



**VILLAGE OF OSTRANDER
DELAWARE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF OSTRANDER
DELAWARE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village Council
Village of Ostrander
Delaware County
P.O. Box 35
19 South Main Street
Ostrander, Ohio 43061

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

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 Ostrander, Delaware County, 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 July 20, 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.

This report is intended solely for the information and use of management, the Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

July 20, 2001

**VILLAGE OF OSTRANDER
DELAWARE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$9,104	\$0	\$9,104
Special Assessments	0	0	0
Intergovernmental Receipts	31,014	23,158	54,172
Fines, Licenses, and Permits	175	0	175
Earnings on Investments	0	0	0
Miscellaneous	1,051	1,788	2,839
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	41,344	24,946	66,290
Cash Disbursements:			
Current:			
Security of Persons and Property	5,547	0	5,547
Leisure Time Activities	8	0	8
Community Environment	572	0	572
Transportation	0	32,156	32,156
General Government	13,637	0	13,637
Debt Service:			
Principal Payments	0	0	0
Interest Payments	0	0	0
Capital Outlay	2,700	3,423	6,123
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	22,464	35,579	58,043
Total Cash Receipts Over/(Under) Cash Disbursements	18,880	(10,633)	8,247
Other Financing Receipts/(Disbursements):			
Transfers-In	2,940	1,786	4,726
Transfers-Out	(1,786)	0	(1,786)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	1,154	1,786	2,940
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,034	(8,847)	11,187
Fund Cash Balances, January 1, 2000	45,002	100,799	145,801
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Fund Cash Balances, December 31, 2000	\$65,036	\$91,952	\$156,988

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

VILLAGE OF OSTRANDER
DELAWARE COUNTY

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

Operating Cash Receipts:	
Charges for Services	\$86,440
Special Assessments	8,477
Miscellaneous	<u>2,989</u>
Total Operating Cash Receipts	<u>97,906</u>
Operating Cash Disbursements:	
Personal Services	1,035
Contractual Services	32,815
Supplies and Materials	3,073
Capital Outlay	<u>6,787</u>
Total Operating Cash Disbursements	<u>43,710</u>
Operating Income/(Loss)	<u>54,196</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>34,842</u>
Total Non-Operating Cash Disbursements	<u>34,842</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	19,354
Transfers-Out	<u>(2,940)</u>
Net Receipts Over/(Under) Disbursements	16,414
Fund Cash Balance, January 1, 2000	<u>194,791</u>
Fund Cash Balance, December 31, 2000	<u><u>\$211,205</u></u>

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

**VILLAGE OF OSTRANDER
DELAWARE 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$5,878	\$0	\$5,878
Intergovernmental Receipts	28,637	24,664	53,301
Fines, Licenses, and Permits	1,200	0	1,200
Earnings on Investments	0	0	0
Miscellaneous	1,573	1,918	3,491
	<u>37,288</u>	<u>26,582</u>	<u>63,870</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	5,376	0	5,376
Community Environment	940	0	940
Transportation	0	6,366	6,366
General Government	20,604	0	20,604
Debt Service:			
Principal Payments	0	0	0
Interest Payments	0	0	0
	<u>26,920</u>	<u>6,366</u>	<u>33,286</u>
Total Cash Disbursements	<u>26,920</u>	<u>6,366</u>	<u>33,286</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>10,368</u>	<u>20,216</u>	<u>30,584</u>
Other Financing Receipts/(Disbursements):			
Transfers-In	3,633	0	3,633
Transfers-Out	(12,441)	(59)	(12,500)
	<u>(8,808)</u>	<u>(59)</u>	<u>(8,867)</u>
Total Other Financing Receipts/(Disbursements)	<u>(8,808)</u>	<u>(59)</u>	<u>(8,867)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,560	20,157	21,717
Fund Cash Balances, January 1, 1999	<u>43,442</u>	<u>80,642</u>	<u>124,084</u>
Fund Cash Balances, December 31, 1999	<u>\$45,002</u>	<u>\$100,799</u>	<u>\$145,801</u>

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

VILLAGE OF OSTRANDER
DELAWARE COUNTY

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

Operating Cash Receipts:	
Charges for Services	\$89,967
Special Assessments	9,586
Miscellaneous	<u>3,390</u>
Total Operating Cash Receipts	<u>102,943</u>
Operating Cash Disbursements:	
Personal Services	1,062
Contractual Services	21,061
Supplies and Materials	3,063
Capital Outlay	<u>2,310</u>
Total Operating Cash Disbursements	<u>27,496</u>
Operating Income/(Loss)	<u>75,447</u>
Non-Operating Cash Disbursements:	
Debt Service	35,701
Other Non-Operating Cash Disbursements	<u>58</u>
Total Non-Operating Cash Disbursements	<u>35,759</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	39,688
Transfers In	12,500
Transfers Out	<u>(3,633)</u>
Net Receipts Over/(Under) Disbursements	48,555
Fund Cash Balance, January 1, 1999	<u>146,236</u>
Fund Cash Balance, December 31, 1999	<u><u>\$194,791</u></u>

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

**VILLAGE OF OSTRANDER
DELAWARE 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 Ostrander, Delaware 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 a sewer utility.

