



**VILLAGE OF LAWRENCEVILLE
CLARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF LAWRENCEVILLE
CLARK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Lawrenceville
Clark County
3819 Lawrenceville Drive
Lawrenceville, Ohio 45504

To the Village Council:

We have audited the accompanying financial statements of the Village of Lawrenceville, Clark County, (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.

Except as discussed in the following paragraph, 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.

Because inadequacies in the Village accounting records, we were unable to obtain sufficient documentation supporting the activity of the General Fund water utility receipts recorded in the charges for services account. Without this evidential matter, we were not able to audit the water utility receipts records in the General Fund or to satisfy ourselves regarding the validity of the receipts through auditing procedures. These receipts represent \$8,000 and \$6,993 for 2000 and 1999, respectively.

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 accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to obtain adequate documentation supporting the charges for services in the general fund, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Lawrenceville, Clark 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.

As stated in Note 8, the Village was placed in Fiscal Watch by the Auditor of State on December 29, 1999 in accordance with Ohio Law.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 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.

Village of Lawrenceville
Clark County
Report of Independent Accountants
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This report is intended solely for the information and use of the 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.

Jim Petro
Auditor of State

July 17, 2001

**VILLAGE OF LAWRENCEVILLE
CLARK 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	\$20,884	\$3,067	\$23,951
Intergovernmental Receipts	10,968	36,231	47,199
Charges for Services	8,000		8,000
Fines, Licenses, and Permits	49,194		49,194
Earnings on Investments		690	690
Miscellaneous	4,848		4,848
	<u>93,894</u>	<u>39,988</u>	<u>133,882</u>
Total Cash Receipts			
Cash Disbursements:			
Security of Persons and Property	10,672	50,598	61,270
Public Health Services		3,067	3,067
Leisure Time Activities	1,265		1,265
Basic Utility Services	3,007		3,007
Transportation		40	40
General Government	45,330		45,330
	<u>60,274</u>	<u>53,705</u>	<u>113,979</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>33,620</u>	<u>(13,717)</u>	<u>19,903</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		16,427	16,427
Transfers-Out	(16,427)		(16,427)
	<u>(16,427)</u>	<u>16,427</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	17,193	2,710	19,903
Fund Cash Balances January 1	(1,118)	21,390	20,272
Fund Cash Balances, December 31	<u><u>\$16,075</u></u>	<u><u>\$24,100</u></u>	<u><u>\$40,175</u></u>

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

VILLAGE OF LAWRENCEVILLE
CLARK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

Operating Cash Receipts:	
Fines and costs	\$61,150
Operating Cash Disbursements:	
Court distributions	<u>61,461</u>
Net Receipts (Under) Disbursements	(311)
Fund Cash Balance, January 1	<u>2,576</u>
Fund Cash Balance, December 31	<u><u>\$2,265</u></u>

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

**VILLAGE OF LAWRENCEVILLE
CLARK 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	\$6,628	\$965	\$7,593
Intergovernmental Receipts	3,499	40,916	44,415
Charges for Services	6,993		6,993
Fines, Licenses, and Permits	56,779		56,779
Earnings on Investments		165	165
Miscellaneous	2,324	33	2,357
	<u>76,223</u>	<u>42,079</u>	<u>118,302</u>
Total Cash Receipts			
Cash Disbursements:			
Security of Persons and Property	11,275	52,479	63,754
Public Health Services		965	965
Basic Utility Services	5,211		5,211
Transportation		94	94
General Government	32,915		32,915
	<u>49,401</u>	<u>53,538</u>	<u>102,939</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>26,822</u>	<u>(11,459)</u>	<u>15,363</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		17,134	17,134
Transfers-Out	(17,134)		(17,134)
	<u>(17,134)</u>	<u>17,134</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	9,688	5,675	15,363
Fund Cash Balances January 1	<u>(10,806)</u>	<u>15,715</u>	<u>4,909</u>
Fund Cash Balances, December 31	<u><u>(\$1,118)</u></u>	<u><u>\$21,390</u></u>	<u><u>\$20,272</u></u>

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

VILLAGE OF LAWRENCEVILLE
CLARK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

Operating Cash Receipts:

Fines and Costs \$72,451

Operating Cash Disbursements:

Court Distributions 70,632

Net Receipts Over Disbursements 1,819

Fund Cash Balance, January 1 757

Fund Cash Balance, December 31 \$2,576

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

**VILLAGE OF LAWRENCEVILLE
CLARK 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 Lawrenceville, Clark 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 water utilities and police 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. 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, Motor Vehicle License Fund, State Highway Fund - These funds receive gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

COPS Fast Fund - This fund receives federal money to help pay payroll and fringe benefit expenses of the Village police department.

3. Agency Fund

This fund is used to account for fines and bond forfeitures collected by the Magistrate's court on behalf of the Village and State.

**VILLAGE OF LAWRENCEVILLE
CLARK COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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. 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 use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. 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 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	\$ 42,440	\$	22,848

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

3. BUDGETARY ACTIVITY

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

**VILLAGE OF LAWRENCEVILLE
CLARK COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 0	\$ 93,894	\$ 93,894
Special Revenue	<u>0</u>	<u>56,415</u>	<u>56,415</u>
Total	<u>\$ 0</u>	<u>\$ 150,309</u>	<u>\$ 150,309</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 139,313	\$ 76,701	\$ 62,612
Special Revenue	<u>10,000</u>	<u>53,705</u>	<u>(43,705)</u>
Total	<u>\$ 149,313</u>	<u>\$ 130,406</u>	<u>\$ 18,907</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 95,647	\$ 76,223	\$ (19,424)
Special Revenue	<u>10,760</u>	<u>59,213</u>	<u>48,453</u>
Total	<u>\$ 106,407</u>	<u>\$ 135,436</u>	<u>\$ 29,029</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 66,535	\$ (66,535)
Special Revenue	<u>0</u>	<u>53,538</u>	<u>(53,538)</u>
Total	<u>\$ 0</u>	<u>\$ 120,073</u>	<u>\$ (120,073)</u>

The Village did not certify that funds were available for all expenditures, as required by Section 5705.41(D), Ohio Rev. Code.

The Village had a negative fund balance in the General Fund at December 31, 1999, contrary to Ohio Rev. Code Section 5705.10.

There was no annual appropriation approved and filed for 1999, contrary to Ohio Rev. Code Section 5705.38

The Village did not file a tax budget as required by Ohio Rev. Code Section 5705.28, for 2000 and filed 1999 budget was not filed by the due date.

**VILLAGE OF LAWRENCEVILLE
CLARK COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

The Village failed to pass an ordinance or resolution to authorize the necessary tax levies for 2000, as required by Ohio Rev. Code Section 5705.34.

Ohio Rev. Code Section 5705.41 (B) requires that no taxing authority expend money unless it has been appropriated. The Village expended funds that were not appropriated for both 2000 and 1999.

The Village did not file the 1999 and 2000 certificates of estimated resources to the county budget commission as required by Ohio Rev. Code Section 5705.36.

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, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Police Cruiser Loan	15,570	10.15%

On April 19, 1999, the OWDA approved up to \$108,700 in loans to the Village for a water project. There are no scheduled payments due on this loan until it is rolled over into a construction loan. No funds have been drawn down as of 12/31/2000.

**VILLAGE OF LAWRENCEVILLE
CLARK COUNTY**

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

5. DEBT (Continued)

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

Year ending December 31:	Police Cruiser Loan
2001	\$ 3,989
2002	5,319
2003	5,319
2004	3,546
Total	<u>\$ 18,173</u>

6. RETIREMENT SYSTEMS

Village officials and full-time employees 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 also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July through December 2000. The Village has paid all contributions required through December 31, 2000.

7. RISK POOL MEMBERSHIP

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31:

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

**VILLAGE OF LAWRENCEVILLE
CLARK COUNTY**

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

8. FISCAL WATCH

Ohio Rev. Code Sections 118.02 and 118.03 establish the guidelines regarding fiscal watch and fiscal emergency situations. As of December 31, 1999, the Auditor of State has placed the Village on a fiscal watch.



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Village of Lawrenceville
Clark County
3819 Lawrenceville Drive
Lawrenceville, Ohio 45504

To the Village Council:

We have audited the accompanying financial statements of the Village of Lawrenceville, Clark County, (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 17, 2001, in which we noted that the Village had inadequate accounting records to support receipts recorded as charges for services in the General Fund. The Village was placed on fiscal watch December 29, 1999. 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 items 2000-30312-001 to 2000-30312-009. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 17, 2001.

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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-30312-010 to 2000-30312-015.

**Internal Control Over Financial Reporting
(Continued)**

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 conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-30312-010 to 2000-30312-015 to be material weaknesses. We also 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 17, 2001.

This report is intended for the information and use of the 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 17, 2001

**VILLAGE OF LAWRENCEVILLE
CLARK COUNTY**

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

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

FINDING NUMBER 2000-30312-001

Ohio Rev. Code 5705.41(D), states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriation fund free from any previous encumbrance.

This section also provides an exception to this requirement:

If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrance both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within thirty days of the date of the fiscal officer's certification.

The Village did not comply with certification requirements and did not fulfill the requirements to the exception for \$38,500 or 100% of the expenditures during 1999 and \$37,216 or 97% during 2000. The Village should implement policies and procedures to comply with the certification requirement.

FINDING NUMBER 2000-30312-002

Ohio Rev. Code Section 117.38 requires that cash basis entities file annual reports with the Auditor of State within 60 days of the fiscal year end.

The Village filed the 2000 annual report on May 22, 2001, and 1999 annual report on November 11, 2000 with the Auditor of State. The reports were compiled, and the supporting records reconstructed by the Auditor of State Local Government Services Division. The Village Council should monitor this activity annually to determine that the clerk has filed a complete and accurate annual financial report with the Auditor of State.

FINDING NUMBER 2000-30312-003

Ohio Rev. Code Section 5705.10 states that money that is paid into a fund must be used only for which said fund has been established.

A negative fund balance existed in the General Fund in the amount of \$1,118 at December 31, 1999. This indicates that money from one fund was used to cover the expenses of another fund. To prevent the fund balance from being negative in the future the Village should only use General Fund money to pay General Fund expenses.

**VILLAGE OF LAWRENCEVILLE
CLARK COUNTY**

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

Noncompliance Citations (Continued)

FINDING NUMBER 2000-30312-004

Ohio Rev. Code Section 5705.38 states on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

There were no annual or temporary appropriations approved or filed for 1999, which resulted in all 1999 expenditures exceeding appropriations. The Village should approve and file appropriation resolutions by the dates listed above.

FINDING NUMBER 2000-30312-005

Ohio Rev. Code Section 5705.28 states on or before July 15th, in each year, the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next the succeeding fiscal year.

The Village did not file a tax budget for 2000 as required, and the 1999 tax budget was filed on December 10, 1998. The Village should file the tax budget by July 15th to comply with the requirement.

FINDING NUMBER 2000-30312-006

Ohio Rev. Code Section 5705.34 requires that each tax authority pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before October 1, unless a later date is approved by the tax commissioner.

The Village failed to pass an ordinance or resolution to authorize the necessary tax levies for 2000. The Village should authorize the necessary tax levies prior to October 1, as required.

FINDING NUMBER 2000-30312-007

Ohio Rev. Code Section 5705.41 (B) requires that no taxing authority expend money unless it has been appropriated.

During 2000, the total expenditures exceeded total appropriations in the Street Fund, COPS Fast Fund and Health Fund. The total 2000 Special Revenue expenditures exceeded appropriations by 430%. Other immaterial negative variances were also noted. No monies were appropriated during 1999, resulting in all expenditures exceeding total appropriations for the year. The Village should pass the necessary appropriations, and monitor expenditures to comply with this requirement.

FINDING NUMBER 2000-30312-008

Ohio Rev. Code Section 5705.36 states on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village did not file the 1999 and 2000 certificates to the county auditor as required. The Village should certify available resources to the budget commission, as required.

**VILLAGE OF LAWRENCEVILLE
CLARK COUNTY**

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

Noncompliance Citations (Continued)

FINDING NUMBER 2000-30312-009

Ohio Rev. Code Section 149.43 states that a "record", for the purpose of the public records law, means any document, device, or item, regardless of physical form or characteristic, created, received by, or coming under the jurisdiction of any public office which serves to document the organization, functions, policies, decisions, procedures, operations, or other activities. All public records shall be promptly prepared and made available to any member of the general public at all reasonable times during regular business hours for inspection. When disposal lists have been approved by the records commission, the lists are to be sent to the Auditor of State's Office and the Ohio Historical Society for approval.

The Village could not provide the following records for audit: 1) documentation for three months of the 1999 record of proceedings; 2) complete water stubs/customer account ledgers; 3) voucher packages, including invoices; 4) state remittances and tax settlement sheets; and 5) salary notices. The Village should maintain all required public records and follow all regulations regarding their disposal.

Material Weaknesses

FINDING NUMBER 2000-30312-010

Record Keeping

Accurate and complete records of financial activity, including budgetary balances are required for management and users of the financial statements to make informed decisions. Expenditure and receipt ledgers, purchase orders, and cash journals are typically used to record this activity. The Village failed to properly maintain any of the aforementioned journals or ledgers, and purchase orders were not consistently used by the Village. Budgets cannot be effectively monitored without receipt and expenditure ledgers, and the lack of a properly maintained set of records inhibits the ability of council to make informed decisions on village activity. The Village should maintain an accurate and current record of all activity.

