



**VILLAGE OF NEW WESTON
DARKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF NEW WESTON
DARKE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of New Weston
Darke County
P.O. Box 2A
New Weston, Ohio 45348

To the Village Mayor and Council:

We have audited the accompanying financial statements of the Village of New Weston, Darke County, (the Village) as of and for the years ended December 31, 2000 and December 31, 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and December 31, 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 15, 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 New Weston
Darke County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of the audit committee, 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

May 15, 2001

**VILLAGE OF NEW WESTON
DARKE 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
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Property Tax and Other Local Taxes	\$3,626	\$2,317	\$5,943
Intergovernmental Receipts	33,731	6,576	40,307
Earnings on Investments	1,465	872	2,337
Miscellaneous	406		406
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	39,228	9,765	48,993
Cash Disbursements:			
Current:			
Security of Persons and Property	4,785	2,640	7,425
Leisure Time Activities	788	1,586	2,374
Basic Utility Services	8,525		8,525
Transportation	4,035	6,500	10,535
General Government	10,840		10,840
Capital Outlay	1,359	58	1,417
	<hr/>	<hr/>	<hr/>
Total Disbursements	30,332	10,784	41,116
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	8,896	(1,019)	7,877
Fund Cash Balances January 1	<hr/>	<hr/>	<hr/>
	70,067	46,545	116,612
Fund Cash Balances, December 31	<hr/> \$78,963 <hr/>	<hr/> \$45,526 <hr/>	<hr/> \$124,489 <hr/>

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

**VILLAGE OF NEW WESTON
DARKE 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	\$3,583	\$1,896	\$5,479
Intergovernmental Receipts	32,009	11,300	43,309
Earnings on Investments	1,203	756	1,959
Miscellaneous	365	75	440
	<u>37,160</u>	<u>14,027</u>	<u>51,187</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	4,529	2,050	6,579
Leisure Time Activities	638	2,118	2,756
Basic Utility Services	4,749		4,749
Transportation	970		970
General Government	8,600		8,600
Capital Outlay	832	1,934	2,766
	<u>20,318</u>	<u>6,102</u>	<u>26,420</u>
Total Disbursements			
	<u>20,318</u>	<u>6,102</u>	<u>26,420</u>
Total Receipts Over/(Under) Disbursements	<u>16,842</u>	<u>7,925</u>	<u>24,767</u>
Fund Cash Balances January 1	<u>53,225</u>	<u>38,620</u>	<u>91,845</u>
Fund Cash Balances, December 31	<u>\$70,067</u>	<u>\$46,545</u>	<u>\$116,612</u>

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

**VILLAGE OF NEW WESTON
DARKE 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 New Weston, Darke 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 and Mayor. The Village provides general governmental services, including park operations.

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

The Village uses an interest bearing checking account for all funds.

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.

Park Fund - This fund receives grant money and donations to pay for development of a park.

**VILLAGE OF NEW WESTON
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Permissive Motor Vehicle Tax Fund - This fund receives the proceeds from a special motor vehicle License fee levied against the benefitting motorist of the village.

Fire Protection Fund- This fund receives tax levy monies to pay for fire protection.

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 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. 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 AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 124,489	\$ 116,612

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEW WESTON
DARKE 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 December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 31,000	\$ 39,228	\$ 8,228
Special Revenue	8,100	9,765	1,665
Total	\$ 39,100	\$ 48,993	\$ 9,893

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 101,066	\$ 30,332	\$ 70,734
Special Revenue	54,645	10,784	43,861
Total	\$ 155,711	\$ 41,116	\$ 114,595

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 31,000	\$ 37,160	\$ 6,160
Special Revenue	7,400	14,027	6,627
Total	\$ 38,400	\$ 51,187	\$ 12,787

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 83,223	\$ 20,318	\$ 62,905
Special Revenue	46,020	6,102	39,918
Total	\$ 129,243	\$ 26,420	\$ 102,823

The Village was not in compliance with the budgetary requirements of Ohio Rev. Code, Section 5705.41(D), to certify funds are available prior to incurring an obligation for certain transactions during the audit period, or with Ohio Rev. Code 5705.41(B), for expenditures exceeding the amounts appropriated in the Park Fund during 1999.

**VILLAGE OF NEW WESTON
DARKE COUNTY**

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. RETIREMENT SYSTEMS

The Village officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide 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 2000 and 1999, PERS members 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.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles



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

Village of New Weston
Darke County
P.O. Box 2A
New Weston, Ohio 45348

To the Village Mayor and Council:

We have audited the accompanying financial statements of the Village of New Weston, Darke County (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated May 15, 2001. 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 are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30319-001 and 2000-30319-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 15, 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 15, 2001.

Village of New Weston
Darke 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 the audit committee, 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

May 15, 2001

VILLAGE OF NEW WESTON
DARKE COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER

2000-30319-001

Ohio Rev. Code Section 5705.41 (D), provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money without attaching thereto the certificate of the fiscal officer of the subdivision that the amount required to meet the same in the fiscal year in which the contract is made 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. Contracts and orders for expenditures lacking prior certification should be null and void.

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 these funds were 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 30 days of the date of the fiscal officer's certification.

Fifteen percent of disbursement transactions during 1999 and 2000 were not certified prior to incurring the obligation nor was the exception utilized.

The Village should develop a policies and procedures to improve compliance with this requirement and certify the availability of funds prior to incurring the obligation.

FINDING NUMBER

2000-30319-002

Ohio Rev. Code Section 5705.41(B) states that expenditures must be charged against legally adopted appropriations. This prohibits a subdivision from making an expenditure unless it is within the amounts appropriated.

Fund expenditures which exceeded the amounts appropriated during 1999 were:

Fund	Appropriations	Expenditures	Variance
Park Fund	\$1,694	\$4,002	(\$2,308)

The Village Clerk and Council should monitor the Village budgetary financial reports throughout the year to prevent expenditures from exceeding the amounts appropriated at the legal level of control. In instances where it appears appropriations are insufficient to meet projected needs, the Village Council should pass a resolution to amend appropriations after determining that sufficient estimated resources are available.



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VILLAGE OF NEW WESTON

DARKE 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 26, 2001**