



**Auditor of State
Betty Montgomery**

VILLAGE OF SAINT MARTIN
BROWN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Saint Martin
Brown County
4824 Anderson State Road
Lynchburg, Ohio 45142

To the Village Council:

We have audited the accompanying financial statements of the Village of Saint Martin, Brown County, Ohio (the Village), as of and for the years ended December 31, 2002 and 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 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 25, 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.

This report is intended solely for the information and use of the management, the 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 that reads "Betty Montgomery". The signature is written in a cursive style with a large, prominent initial "B".

Betty Montgomery
Auditor of State

August 25, 2003

**VILLAGE OF SAINT MARTIN
BROWN 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>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$850		\$850
Intergovernmental	3,080	898	3,978
Licenses, Permits, and Fees	373		373
Earnings on Investments	62		62
Other Revenue	171		171
	<u>4,536</u>	<u>898</u>	<u>5,434</u>
Total Cash Receipts			
	<u>4,536</u>	<u>898</u>	<u>5,434</u>
Cash Disbursements:			
Current:			
General Government	4,142		4,142
Public Safety	1,942		1,942
Transportation		2,466	2,466
Health	293		293
	<u>6,377</u>	<u>2,466</u>	<u>8,843</u>
Total Cash Disbursements			
	<u>6,377</u>	<u>2,466</u>	<u>8,843</u>
Total Receipts (Under) Disbursements	<u>(1,841)</u>	<u>(1,568)</u>	<u>(3,409)</u>
Fund Cash Balances, January 1	<u>1,978</u>	<u>7,366</u>	<u>9,344</u>
Fund Cash Balances, December 31	<u>\$137</u>	<u>\$5,798</u>	<u>\$5,935</u>
Reserve for Encumbrances, December 31	<u><u>\$1,039</u></u>		<u><u>\$1,039</u></u>

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

**VILLAGE OF SAINT MARTIN
BROWN COUNTY**

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

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$25,920
Miscellaneous	217
	26,137
Operating Cash Disbursements:	
Contractual Services	16,219
Supplies and Materials	282
Other	890
	17,391
Total Operating Cash Disbursements	17,391
Operating Income	8,746
Non-Operating Cash Disbursements:	
Debt Service	
Principal	2,026
Interest	1,919
Other Non-Operating Cash Disbursements	2,500
	6,445
Total Non-Operating Cash Disbursements	6,445
Net Receipts Over Disbursements	2,301
Fund Cash Balances, January 1	39,014
Fund Cash Balances, December 31	\$41,315
Reserve for Encumbrances, December 31	\$921

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

**VILLAGE OF SAINT MARTIN
BROWN 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Local Taxes	\$843		\$843
Intergovernmental	3,550	925	4,475
Licenses, Permits, and Fees	420		420
Earnings on Investments	104	5	109
Other Revenue	162		162
Total Cash Receipts	5,079	930	6,009
Cash Disbursements:			
Current:			
General Government	4,207		4,207
Public Safety	1,789		1,789
Transportation		1,744	1,744
Health	305		305
Total Cash Disbursements	6,301	1,744	8,045
Total Receipts (Under) Disbursements	(1,222)	(814)	(2,036)
Other Financing (Disbursements):			
Transfers-Out	(2,000)	0	(2,000)
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(3,222)	(814)	(4,036)
Fund Cash Balances, January 1	5,200	8,180	13,380
Fund Cash Balances, December 31	\$1,978	\$7,366	\$9,344
Reserve for Encumbrances, December 31	\$1,468		\$1,468

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

**VILLAGE OF SAINT MARTIN
BROWN COUNTY**

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

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$57,102
Miscellaneous	161
	57,263
Total Operating Cash Receipts	57,263
Operating Cash Disbursements:	
Personal Services	1,400
Contractual Services	16,112
Supplies and Materials	926
	18,438
Total Operating Cash Disbursements	18,438
Operating Income	38,825
Non-Operating Cash Disbursements:	
Debt Service	
Principal	3,375
Interest	1,450
	4,825
Total Non-Operating Cash Disbursements	4,825
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	34,000
Transfers-In	2,000
Net Receipts Over Disbursements	36,000
Fund Cash Balances, January 1	3,014
Fund Cash Balances, December 31	\$39,014
Reserve for Encumbrances, December 31	\$1,404

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

**VILLAGE OF SAINT MARTIN
BROWN 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 Saint Martin, Brown County, Ohio (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 police services.

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

B. Basis of Accounting

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

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

C. