



**VILLAGE OF ANSONIA  
DARKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



VILLAGE OF ANSONIA  
DARKE COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Ansonia  
Darke County  
P. O. Box 607  
202 North Main Street  
Ansonia, Ohio 45303

To the Village Mayor and Council:

We have audited the accompanying financial statements of the Village of Ansonia, Darke County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 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 and reserves for encumbrances of the Village as of December 31, 1999 and December 31, 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 April 28, 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, 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

**JIM PETRO**  
Auditor of State

April 28, 2000

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**VILLAGE OF ANSONIA  
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>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$192,396	\$2,722	\$0	\$0	\$195,118
Special Assessments	500				500
Intergovernmental Receipts	116,272	45,933			162,205
Charges for Services	1,925	27,456			29,381
Fines, Licenses, and Permits	213	407			620
Earnings on Investments	24,654	0			24,654
Miscellaneous	7,631	67			7,698
	<u>343,591</u>	<u>76,585</u>	<u>0</u>	<u>0</u>	<u>420,176</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	101,847	18,427			120,274
Public Health Services	10,138				10,138
Leisure Time Activities	4,062				4,062
Community Environment	1,312				1,312
Transportation		44,573			44,573
General Government	127,468				127,468
Debt Service:					
Principal Payments		5,000			5,000
Interest Payments		234			234
Capital Outlay	69,233	15,260			84,493
	<u>314,060</u>	<u>83,494</u>	<u>0</u>	<u>0</u>	<u>397,554</u>
Total Receipts Over/(Under) Disbursements	<u>29,531</u>	<u>(6,909)</u>	<u>0</u>	<u>0</u>	<u>22,622</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		14,262	655		14,917
Transfers-Out	(11,999)	(10,000)			(21,999)
Total Other Financing Receipts/(Disbursements)	<u>(11,999)</u>	<u>4,262</u>	<u>655</u>	<u>0</u>	<u>(7,082)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17,532	(2,647)	655	0	15,540
Fund Cash Balances January 1	167,886	101,572	20,071	557	290,086
<b>Fund Cash Balances, December 31</b>	<b><u>\$185,418</u></b>	<b><u>\$98,925</u></b>	<b><u>\$20,726</u></b>	<b><u>\$557</u></b>	<b><u>\$305,626</u></b>
Reserves for Encumbrances, December 31	<u>\$254</u>	<u>\$450</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF ANSONIA  
DARKE COUNTY**

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

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$245,210
Total Operating Cash Receipts	245,210
<b>Operating Cash Disbursements:</b>	
Personal Services	42,489
Contractual Services	98,395
Supplies and Materials	17,113
Capital Outlay	167,172
Total Operating Cash Disbursements	325,169
Operating Income/(Loss)	(79,959)
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	122,582
Proceeds of Notes	112,500
Total Non-Operating Cash Receipts	235,082
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	170,475
Other Non-Operating Cash Disbursements	7,267
Total Non-Operating Cash Disbursements	177,742
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(22,619)
Transfers-In	64,682
Transfers-Out	(57,600)
Net Receipts Over/(Under) Disbursements	(15,537)
Fund Cash Balances, January 1	213,387
<b>Fund Cash Balances, December 31</b>	<b>\$197,850</b>
Reserve for Encumbrances, December 31	\$783