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 maintains its cash deposits in checking accounts with the Delaware County Bank and Trust. These accounts are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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 Funds

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 Fund:

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

**VILLAGE OF OSTRANDER
DELAWARE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Fund:

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

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 fiscal year. The Village did not use the encumbrance method of accounting.

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.

**VILLAGE OF OSTRANDER
DELAWARE COUNTY**

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

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 368,193	\$ 340,592
Total deposits	<u>\$ 368,193</u>	<u>\$ 340,592</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 43,096	\$ 44,284	\$ 1,188
Special Revenue	24,688	26,732	2,044
Enterprise	<u>102,412</u>	<u>97,906</u>	<u>(4,506)</u>
Total	<u>\$ 170,196</u>	<u>\$ 168,922</u>	<u>\$ (1,274)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 76,920	\$ 24,250	\$ 52,670
Special Revenue	67,350	35,579	31,771
Enterprise	<u>248,300</u>	<u>81,492</u>	<u>166,808</u>
Total	<u>\$ 392,570</u>	<u>\$ 141,321</u>	<u>\$ 251,249</u>

**VILLAGE OF OSTRANDER
DELAWARE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 37,886	\$ 40,921	\$ 3,035
Special Revenue	24,246	26,582	2,336
Enterprise	104,592	115,443	10,851
Total	<u>\$ 166,724</u>	<u>\$ 182,946</u>	<u>\$ 16,222</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 41,300	\$ 39,361	\$ 1,939
Special Revenue	16,100	6,425	9,675
Enterprise	164,300	66,888	97,412
Total	<u>\$ 221,700</u>	<u>\$ 112,674</u>	<u>\$ 109,026</u>

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.

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 OSTRANDER
DELAWARE COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 122,729	7.50%
GE Capital Mortgage Revenue Bonds	175,200	5.63%
Delaware County Bank	5,000	9.75%
Total	\$ 302,929	

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant project incurred by the Village in 1994. The OWDA has approved \$147,297 for this project. The loans will be repaid in semi-annual installments of \$6,607, including interest, over 20 years. Additionally, the Village received monies from General Electric Capital Corporation in the amount of \$219,000 Sanitary Sewer Mortgage Bonds to be repaid in annual installments of \$5,547 plus interest. The Delaware County Bank loaned \$140,000 to the Village for improvements. This loan is for ten years and has an interest rate of 9.75%. The scheduled payments are in accordance with the amortization schedules provided by the grantors.

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

Year ending December 31:	OWDA Loan	General Electric Capital Loan	Delaware County Bank and Trust
2001	\$ 6,607	\$ 15,330	\$ 246
2002	13,214	15,022	5,742
2003	13,214	14,714	0
2004	13,214	14,406	0
2005	13,214	14,098	0
Subsequent	158,568	264,238	0
Total	\$ 218,031	\$ 337,808	\$ 5,988

6. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% of participants' gross salaries in 2000 and 13.55% in 1999. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF OSTRANDER
DELAWARE COUNTY**

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

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public Official's liability
- Property (fleet and fire)



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

Village Council
Village of Ostrander
Delaware County
P.O. Box 35
19 South Main Street
Ostrander, Ohio 43061

We have audited the accompanying financial statements of the Village of Ostrander, Delaware County, Ohio (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated July 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2000-30621-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 20, 2001.

Village of Ostrander
Delaware 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 management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

July 20, 2001

VILLAGE OF OSTRANDER
DELAWARE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-30621-001

Ohio Rev. Code Section 5705.41(D) states, in part, 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. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

None of the expenditures tested were certified by the Clerk/Treasurer. Certification is not only required by Ohio law but is also a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by the Council.

To improve controls, we recommend for all disbursements, the Village utilize a purchase order system and that the Clerk/Treasurer certify that funds are or will be available. When prior certification is not possible, then and now certification should be used.



STATE OF OHIO
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JIM PETRO, AUDITOR OF STATE

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VILLAGE OF OSTRANDER

DELAWARE 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 16, 2001**