FINDING NUMBER 2000-30312-011

Bank Reconciliations

Monthly reconciliations to the Village's depository accounts were not performed. A bank account reconciliation is a basic control to insure accuracy and completeness of the Village's recording of current receipts and expenditures. Failure to maintain complete accountability of public monies could increase the possibility of funds being altered, impaired, lost or stolen.

To strengthen control over the reconciliation process, monthly bank reconciliations should be performed, all cash reconciliation supporting documentation should be maintained, and reconciled bank statement amounts should correspond to reported fund cash balances. Also, Council personnel should periodically review the monthly bank reconciliations to determine that proper procedures are being followed.

The Village has carried stale dated checks on their outstanding check list for over a year, which could cause inaccurate balances to be reflected on the financial statements. The Village should remove these outstanding checks from this list and pay the corresponding amounts into the appropriate funds.

**VILLAGE OF LAWRENCEVILLE
CLARK COUNTY**

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

Material Weaknesses (Continued)

FINDING NUMBER 2000-30312-012

Pre-Numbered Receipts

A pre-numbered duplicate receipt should be written for all revenue received. The clerk does not write a receipt for taxes, intergovernmental revenue, interest received on the checking account, federal revenue, and miscellaneous revenue, which could allow for money to be posted in the wrong period, incorrect fund, or for the incorrect amount. The clerk should issue a pre-numbered duplicate receipt for all revenue when received.

FINDING NUMBER 2000-30312-013

Record of Proceedings

The record of proceedings should reflect all action taken by the Village Council, however the minutes did not reflect any budgetary action taken during 1999, such as temporary or permanent appropriation resolutions, approval of the budget, or acceptance of the rates and amounts. In addition, there was no indication in the minutes of pay approvals during 1999, transfers made during 1999 and 2000, and the grants applied for during these years.

There should be an indication of each council member's votes on all related party issues, however there was no record of whether the clerk's wife voted on the clerk's pay increase that was approved during 2000. The record of proceedings is the official record of action taken by the Village Council and should reflect all action taken by them.

FINDING NUMBER 2000-30312-014

Water Revenue

A Village should have a system of checks and balances in place for the various departments, however the Village has several weaknesses in their Utility Department which resulted in lost revenue, customer's accounts not being maintained, and bills not being sent on a timely basis. The following internal control weaknesses were noted:

- Subsidiary customer ledgers are not being maintained;
- Quarterly billings were not sent for 2 quarters during 1999, at least one quarter during 2000, and none for the 1st and 2nd quarter during 2001;
- Customer listing does not include all residents;
- No procedures established on handling delinquent accounts.
- Customer account listing is not being maintained.

To strengthen the Village's internal control process in the Utility Department, the Village of Lawrenceville should establish the following procedures and practices:

**VILLAGE OF LAWRENCEVILLE
CLARK COUNTY**

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

Material Weaknesses (Continued)

FINDING NUMBER 2000-30312-014 (Continued)

Water Revenue (Continued)

- Past quarters which have not been billed should either be officially forgiven by Council or bills should be sent to customers for past quarters.
- Subsidiary ledgers should be kept for each customer listing amount billed, amount paid, date and whether paid by cash or check.
- A reconciliation should be performed between the subsidiary ledgers and amounts posted to the books.
- A customer listing should be reconstructed to include all residents of the Village that are on the water system.
- Once an accurate customer listing has been established, the clerk should bill for the 1st and 2nd quarter of 2001.
- Policy should be established on the procedures for handling delinquent accounts.
- Customer's utility stubs should be stamp dated when received and maintained.

FINDING NUMBER 2000-30312-015

Monitoring of Financial Reporting

The Village Council did not receive monthly financial reports, such as a fund balance report, budget-to-actual reports for revenues and expenditures, and bank reconciliations. Due to the lack of segregation of duties in financial reporting, duties such as payroll, budgetary, and billing need the Council's monitoring. The lack of monitoring could result in illegal expenditures and negative fund balances. Through routine and sufficient financial information, the Council will be aware the Village's financial condition. Village Council should receive and review monthly reports prepared by the clerk for the purpose of evaluating the financial condition of the village.



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VILLAGE OF LAWRENCEVILLE

CLARK 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 13, 2001**