the General Fund and Cemetery Fund in 2000 and in the General Fund and Street Maintenance and Repair Fund in 1999 which is contrary to Ohio Rev. Code Section 5705.41(B). During 1999 and 2000, the Village also had expenditures which did not contain the Clerk's prior certification, contrary to Ohio Rev. Code Section 5705.41(D)(1).

5. 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.

**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

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

5. PROPERTY TAX (Continued)

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.

6. RETIREMENT SYSTEMS

The Village's elected officials do not belong to a Public Employees Retirement System (PERS) of Ohio. The Village did not withhold Social Security taxes from any officials during the audit period. Approximately \$181 and \$164, for 2000 and 1999, respectively, is due in Social security taxes.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110
www.auditor.state.oh.us

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

Village of Fairview
Guernsey County
Box 74
Fairview, OH 43736

To the Village Council:

We have audited the accompanying financial statements of the Village of Fairview, Guernsey County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 27, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 item 2000-31030-001 and 2000-31030-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 27, 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 July 27, 2001.

Village of Fairview
Guernsey County
Report of Independent Accountants 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 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

July 27, 2001

VILLAGE OF FAIRVIEW
GUERNSEY 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 2000-31030-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

The following funds and appropriation accounts had expenditures which exceeded appropriations at the legal level of control by the following amounts:

2000

General Fund		
General Government		
State Auditor Fees	\$	245
Supplies and Materials	\$	3,581
Cemetery Fund		
Public Health Services		
Salaries	\$	1,100

1999

General Fund		
General Government		
Supplies	\$	31
Other Contract Services	\$	954
County Expenses	\$	322
Street Maintenance and Repair Fund		
Transportation		
Supplies and Materials	\$	141

The Village Clerk-Treasurer should deny payment requests exceeding appropriations. The Village Clerk-Treasurer may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

FINDING NUMBER 2000-31030-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) states that no orders 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 exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time 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 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.
- B. 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 by the taxing authority.

The Village did not obtain the Village Clerk-Treasurer's prior certification for any of the transactions we tested, nor was there evidence of a "Then and Now" certificate being used by the Village Clerk-Treasurer.

We recommend that the Village obtain the Village Clerk-Treasurer's prior certification for all disbursements.

**VILLAGE OF FAIRVIEW
GUERNSEY COUNTY**

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

<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; <i>Explain:</i>
1998-31030-001	Ohio Rev. Code Section 5705.41(B) - The Village had funds in which expenditures exceeded appropriations.	No	Not Corrected; the noncompliance citation is repeated for 2000 (Finding Number 2000-31030-001).
1998-31030-002	Ohio Rev. Code Section 5705.41(D)(1) - Purchases were not certified by the Village Clerk-Treasurer prior to the Village making the contracts or ordering the expenditure of money.	No	Not Corrected; the noncompliance citation is repeated for 2000 (Finding Number 2000-31030-002).



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF FAIRVIEW

GUERNSEY 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 6, 2001**