



**Auditor of State  
Betty Montgomery**



VILLAGE OF KINGSTON  
ROSSCOUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Kingston  
Ross County  
P.O. Box 650  
Kingston, Ohio 45644

To the Village Council:

We have audited the accompanying financial statements of the Village of Kingston, Ross County, Ohio, (the Village) as of and for the years ended December 31, 2002, and December 31, 2001. 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Kingston, Ross County, Ohio, as of December 31, 2002, and December 31, 2001, 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 9, 2003, 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.

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This report is intended solely for the information and use of the audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
**Auditor of State**

May 9, 2003

**VILLAGE OF KINGSTON  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$11,828	\$3,942	\$15,770
Intergovernmental Receipts	59,157	50,610	109,767
Fines, Licenses, and Permits	205	0	205
Earnings on Investments	22,280	998	23,278
Miscellaneous	2,446	250	2,696
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	95,916	55,800	151,716
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	5,535	0	5,535
Leisure Time Activities	0	3,089	3,089
Community Environment	1,373	0	1,373
Transportation	0	3,994	3,994
General Government	39,275	0	39,275
Capital Outlay	5,096	0	5,096
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	51,279	7,083	58,362
Total Receipts Over Disbursements	<hr/>	<hr/>	<hr/>
	44,637	48,717	93,354
<b>Other Financing Receipts and (Disbursements):</b>			
Advances-In	15,375	0	15,375
Advance-Out	0	(15,375)	(15,375)
Other financing Uses	(1,564)	0	(1,564)
Transfers-Out	(9,272)	0	(9,272)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	4,539	(15,375)	(10,836)
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	49,176	33,342	82,518
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	201,538	50,428	251,966
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>
	<b>\$250,714</b>	<b>\$83,770</b>	<b>\$334,484</b>

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

**VILLAGE OF KINGSTON  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$305,399
Total Operating Cash Receipts	305,399
<b>Operating Cash Disbursements:</b>	
Personal Services	71,942
Fringe Benefits	7,132
Contractual Services	52,594
Supplies and Materials	15,196
Capital Outlay	12,850
Total Operating Cash Disbursements	159,714
Operating Income	145,685
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	167,281
Total Non-Operating Cash Receipts	167,281
<b>Non-Operating Cash Disbursements:</b>	
Debt Service -Redemption of Principal	(147,547)
Debt Service -Interest	(123,530)
Total Non-Operating Cash Disbursements	(271,077)
Excess of Receipts Over Disbursements Before Interfund Transfers	41,889
Transfers-In	9,272
Net Receipts Over Disbursements	51,162
Fund Cash Balances, January 1	369,329
<b>Fund Cash Balances, December 31</b>	<b>\$420,491</b>

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



**VILLAGE OF KINGSTON  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$10,666	\$3,555	\$14,221
Intergovernmental Receipts	81,417	37,040	118,458
Fines, Licenses, and Permits	190	0	190
Earnings on Investments	23,900	621	24,521
Miscellaneous	8,899	150	9,049
	<u>125,072</u>	<u>41,367</u>	<u>166,439</u>
Total Cash Receipts			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	9,046	0	9,046
Leisure Time Activities	0	1,094	1,094
Community Environment	1,249	0	1,249
Transportation	0	2,969	2,969
General Government	58,131	50,027	108,158
	<u>68,427</u>	<u>54,089</u>	<u>122,516</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>56,645</u>	<u>(12,723)</u>	<u>43,923</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Transfers In	0	5,208	5,208
Transfers-Out	(5,208)	0	(5,208)
	<u>(5,208)</u>	<u>5,208</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	51,437	(7,515)	43,923
Fund Cash Balances, January 1	<u>150,101</u>	<u>57,942</u>	<u>208,043</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$201,538</u></b>	<b><u>\$50,428</u></b>	<b><u>\$251,966</u></b>

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

**VILLAGE OF KINGSTON  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$311,040
Total Operating Cash Receipts	311,040
<b>Operating Cash Disbursements:</b>	
Personal Services	72,780
Fringe Benefits	6,151
Contractual Services	45,982
Supplies and Materials	18,410
Total Operating Cash Disbursements	143,323
Operating Income	167,717
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	154,409
Total Non-Operating Cash Receipts	154,409
<b>Non-Operating Cash Disbursements:</b>	
Debt Service -Redemption of Principal	(141,362)
Interest	(129,715)
Total Non-Operating Cash Disbursements	(271,077)
Net of Receipts Over Disbursements	51,049
Fund Cash Balances, January 1	318,280
<b>Fund Cash Balances, December 31</b>	<b>\$369,329</b>

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

**VILLAGE OF KINGSTON  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Kingston, Ross 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 water and sewer utilities and park operations. The Village contracts with the Ross County Sheriff's department to provide security of persons and property. The Village contracts with Green Township to provide fire protection 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 deposit are valued at cost

**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 Funds:

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

*Park and Recreation* - This fund receives property tax revenue and donations for maintaining the Park.

**VILLAGE OF KINGSTON  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**D. Fund Accounting**

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

*State Highway Fund* - This fund receives gasoline and license tax money to repair Village streets.

*NatureWorks Grant Fund* - This fund receives grant money from the Ross County Park Division for the addition of buildings and other park structures.

**3. 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 Debt Service Fund* - This fund receives utility surcharges from customers for the payment of loans obtained through the Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC).

*Sewer Debt Service Fund* - This fund receives utility surcharges from customers for the payment of loans obtained through the OWDA and OPWC to finance utility plant expansion.

**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 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF KINGSTON  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 and 2001 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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**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>2002</u>	<u>2001</u>
Demand deposits	\$230,716	\$116,913
Certificates of deposit	524,259	504,382
Total deposits	<u>\$754,975</u>	<u>\$621,295</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village's financial institution.

**VILLAGE OF KINGSTON  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$121,443	\$111,291	(\$10,152)
Special Revenue	53,188	55,800	2,612
Enterprise	420,100	481,952	61,852
Total	\$594,731	\$649,043	\$54,312

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$148,724	\$62,115	\$86,609
Special Revenue	34,391	22,458	11,933
Enterprise	480,577	430,791	49,786
Total	\$663,692	\$515,364	\$148,328

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,756	\$125,072	\$21,316
Special Revenue	55,853	46,575	(9,278)
Enterprise	474,276	465,449	(8,827)
Total	\$633,885	\$637,096	\$3,211

**VILLAGE OF KINGSTON  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$159,442	\$73,635	\$85,807
Special Revenue	63,130	54,089	9,041
Enterprise	480,416	414,400	66,016
Total	\$702,988	\$542,124	\$160,864

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

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

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan-2306	\$1,796,951	5.20%
Ohio Water Development Authority Loan 0349	10,000	0.00%
Ohio Water Development Authority Loan Water-4005	378,082	6.61%
Ohio Water Development Authority Loan -144SRF	1,902,546	5.20%
Ohio Public Works Commission -Sewer 00441	257,715	0.0%
Total	\$4,345,294	

The Ohio Water Development Authority (OWDA) and the Ohio Public Works Commission (OPWC) are loans issued through their respective agencies to the Village to finance the expansion and improvements of the water and sewer facilities to meet mandatory improvements regulated by the Ohio Environment Protection Agency.

**VILLAGE OF KINGSTON  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. DEBT (Continued)**

The loans are secured by the water and sewer surcharges assessed to utility users.

Amortization of the above debt, including interest, is scheduled as follows at December 31:

	OWDA 0349	OWDA 4005	OWDA 144SRF	OPWC	OWDA 2306
2003	\$5,000	\$20,248	\$101,586	\$22,410	\$101,586
2004	5,000	40,495	203,172	22,410	203,172
2005	0	40,495	203,172	22,410	203,172
2006	0	40,496	203,172	22,410	203,172
2007	0	40,496	203,172	22,410	203,172
2008-2012	0	202,476	1,015,860	112,050	1,015,860
2013-2017	0	202,476	507,930	33,615	507,930
2018-2022	0	20,248	0	0	0
Total	<u>\$10,000</u>	<u>\$607,430</u>	<u>\$2,438,064</u>	<u>\$257,715</u>	<u>\$2,438,064</u>

The Village retired its First Mortgage Sewage System Revenue Bonds, issued in 1963 in denomination of \$1,000 (\$130,000), as of December 31, 2002.

