



**VILLAGE OF LUDLOW FALLS  
MIAMI COUNTY**

**REGULAR AUDIT**

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



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



VILLAGE OF LUDLOW FALLS  
MIAMI COUNTY

TABLE OF CONTENTS

| <u>TITLE</u>  | <u>PAGE</u> |
|---|-------------|
| Report of Independent Accountants .....   | 1           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances – All Governmental Fund Types –<br>For the Year Ended December 31, 1999 ..... | 3           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances – All Governmental Fund Types –<br>For the Year Ended December 31, 1998 ..... | 4           |
| Notes to the Financial Statements .....   | 5           |
| Report of Independent Accountants on Compliance and on Internal Control<br>Required by <i>Government Auditing Standards</i> .....   | 9           |
| Schedule of Finding .....   | 11          |

This page intentionally left blank.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Ludlow Falls  
Miami County  
P. O. Box 159  
Ludlow Falls, Ohio 45339

To the Village Council:

We have audited the accompanying financial statements of the Village of Ludlow Falls, Miami 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 and reserves for encumbrances of the Village of Ludlow Falls, Miami 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 June 22, 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 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

June 22, 2000

This page intentionally left blank.

**VILLAGE OF LUDLOW FALLS  
MIAMI 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<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>                     |                                |                            |   |
| Property Tax and Other Local Taxes        | \$5,819                        | \$0                        | \$5,819                                 |
| Special Assessments                       |                                | 5,067                      | 5,067                                   |
| Intergovernmental Receipts                | 21,134                         | 10,690                     | 31,824                                  |
| Miscellaneous                             | 3,790                          | 376                        | 4,166                                   |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| Total Cash Receipts                       | 30,743                         | 16,133                     | 46,876                                  |
| <b>Cash Disbursements:</b>                |                                |                            |   |
| Current:                                  |                                |                            |   |
| Security of Persons and Property          | 2,650                          |                            | 2,650                                   |
| Public Health Services                    | 200                            |                            | 200                                     |
| Leisure Time Activities                   |                                |                            | 0                                       |
| Community Environment                     |                                | 4,291                      | 4,291                                   |
| Basic Utility Services                    | 429                            |                            | 429                                     |
| Transportation                            |                                | 26,708                     | 26,708                                  |
| General Government                        | 8,247                          | 2,775                      | 11,022                                  |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| Total Disbursements                       | 11,526                         | 33,774                     | 45,300                                  |
| Total Receipts Over/(Under) Disbursements | 19,217                         | (17,641)                   | 1,576                                   |
| Fund Cash Balances January 1              | 60,017                         | 34,063                     | 94,080                                  |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| <b>Fund Cash Balances, December 31</b>    | <u>\$79,234</u>                | <u>\$16,422</u>            | <u>\$95,656</u>                         |
| Reserves for Encumbrances, December 31    | <u>\$24,295</u>                | <u>\$0</u>                 | <u>\$24,295</u>                         |

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

**VILLAGE OF LUDLOW FALLS  
MIAMI 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<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> |   |
| <b>Cash Receipts:</b>                     |                                |                            |   |
| Property Tax and Other Local Taxes        | \$5,415                        | \$0                        | \$5,415                                 |
| Special Assessments                       |                                | 5,143                      | 5,143                                   |
| Intergovernmental Receipts                | 20,639                         | 9,967                      | 30,606                                  |
| Miscellaneous                             | 3,134                          | 2,367                      | 5,501                                   |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| Total Cash Receipts                       | 29,188                         | 17,477                     | 46,665                                  |
| <b>Cash Disbursements:</b>                |                                |                            |   |
| Current:                                  |                                |                            |   |
| Security of Persons and Property          | 2,467                          |                            | 2,467                                   |
| Public Health Services                    | 1,335                          |                            | 1,335                                   |
| Leisure Time Activities                   | 108                            |                            | 108                                     |
| Community Environment                     |                                | 4,017                      | 4,017                                   |
| Basic Utility Services                    | 377                            |                            | 377                                     |
| Transportation                            | 70                             | 15,396                     | 15,466                                  |
| General Government                        | 19,292                         | 275                        | 19,567                                  |
|   | <hr/>                          | <hr/>                      | <hr/>                                   |
| Total Disbursements                       | 23,649                         | 19,688                     | 43,337                                  |
| Total Receipts Over/(Under) Disbursements | 5,539                          | (2,211)                    | 3,328                                   |
| Fund Cash Balances January 1              | <hr/>                          | <hr/>                      | <hr/>                                   |
|   | 54,478                         | 36,274                     | 90,752                                  |
| <b>Fund Cash Balances, December 31</b>    | <hr/> <hr/>                    | <hr/> <hr/>                | <hr/> <hr/>                             |
|   | \$60,017                       | \$34,063                   | \$94,080                                |

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



**VILLAGE OF LUDLOW FALLS  
MIAMI 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 Ludlow Falls, Miami 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 and park operations (leisure time activities).