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



**VILLAGE OF ANSONIA  
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, 1998**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$180,848	\$2,674	\$0	\$0	\$183,522
Intergovernmental Receipts	89,018	39,595		39,675	168,288
Charges for Services	1,800	29,523			31,323
Fines, Licenses, and Permits	5,303	423			5,726
Earnings on Investments	12,709	4,354	647		17,710
Miscellaneous	11,330	2,943			14,273
<b>Total Cash Receipts</b>	<u>301,008</u>	<u>79,512</u>	<u>647</u>	<u>39,675</u>	<u>420,842</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	97,156	34,209			131,365
Public Health Services	5,223	3,423			8,646
Leisure Time Activities	18,705				18,705
Community Environment	30				30
Transportation		59,130			59,130
General Government	130,502				130,502
Debt Service:					
Principal Payments		5,000			5,000
Interest Payments		558			558
Capital Outlay				121,073	121,073
<b>Total Disbursements</b>	<u>251,616</u>	<u>102,320</u>	<u>0</u>	<u>121,073</u>	<u>475,009</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>49,392</u>	<u>(22,808)</u>	<u>647</u>	<u>(81,398)</u>	<u>(54,167)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		500		78,155	78,655
Transfers-Out	(79,092)				(79,092)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(79,092)</u>	<u>500</u>	<u>0</u>	<u>78,155</u>	<u>(437)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(29,700)</u>	<u>(22,308)</u>	<u>647</u>	<u>(3,243)</u>	<u>(54,604)</u>
<b>Fund Cash Balances January 1</b>	<u>197,586</u>	<u>123,880</u>	<u>19,424</u>	<u>3,800</u>	<u>344,690</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$167,886</u></u>	<u><u>\$101,572</u></u>	<u><u>\$20,071</u></u>	<u><u>\$557</u></u>	<u><u>\$290,086</u></u>

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

**VILLAGE OF ANSONIA  
DARKE COUNTY**

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

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$227,615
Miscellaneous	7,056
	234,671
<b>Operating Cash Disbursements:</b>	
Personal Services	40,523
Transportation	222
Contractual Services	84,299
Supplies and Materials	28,344
Capital Outlay	440,776
	594,164
Operating Income/(Loss)	(359,493)
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	204,193
Proceeds from Notes and Bonds	125,000
Other Non-Operating Receipts	7,346
	336,539
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	39,850
Other Non-Operating Cash Disbursements	5,450
	45,300
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(68,254)
Transfers-In	29,211
Transfers-Out	(28,774)
	(67,817)
Net Receipts Over/(Under) Disbursements	(67,817)
Fund Cash Balances, January 1	281,204
<b>Fund Cash Balances, December 31</b>	<b>\$213,387</b>

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

**VILLAGE OF ANSONIA  
DARKE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Ansonia, 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. The Village provides general governmental services, including water and sewer utilities, refuse service, park operations (leisure time activities), 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. Cash and Investments**

Certificates of deposits are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**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:

**VILLAGE OF ANSONIA  
DARKE COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Special Revenue Fund (Continued)**

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

***State Highway Fund*** - This fund receives state money for constructing, maintaining, and repairing Village streets in conjunction with the state highways in the Village.

***Fire Fund*** - This fund receives the proceeds of contractual services for providing fire protection to Richland, Brown and York Townships.

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

***Bond Retirement Fund*** - This fund is used to accumulate resources for the payment of bond and note indebtedness.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

***Lake Street Improvement Fund*** - This fund is used for the repair and improvement to Lake Street.

***Storm Sewer Improvement Fund*** - This fund is used for the renovation of storm sewers within the Village.

**5. Enterprise Funds**

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

***Water Improvement Fund*** - This fund receives a portion of water receipts, which is used for water system improvements.

***Household Waste Fund*** - This fund receives charges for services from residents for refuse collection.

**VILLAGE OF ANSONIA  
DARKE COUNTY**

**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 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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

The Village did not encumber expenditure commitments as required by Ohio law resulting in unrecorded liabilities in the following funds: 1998:General Fund - \$1,698, Special Revenue Funds - \$1,362, Enterprise Funds - \$5,327; 1999: General Fund - \$1,510, Special Revenue Funds - \$500, Enterprise Funds - \$4,178.

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.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF ANSONIA  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(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>1999</u>	<u>1998</u>
Demand deposits	\$ 125,305	\$ 60,783
Certificates of deposit	144,524	266,690
Total deposits	<u>269,829</u>	<u>327,473</u>
STAR Ohio	233,647	176,000
Total deposits and investments	<u>\$ 503,476</u>	<u>\$ 503,473</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 347,944	\$ 343,591	\$ (4,353)
Special Revenue	86,200	90,847	4,647
Debt Service	329	655	326
Capital Projects	0	0	0
Enterprise	448,425	544,974	96,549
Total	<u>\$ 882,898</u>	<u>\$ 980,067</u>	<u>\$ 97,169</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 506,029	\$ 326,313	\$ 179,716
Special Revenue	185,200	93,944	91,256
Debt Service	20,400	0	20,400
Capital Projects	557	0	557
Enterprise	661,100	561,294	99,806
Total	<u>\$ 1,373,286</u>	<u>\$ 981,551</u>	<u>\$ 391,735</u>

**VILLAGE OF ANSONIA  
DARKE COUNTY**

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

**3. BUDGETARY ACTIVITY**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 327,139	\$ 301,008	\$ (26,131)
Special Revenue	76,830	80,012	3,182
Debt Service	650	647	(3)
Capital Projects	133,000	117,830	(15,170)
Enterprise	593,084	600,421	7,337
Total	\$ 1,130,703	\$ 1,099,918	\$ (30,785)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 494,885	\$ 330,708	\$ 164,177
Special Revenue	199,823	102,320	97,503
Capital Projects	135,000	121,073	13,927
Enterprise	872,000	668,238	203,762
Total	\$ 1,701,708	\$ 1,222,339	\$ 479,369

**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.

**VILLAGE OF ANSONIA  
DARKE COUNTY**

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission	\$ 672,300	0%
Ohio Water Development Authority Loan	17,500	0%
Water Improvement Notes	112,500	4.30%
Total	\$ 802,300	

The Ohio Public Works Commission (OPWC) loan relates to a water treatment plant construction project. The OPWC has approved a interest free loan of \$747,000 to the Village for this project. The loan will be repaid in semi-annual installments of \$18,675 over 20 years. The loan is collateralized by water and sewer receipts.

The Ohio Water Development Authority (OWDA) loan relates to a water plant improvement project. The OWDA has approved an interest free loan of \$25,000 to the Village for this project. The loan will be repaid in annual installments of \$2,500, over 10 years. The loan is collateralized by water and sewer receipts.

Water Improvement Notes were issued in anticipation of the issuance of bonds for the purpose of paying costs of constructing a water treatment plant. The notes were in the amount of \$112,500, dated March 4, 1999, with a maturity date of March 2, 2000. Debt payments are to be made from water system revenues.

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

Year ending December 31:	OPWC Loan	OWDA Loan	Water Improvement Notes
2000	\$ 18,675	\$ 2,500	\$ 117,311
2001	37,350	2,500	0
2002	37,350	2,500	0
2003	37,350	2,500	0
2004	37,350	2,500	0
2005-09	186,750	5,000	0
2010-14	186,750	0	0
2014-17	130,725	0	0
Total	\$ 672,300	\$ 17,500	\$ 117,311



**VILLAGE OF ANSONIA  
DARKE COUNTY**

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

**6. CAPITAL LEASES**

(1) Case Credit Corporation - municipal lease agreement with purchase option for a backloader in the amount of \$47,593 with payments of \$2,725, including interest, to be made four times a year over five years and (2) Ford Motor Credit - lease purchase agreement for police cruiser in the amount of \$22,500 with 12 installments of \$2,044, including interest, to be made over three years .

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

Year ending December 31:	Case Credit Corporation	Ford Motor Credit
2000	\$10,900	\$2,044
2001	10,900	
2002	10,900	
2003	<u>2,725</u>	<u>      </u>
Total	<u>\$35,425</u>	<u>\$2,044</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. 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.

**8. RISK MANAGEMENT**

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Law Enforcement
- Property
- Inland Marine

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

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

Village of Ansonia  
Darke County  
P.O. Box 607  
202 North Main Street  
Ansonia, Ohio 45303

To the Village Mayor and Council:

We have audited the accompanying financial statements of the Village of Ansonia, Darke County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated April 28, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-30319-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 28, 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. 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 April 28, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

April 28, 2000

VILLAGE OF ANSONIA  
DARKE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998

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

FINDING NUMBER 1999-30319-001

**Noncompliance Citation:**

Ohio Rev. Code Section 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 appropriate 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 the certification requirements and did not fulfill the requirements of the exception for 100% of the expenditure transactions examined for 1998, and for 50% of the transactions examined for 1999.

The Village should implement policies and procedures to insure compliance with the encumbrance requirements.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370

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**VILLAGE OF ANSONIA**

**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 20, 2000**