



**VILLAGE OF ALBANY
ATHENS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Albany
Athens County
PO Box 153
Albany, Ohio 45710

To the Council:

We have audited the accompanying financial statements of the Village of Albany, Athens County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Albany, Athens County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the management, Council members, 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

March 14, 2000

Village of Albany

**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	\$17,900	\$33,023	\$50,923
Intergovernmental Receipts	26,619	33,523	60,142
Fines, Licenses, and Permits	6,729	18	6,747
Earnings on Investments	9,300	366	9,666
Miscellaneous	8,667	99	8,766
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	69,215	67,029	136,244
Cash Disbursements:			
Current:			
Security of Persons and Property	15,952	14,049	30,001
Public Health Services	953	350	1,303
Transportation	0	48,125	48,125
General Government	49,135	0	49,135
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	66,040	62,524	128,564
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	3,175	4,505	7,680
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	143,136	50,401	193,537
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$146,311	\$54,906	\$201,217

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

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

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$129,690	\$0	\$0	\$129,690
Earnings on Investments	2,297	40	0	\$2,337
Miscellaneous	3,406	0	0	3,406
Total Operating Cash Receipts	<u>135,393</u>	<u>40</u>	<u>0</u>	<u>135,433</u>
Operating Cash Disbursements:				
Personal Services	33,454	0	0	33,454
Contractual Services	89,747	0	0	89,747
Supplies and Materials	32,502	0	0	32,502
Capital Outlay	201,889	0	0	201,889
Total Operating Cash Disbursements	<u>357,592</u>	<u>0</u>	<u>0</u>	<u>357,592</u>
Operating Income/(Loss)	<u>(222,199)</u>	<u>40</u>	<u>0</u>	<u>(222,159)</u>
Non-Operating Cash Receipts:				
Proceeds from Notes and Bonds	201,889	0	0	201,889
Other Non-Operating Receipts	0	0	6,746	6,746
Total Non-Operating Cash Receipts	<u>201,889</u>	<u>0</u>	<u>6,746</u>	<u>208,635</u>
Non-Operating Cash Disbursements:				
Other Non-Operating Cash Disbursements	0	0	7,206	7,206
Total Non-Operating Cash Disbursements	<u>0</u>	<u>0</u>	<u>7,206</u>	<u>7,206</u>
Net Receipts Over/(Under) Disbursements	<u>(20,310)</u>	<u>40</u>	<u>(460)</u>	<u>(20,730)</u>
Fund Cash Balances, January 1	<u>170,866</u>	<u>1,080</u>	<u>465</u>	<u>172,411</u>
Fund Cash Balances, December 31	<u>\$150,556</u>	<u>\$1,120</u>	<u>\$5</u>	<u>\$151,681</u>

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

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$17,805	\$25,821	\$43,626
Intergovernmental Receipts	25,097	30,221	55,318
Fines, Licenses, and Permits	13,403	45	13,448
Earnings on Investments	9,418	710	10,128
Miscellaneous	14,079	1,998	16,077
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	79,802	58,795	138,597
Cash Disbursements:			
Current:			
Security of Persons and Property	18,877	9,538	28,415
Public Health Services	967	0	967
Leisure Time Activities	0	390	390
Transportation	0	32,885	32,885
General Government	34,704	0	34,704
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	54,548	42,813	97,361
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	25,254	15,982	41,236
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	117,882	34,419	152,301
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$143,136	\$50,401	\$193,537

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

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

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$132,826	\$0	\$0	\$132,826
Earnings on Investments	2,832	40	0	2,872
Total Operating Cash Receipts	135,658	40	0	135,698
Operating Cash Disbursements:				
Personal Services	25,598	0	0	25,598
Contractual Services	77,238	0	0	77,238
Supplies and Materials	18,735	0	0	18,735
Total Operating Cash Disbursements	121,571	0	0	121,571
Operating Income/(Loss)	14,087	40	0	14,127
Non-Operating Cash Receipts:				
Other Non-Operating Receipts	0	0	13,521	13,521
Total Non-Operating Cash Receipts	0	0	13,521	13,521
Non-Operating Cash Disbursements:				
Other Non-Operating Cash Disbursements	0	0	14,395	14,395
Total Non-Operating Cash Disbursements	0	0	14,395	14,395
Net Receipts Over/(Under) Disbursements	14,087	40	(874)	13,253
Fund Cash Balances, January 1	156,779	1,040	1,339	159,158
Fund Cash Balances, December 31	\$170,866	\$1,080	\$465	\$172,411

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Albany, Athens County, is a body politic and corporate 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 Village Council. The Village provides general governmental services, including maintenance of streets, police protection, fire protection, recreation services and water utility services.

The Village's management believes these financial statements represent 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.

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 and the savings bond is recorded at face value.

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 license tax money for constructing, maintaining and repairing Village streets.

State Highway Improvement Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

Permissive Tax Fund - This fund receives additional motor vehicle license tax money for constructing, maintaining and repairing Village streets.

Police Levy Fund - This fund receives money from a tax levy approved by the voters to provide police protection for the Village.

Fire Levy Fund - This fund receives money from a tax levy approved by the voters to provide fire protection for the Village.

Street Levy Fund - This fund receives money from a tax approved by the voters to maintain Village streets.

3. Enterprise Fund

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Construction Fund - This fund receives loan proceeds from the Ohio Water Development Authority to fund a purchase of land for a sewer plant. This loan will be repaid from a future grant.

Water Guaranty Fund - This fund receives money from deposits for water service. This money is returned when service is discontinued.

4. Fiduciary Funds (Trust and Agency Funds)

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

Mayor's Court Fund - This fund accounts for the financial activity of the Mayor's Court and is classified as an Agency Fund.

Library Fund - This fund receives interest from a savings bond, which must be kept by the Village in accordance with the will of the individual who donated it, and is classified as a Nonexpendable Trust Fund.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Village 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 1999 and 1998 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. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$221,898	\$234,948
Certificate of deposit	130,000	130,000
U.S. Savings Bond	1,000	1,000
	<u>\$ 352,898</u>	<u>\$ 365,948</u>

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

2. EQUITY IN POOLED CASH (Continued)

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 66,075	\$ 69,215	\$ 3,140
Special Revenue	66,968	67,029	61
Enterprise	201,000	337,282	136,382
Nonexpendable Trust	20	40	20
Total	\$ 334,063	\$ 473,566	\$ 139,503

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 161,877	\$66,040	\$ 95,837
Special Revenue	103,803	62,524	41,279
Enterprise	269,686	357,592	(87,906)
Nonexpendable Trust	1,100	0	1,100
Total	\$ 536,466	\$ 486,156	\$ 50,310

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 25,175	\$ 79,802	\$ 54,627
Special Revenue	57,446	58,795	1,349
Enterprise	123,000	135,658	12,658
Nonexpendable Trust	40	40	0
Total	\$ 205,661	\$ 274,295	\$ 68,634

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 144,332	\$ 54,548	\$ 89,784
Special Revenue	90,869	42,813	48,056
Enterprise	279,498	121,571	157,927
Nonexpendable Trust	1,080	0	1,080
Total	\$ 515,779	\$ 218,932	\$ 296,847

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village. 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, 1999 was as follows:

	Principal	Interest Rate
OWDA planning loan	\$ 309,706	6.32%
Total	\$ 309,706	

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

5. DEBT (Continued)

The Ohio Water Development Authority (OWDA) loan was approved in 1996 in the estimated amount of \$497,000 for the wastewater system project for the period of five years commencing on January 1, 1997. The loan proceeds are drawn down as expenditures are incurred. In 1997, land was purchased for a sewer plant and sewer system plant at a cost of \$107,817. No money was expended in 1998. During 1999, \$201,889 was used for the preliminary construction of the plant. The loan will be repaid in semiannual installments, usually over twenty (20) years, based on an amortization schedule to be prepared and provided by the OWDA at the completion of the project.

6. RETIREMENT SYSTEMS

The Village's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles
- Property

The Village has secured public official's bonds through a private carrier.

The Village provides medical insurance to the full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

The Ohio EPA has indicated that formal proceedings against the Village will be commenced unless the Village demonstrates progress toward installation of Sanitary Sewers. Preliminary cost estimates for this project are in the neighborhood of five million dollars. As part of that cost, the Village has agreed to a contract for Engineering Services with URS Geiner. An executed copy of the contract signed by all parties including USDA/RD has not yet been returned to the Village. The Village has obtained an OWDA loan to fund this project as described in Note 5.



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

Village of Albany
Athens County
PO Box 153
Albany, Ohio 45710

To the Council:

We have audited the accompanying financial statements of the Village of Albany, Athens County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 14, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* in the accompanying Schedule of Findings as items 1999-30705-001 through 1999-30705-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 14, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-30705-006.

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, we do not believe the reportable condition described above is a material weakness. 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 the management of the Village in a separate letter dated March 14, 2000.

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

March 14, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30705-001

FINDING FOR RECOVERY

The Village of Albany Ordinance 9-3-96A, Section 6 states that beginning on the first anniversary of an employee's service, and at each anniversary thereafter, that employee shall be entitled to 40 hours of paid vacation, paid at the employee's normal hourly pay rate as of the week immediately prior to the employee's anniversary date.

Minutes of the Village Council state that Phil Morgan was hired full-time on January 4, 1999, therefore, according to the above stated ordinance he would be entitled to one week, (40 hours), paid vacation beginning January 4, 2000. However, in July 1999, Mr. Morgan took 40 hours of vacation leave and was paid for 40 hours of vacation, at an hourly rate of \$6.50, for a total of \$260.00. In December 1999 he was paid for 32 hours of vacation, at an hourly rate of \$6.76, for a total of \$216.32. Mr. Morgan resigned on February 25, 2000 and was paid 8 hours of vacation, at an hourly rate of \$6.76, for a total of \$54.08. Mr. Morgan received a total of 80 hours of vacation totaling \$530.40

Mr. Morgan should have received one week, (40 hours), of vacation pay upon completing one year of employment at which time he had an hourly rate of \$6.76. However, he had already been compensated for 72 hours of vacation prior to completing one year of service.

The following represents payment made to the employee, the amount due to the employee and the amount of the overpayment.

Date Paid:	<u>Vacation Hours</u>	<u>Hourly Rate</u>	<u>Total Gross Pay</u>
August 11, 1999	40	\$6.50	\$260.00
December 29, 1999	32	6.76	216.32
February 22, 2000	8	6.76	54.08
Total Paid	80		530.40
Total Due per Village Ordinance 9-3-96A, Section 6	40	6.76	270.40
Amount Overpaid	(40)		(\$260.00)

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Phil Morgan, Karen Bobo, Clerk, and the Ohio Casualty Insurance Company, her bonding company, jointly and severally, in the amount of two hundred sixty dollars and zero cents (\$260.00), in favor of the Water Fund of the Village of Albany.

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-30705-002

Noncompliance Citation

Ohio Admin. Code Section 117-5-11(A) requires each Village to maintain an appropriation ledger, which shall contain a separate sheet for each account established by the Village. The account is created by the coding procedures prescribed pursuant to paragraph (D) of Rule 117-5-01 of the Administrative Code.

Although an appropriations ledger was provided for audit, the ledger was not maintained on a regular basis. This resulted in the Clerk having to create the majority of the appropriations ledger based on other records and resulted in the Village not being able to monitor their appropriations on a regular basis.

We recommend the Village maintain their appropriation ledger on a regular basis and utilize the ledger to monitor their appropriations.

FINDING NUMBER 1999-30705-003

Noncompliance Citation

Ohio Admin. Code Section 117-5-10(A) requires each Village to maintain a receipts ledger, which shall contain a separate sheet for each account established by the Village. The account is created by the coding procedures prescribed pursuant to paragraph (C) of Rule 117-5-01 of the Administrative Code.

Although a receipts ledger was provided for audit, the ledger was not maintained on a regular basis. This resulted in the Clerk having to create the majority of the receipts ledger based on other records and resulted in the Village not being able to monitor their estimated versus actual receipts.

We recommend the Village maintain receipt ledgers on a regular basis and utilize the ledger to monitor their estimated versus actual receipts.

FINDING NUMBER 1999-30705-004

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 1999, the Village expended \$201,889 in the Sewer Fund for which no appropriations were filed. The Village also had expenditures exceeding appropriations at the legal level of control in the General Fund and Street Fund in 1998 and in the General Fund, Water Fund and Street Fund in 1999. This could result in expenditures exceeding available fund balances.

We recommend the Clerk review the budgetary information on a regular basis and seek amendments as needed from Village Council.

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-30705-005

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) states that no subdivision shall make any contract or order any disbursement 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 appropriate fund, free from any previous encumbrance.

In 1998, 86% of the expenditures tested were incurred prior to obtaining certification from the Clerk. In 1999, 57% of the expenditures tested were incurred prior to obtaining certification from the Clerk. This could result in obligations being made for which funds were not available or appropriated.

We recommend that the Village obtain certification from the Clerk that funds are available for expenditure prior to incurring an obligation.

FINDING NUMBER 1999-30705-006

Reportable Condition

Village Ordinance No. 5-1-95 states that customers are required to pay a \$60 deposit which is recorded in the billing journal before service is started. After five years of service the \$60 deposit is credited to the customer's account.

The Clerk does not keep a log of how long the customer had water service or of when she credits their bills for the return of the \$60 deposit. This could result in deposits never being returned or deposits being credited more than once.

We recommend that the Clerk determine if the Village's new software tracks the deposits and if not, we recommend the Clerk keep a log of all customer accounts and document the return of deposit money.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF ALBANY

ATHENS 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
APRIL 27, 2000**