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost. 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:

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

Street Lighting Fund - Special assessments received from the County Auditor are paid into this fund and used to pay for street lighting in the Village.

**VILLAGE OF LUDLOW FALLS  
MIAMI 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.

**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**

Ohio law requires the fiscal office to certify that the amount required for any expenditure 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. The Village did not obtain certification of the availability of funds.

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 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                | \$ 53,918   | \$ 43,365   |
| Certificates of deposit        | 13,503      | 23,858      |
| Total deposits                 | 67,421      | 67,223      |
| STAR Ohio                      | 28,235      | 26,857      |
| Total deposits and investments | \$ 95,656   | \$ 94,080   |

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF LUDLOW FALLS  
MIAMI COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 1999 and 1998 follows:

| 1999 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$ 26,561            | \$ 30,743          | \$ 4,182 |
| Special Revenue                   | 15,200               | 16,133             | 933      |
| Total                             | \$ 41,761            | \$ 46,876          | \$ 5,115 |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$ 85,932                  | \$ 35,821                 | \$ 50,111 |
| Special Revenue                                       | 48,126                     | 33,774                    | 14,352    |
| Total   | \$ 134,058                 | \$ 69,595                 | \$ 64,463 |

| 1998 Budgeted vs. Actual Receipts |                      |                    |          |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
| General                           | \$ 25,011            | \$ 29,188          | \$ 4,177 |
| Special Revenue                   | 15,199               | 17,477             | 2,278    |
| Total                             | \$ 40,210            | \$ 46,665          | \$ 6,455 |

| 1998 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$ 79,488                  | \$ 23,649                 | \$ 55,839 |
| Special Revenue                                       | 51,474                     | 19,688                    | 31,786    |
| Total   | \$ 130,962                 | \$ 43,337                 | \$ 87,625 |

**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.

**VILLAGE OF LUDLOW FALLS  
MIAMI COUNTY**

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

**4. PROPERTY TAX (Continued)**

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

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

**5. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

**6. LEGAL COMPLIANCE**

The Village was not in compliance with Ohio Rev. Code Section 5705.41(D) which requires subdivisions to encumber funds prior to the obligation of funds.



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

One First National Plaza  
130 West Second Street  
Suite 2040  
Dayton, Ohio 45402  
Telephone 937-285-6677  
800-443-9274  
Facsimile 937-285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

Village of Ludlow Falls  
Miami County  
P. O. Box 159  
Ludlow Falls, Ohio 45339

To the Members of Council:

We have audited the financial statements of the Village of Ludlow Falls, Miami County, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 22, 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 finding as item 1999-30355-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 22, 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 certain 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 June 22, 2000.

This report is intended for the information and use of management and village council, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Jim Petro**  
Auditor of State

June 22, 2000

This page intentionally left blank.

**VILLAGE OF LUDLOW FALLS  
MIAMI COUNTY**

**SCHEDULE OF FINDING  
YEAR ENDED DECEMBER 31, 1999, 1998**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 1999-30355-001**

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 appropriate and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance. Further, contracts and orders lacking prior certification shall be considered null and void.

Ohio Rev. Code Section 5705.41 (D) provides an exception to this requirement:

If no certificate is issued at the time the contract or order is presented for payment, the taxing authority may authorize the payment provided there is appropriated sufficient sum for the purpose of such contract and is in the treasury or process of collection to the credit of an appropriate fund free from a previous encumbrance, provided such action is taken within thirty days of the contract date and the amount involved is less than \$1,000.

Prior certification was not obtained until payments were presented to the council during 1998 and 1999 in 100% of tested expenditures. It was also noted that at year-end 1999, 30% of the General fund year end balance was not encumbered. The reserve for encumbrances at December 31, 1999 have been adjusted accordingly.

Clerk-Treasurer should certify and encumber funds when commitment to expenditure of funds are made and maintain an appropriation ledger to record the encumbrances. This will help ensure restriction of funds for committed expenditures, to avoid overspending. This ledger should provide the Village with a more accurate record of its financial position.







**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF LUDLOW FALLS**

**MIAMI 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**  
**AUGUST 1, 2000**