



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of North Kingsville
Ashtabula County
P.O. Box 253
North Kingsville, Ohio 44068

To the Village Council:

We have audited the financial statements of the Village of North Kingsville, Ashtabula 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 and reserves for cash balances of the Village of North Kingsville, Ashtabula 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 May 13, 2002 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, and Village Council and other officials authorized to receive this report under Section 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

May 13, 2002

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VILLAGE OF NORTH KINGSVILLE
ASHTABULA 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$516,622	\$204,095		\$48,138	\$768,855
Special Assessments			5,619		5,619
Intergovernmental Receipts	87,578	122,957		16,056	226,591
Charges for Services		73,334			73,334
Fines, Licenses, and Permits	63,663	19,563			83,226
Miscellaneous	24,155	7,310		1,629	33,094
Total Cash Receipts	692,018	427,259	5,619	65,823	1,190,719
Cash Disbursements:					
Current:					
Security of Persons and Property	295,910	73,794			369,704
Public Health Services	20,572	2,372			22,944
Leisure Time Activities		82,616			82,616
Community Environment	6,110				6,110
Transportation	3,541	190,203			193,744
General Government	245,934	6,907	191		253,032
Debt Service:					
Debt Payments				14,805	14,805
Capital Outlay	23,921	41,996		151,559	217,476
Total Cash Disbursements	595,988	397,888	191	166,364	1,160,431
Total Receipts Over/(Under) Disbursements	96,030	29,371	5,428	(100,541)	30,288
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes				300,000	300,000
Transfers-In		39,764		14,805	54,569
Advances-In	10,000	12,377			22,377
Transfers-Out	(54,569)				(54,569)
Advances-Out	(12,377)	(10,000)			(22,377)
Total Other Financing Receipts/(Disbursements)	(56,946)	42,141		314,805	300,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	39,084	71,512	5,428	214,264	330,288
Fund Cash Balances, January 1	189,010	211,528	14,776	65,895	481,209
Fund Cash Balances, December 31	\$228,094	\$283,040	\$20,204	\$280,159	\$811,497
Reserves for Encumbrances, December 31	\$28,241	\$5,513			\$33,754

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

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY

**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, 2000**

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$459,097		\$459,097
Miscellaneous	7,715		7,715
Total Operating Cash Receipts	<u>466,812</u>		<u>466,812</u>
Operating Cash Disbursements:			
Personal Services	196,069		196,069
Contractual Services	147,298		147,298
Supplies and Materials	44,158		44,158
Capital Outlay	22,188		22,188
Total Operating Cash Disbursements	<u>409,713</u>		<u>409,713</u>
Operating Income/(Loss)	<u>57,099</u>		<u>57,099</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		105,891	105,891
Total Non-Operating Cash Receipts		<u>105,891</u>	<u>105,891</u>
Non-Operating Cash Disbursements:			
Debt Service	38,400		38,400
Other Non-Operating Cash Disbursements		98,294	98,294
Total Non-Operating Cash Disbursements	<u>38,400</u>	<u>98,294</u>	<u>136,694</u>
Net Receipts Over/(Under) Disbursements	18,699	7,597	26,296
Fund Cash Balances, January 1	<u>245,264</u>		<u>245,264</u>
Fund Cash Balances, December 31	<u>\$263,963</u>	<u>\$7,597</u>	<u>\$271,560</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

VILLAGE OF NORTH KINGSVILLE
ASHTABULA 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	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$486,439	\$149,955		\$47,728	\$684,122
Special Assessments		1,675	13,388		15,063
Intergovernmental Receipts	88,653	191,150			279,803
Charges for Services		71,449			71,449
Fines, Licenses, and Permits	43,722	7,804			51,526
Miscellaneous	20,538	11,056			31,594
Total Cash Receipts	639,352	433,089	13,388	47,728	1,133,557
Cash Disbursements:					
Current:					
Security of Persons and Property	283,214	79,685			362,899
Public Health Services	19,215	2,954			22,169
Leisure Time Activities		84,253			84,253
Community Environment	7,292				7,292
Transportation	4,416	159,850			164,266
General Government	261,955	8,425			270,380
Debt Service:					
Debt Payments			14,001	15,610	29,611
Capital Outlay	8,160	100,090		113,583	221,833
Total Cash Disbursements	584,252	435,257	14,001	129,193	1,162,703
Total Receipts Over/(Under) Disbursements	55,100	(2,168)	(613)	(81,465)	(29,146)
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets		19,500			19,500
Transfers-In		48,000	270	32,025	80,295
Advances-In	29,731	29,731			59,462
Transfers-Out	(80,295)				(80,295)
Advances-Out	(29,731)	(29,731)			(59,462)
Total Other Financing Receipts/(Disbursements)	(80,295)	67,500	270	32,025	19,500
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(25,195)	65,332	(343)	(49,440)	(9,646)
Fund Cash Balances January 1	214,205	146,196	15,119	115,335	490,855
Fund Cash Balances, December 31	\$189,010	\$211,528	\$14,776	\$65,895	\$481,209
Reserves for Encumbrances, December 31	\$3,378	\$3,175		\$400	\$6,953

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

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY

**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 Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$423,738		\$423,738
Miscellaneous	11,674		11,674
	435,412		435,412
Operating Cash Disbursements:			
Personal Services	178,460		178,460
Contractual Services	136,528		136,528
Supplies and Materials	47,049		47,049
Capital Outlay	62,669		62,669
	424,706		424,706
Operating Income/(Loss)	10,706		10,706
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		65,233	65,233
		65,233	65,233
Non-Operating Cash Disbursements:			
Debt Service	58,003		58,003
Other Non-Operating Cash Disbursements		65,233	65,233
	58,003	65,233	123,236
Net Receipts Over/(Under) Disbursements	(47,297)		(47,297)
Fund Cash Balances, January 1	292,561		292,561
Fund Cash Balances, December 31	\$245,264		\$245,264
Reserve for Encumbrances, December 31	\$0	\$0	\$0

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

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of North Kingsville, Trumbull 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 street lighting and snow removal, street repair and maintenance, police and fire protection.

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

Investments are included if fund cash balances. 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.

Certificates of deposits, and U.S Treasury Notes are valued at cost. Money Market Mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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 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 NORTH KINGSVILLE
ASHTABULA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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:

The General Debt Service Fund - This fund was used to improve streets from the proceeds of special assessments.

4. Capital Projects 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 Projects Fund:

Fire Truck Bond Fund - This fund receives proceeds of general obligation bonds. The proceeds are being used to purchase a new fire pumper truck.

5. Enterprise Funds

These funds account for the 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:

Golf Course Fund - This fund receives membership and greens fees as charges for services. This fund also received proceeds from the sale of bonds to finance golf course improvements. The bonded debt will be repaid from net income of the municipal golf course, also accounted for in this fund.

6. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as Agency funds. The Village had the following significant Agency Fund:

Court Fund - This fund was used to account for the operations of the Village Mayor's Court.

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 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.

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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.

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment 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	\$146,254	\$123,084
Certificates of Deposit	<u>501,021</u>	<u>300,000</u>
Total Deposits	<u>647,275</u>	<u>423,084</u>
Repurchase agreement	230,000	110,000
Star Ohio	<u>205,782</u>	<u>193,389</u>
Total Investments	<u>435,782</u>	<u>303,389</u>
Total Deposits and Investments	<u>\$1,083,057</u>	<u>\$726,473</u>

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

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Investments: Investments were limited to repurchase agreement and Star Ohio. Nonparticipating investments contracts such as repurchase agreements are reported at cost. Investments in Star Ohio are not evidenced by securities that exist in physical or book-entry form.

The Village's agent holds securities collateralizing repurchase agreements. The securities are not in the Village's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 619,000	\$ 692,018	\$ 73,018
Special Revenue	495,266	467,023	(28,243)
Debt Service	3,200	5,619	2,419
Capital Project	54,805	380,628	325,823
Enterprise	300,000	466,812	166,812
Total	\$ 1,472,271	\$ 2,012,100	\$ 539,829

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$ 894,724	\$ 678,798	\$ 215,926
Special Revenue	597,423	403,401	194,022
Debt Service	4,700	191	4,509
Capital Project	404,205	166,364	237,841
Enterprise	531,157	448,113	83,044
Total	\$ 2,432,209	\$ 1,696,867	\$ 735,342

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 556,590	\$ 639,352	\$ 82,762
Special Revenue	552,100	500,589	(51,511)
Debt Service	13,925	13,658	(267)
Capital Project	102,025	79,753	(22,272)
Enterprise	300,000	435,412	135,412
Total	\$ 1,524,640	\$ 1,668,764	\$ 144,124

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY**

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

3. BUDGETARY ACTIVITY - (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,009,109	\$ 667,925	\$ 341,184
Special Revenue	600,405	438,432	161,973
Debt Service	14,001	14,001	0
Capital Project	150,610	129,593	21,017
Enterprise	571,345	482,709	88,636
Total	\$ 2,345,470	\$ 1,732,660	\$ 612,810

Contrary to Ohio law, appropriations exceed the amount certified as available by the county budget commission for the following funds by the amounts listed for the year ending December 31, 2000: General Fund \$25,888, Street Construction, Maintenance, and Repair Fund \$8,900, Cops Grant Fund \$29,204 Fire Truck Bond Fund \$300,000 and the following funds for the year ended December 31, 1999: General Fund \$176,674, Street Lighting Fund \$9,797, Cops Grant Fund \$4,294, State Fire Marshall Grant Fund \$5,700 and the School to Work Grant Fund \$9,298.

Also contrary to Ohio law the estimated receipts exceeded actual receipts in the following funds for the year ended December 31, 2000: Street Construction, Maintenance, and Repair Fund \$8,922, Cops Grant Fund \$11,937 and the following funds for the year ended December 31, 1999, Street Lighting Fund \$2,486, Cops Grant Fund \$30,904.