**7. RETIREMENT SYSTEM**

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement 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 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

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





**Auditor of State  
Betty Montgomery**

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

Village of Kingston  
Ross County  
P.O.Box 650  
Kingston, Ohio 45644

To the Village Council:

We have audited the accompanying financial statements of the Village of Kingston, Ross County, Ohio, (the Village) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated May 9, 2003. 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 2002-001. We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 9, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design and operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2002-002.

A material weakness is a condition in which the design and operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement 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.

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Village of Kingston  
Ross County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted a certain 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 9, 2003.

This report is intended solely for the information and use of the audit committee, management and the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
**Auditor of State**

May 9, 2003

**VILLAGE OF KINGSTON  
ROSS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>2002-001</b>
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Auditor of State Bulletin 97-003, based in part on the provisions of Ohio Rev. Code Sections 5705.10,.14,.15,.16, and .41 sets forth the requirements for inter-fund advances and provides guidance for recording such transactions. Inter-fund cash advances are subject to several requirements. In part , the applicable requirements follow:

- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the “creditor” fund) for the same purpose for which the fund receiving the cash (the “debtor” fund) was established; and,
- the reimbursement from the debtor fund to the creditor fund must not violate any restriction on use of the money to be used to make the reimbursement; and,
- advances must be approved by a formal resolution of the taxing authority of the subdivision which must include: a specific statement that the transaction is an advance of cash, and an indication of the money (fund) from which it is expected that repayment will be made.

In 2000, the General Fund advanced the NatureWorks Fund, a special revenue fund, \$15,375. In 2002, the NatureWorks Fund repaid the General Fund \$15,938, \$553 in excess of the original advance. Statutory authority does not prohibit the reimbursement of this advance from the debtor fund to the creditor fund, however the amount repaid over the advance amount is a violation of the grant agreement restrictions. NatureWorks funds are restricted for constructing building additions and other park structures. There is no indication the repayment in excess of the advance was expended from the General Fund for any such purpose.

We recommend the Village make advances in compliance with Auditor of State Bulletin 97-003.

The Village has made an adjustment to correct this matter as reflected in the accompanying financial statements.

<b>FINDING NUMBER</b>	<b>2002-002</b>
-----------------------	-----------------

**Segregation-of-Duties- Water and Sewer**

A Village employee performs incompatible duties of reading customer meters, entering the water and sewer usage data into the computer for the development of the billing statements, making adjustments to billing and recording the monies paid by customers to the water and sewer subsidiary ledger. There is no management oversight or any budget to actual review by Council or the Utility Superintendent to ensure readings are accurately captured, billing statements are accurately and completely calculated and representative of the true and complete meter data and properly recorded to the subsidiary ledger. Some of these duties should be segregated among employees to aid in the prevention and detection of error, misappropriation or theft.

**VILLAGE OF KINGSTON  
ROSS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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<b>FINDING NUMBER ( Continued)</b>	<b>2002-002</b>
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**Segregation-of-Duties- Water and Sewer (Continued)**

We recommend the Village consider segregating the meter reading, billing, and recording functions. Management should also devise a system to monitor these financial activities with anticipated benchmark(s) to reasonably ensure all readings are captured accurately, billing statements are representative of actual, true readings and calculated based on accurate information and posted to the subsidiary ledger.

Additionally, if full segregation of these functions is not practicable, management should appropriately increase its monitoring of utility billing transactions to compensate for the weakness in segregation. Such monitoring might include, but not necessarily be limited to, the following:

- Periodic independent checks of meter readings and comparisons to last recorded reading for reasonableness.
- Require management approval of all adjustments to customer accounts, with management review of monthly adjustment reports.
- Periodically review daily collections, posting and deposit records.
- Periodically review of utility rates programmed in the system.
- And, other procedures as appropriate.

**VILLAGE OF KIINGSTON  
ROSS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-30771.-001	Bearer Bonds- undetermined amount of liability existed at December 31, 2000	Corrected	The Village received confirmation from the Provident Bank – no liability exist.
2000-30771-002	Segregation- of - Duties	Not Corrected	Reissued under 2002-002





**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**VILLAGE OF KINGSTON**

**ROSS 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  
OCTOBER 14, 2003**