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 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. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residence earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village monthly. Individual tax payers pay file a declaration annually.

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY**

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

6. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Bonds - Fire Truck	\$300,000	5.60%
General Obligation Bonds -Golf Course	\$ <u>96,000</u>	5.00%
 Total	 <u>\$396,000</u>	

The General Obligation Bonds-Fire Truck were issued in order to purchase a new Fire Truck for the Village. The bonds will be retired from the proceeds of a levy on the taxable property within the Village through November 2010.

The "Golf Course Improvement Bonds Series 1998" were issued for the purpose of paying costs of improving the municipal golf course by constructing cart paths. The bonds are to be retired from the net income from the municipal golf course (to the extent the net income is available for debt charges and is appropriated for that purpose.) Otherwise, the bonds are to be retired from the proceeds of a levy on all taxable property within the Village. The Golf Course Improvement Bonds shall mature on December 1, 2003.

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

Year ending December 31:	Fire Truck Bonds	Golf Course Improvement Bonds	Totals
2001	\$ 40,333	\$ 36,800	\$ 77,133
2002	40,322	35,200	75,522
2003	40,208	33,600	73,808
2004	40,222	0	40,222
2005	40,248	0	40,248
2006-2010	<u>201,290</u>	<u>0</u>	<u>201,290</u>
Total	<u>\$402,623</u>	<u>\$105,600</u>	<u>\$508,223</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2000 OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participants wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries through June 30, 2000. Commencing July 1, 2000, PERS temporarily reduced the employer contributions to 8.13%. The Village has paid all contributions required through December 31, 2000.

VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY

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

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Village of North Kingsville
Ashtabula County
P.O. Box 253
North Kingsville, Ohio 44068

To the Village Council:

We have audited the accompanying financial statements of the Village of North Kingsville, Ashtabula 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 May 13, 2002. 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 misstatements, 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 herein under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-31104-001 through 2000-31104-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 13, 2002.

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 one 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 May 13, 2002.

Village of North Kingsville
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Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the Village Council and management, 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 stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

May 13, 2002

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA 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 2000-31104-001

Ohio Revised Code, Section 5705.39 provides that appropriations from each fund shall not exceed the estimated revenue available for expenditure as certified by the county budget commission.

For the years ending December 31, 1999 and 2000 respectively, appropriations exceed the amount certified as available by the county budget commission for the following funds:

1999	Amount	2000	Amount
General Fund	\$176,674	General Fund	\$ 25,888
Street Lighting Fund	\$ 9,797	Street Construction, Maintenance, and Repair Fund	\$ 8,900
Cops Grant Fund	\$ 4,294	Cops Grant Fund	\$ 29,204
State Fire Marshall Grant Fund	\$ 5,700	Fire Truck Bond Fund	\$300,000
School to Work Grant Fund	\$ 9,298		

We recommend the Village develop control procedures to help ensure compliance with the aforementioned requirement.

FINDING NUMBER 2000-31178-002

Ohio Rev. Code Section 5705.36 provides, in part, that a reduced amended certificate must be obtained if it becomes apparent that actual receipts will be less than estimated and the amount of the deficiency will reduce available resources below the current level of appropriation.

For the years ending December 31, 1999 and 2000 respectively, the following funds had amended certificates of estimated revenues which exceeded the actual receipts:

1999	Amount	2000	Amount
Street Lighting Fund	\$ 2,486	Street construction, Maintenance, and Repair Fund	\$ 8,922
Cops Grant Fund	\$30,904	Cops Grant Fund	\$11,937

We recommend the Village monitor the budget versus actual receipts. If it becomes apparent that the actual resources will fall below estimated resources and the appropriations, the Village should obtain a reduced amended certificate and reduce the appropriations accordingly.

**VILLAGE OF NORTH KINGSVILLE
ASHTABULA COUNTY
DECEMBER 31, 2000, AND 1999**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	
1998-31104-001	Ohio Revised Code Section 5705.41 (D), failure to certify funds.	Finding no longer valid
1998-31104-002	Ohio Revised Code Section 5705.39, appropriations exceed estimated revenue.	This finding was reissued as finding 2000-31104-001
1998-31104-003	Ohio Revised Code Section 5705.41(B), expenditures exceeding appropriations.	Finding no longer valid.
1998-31104-004	The Village failed to comply with the following Ordinances: #95-039 and #95-011. And Ohio Revised Code Section 5705.10, monies to be paid into proper fund	Finding no longer valid.
1998-31104-005	The Village lacked controls over its Municipal Golf Course Memberships.	Finding no longer valid.
1998-31104-006	The Village lacked controls over the daily green fees at the Municipal Golf Course	Finding no longer valid.
1998-31104-007	The Village failed to reconcile its financial statements and the depository for 1998.	Finding no longer valid.



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OFFICE OF THE AUDITOR

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VILLAGE OF NORTH KINGSVILLE

ASHTABULA 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 18, 2002**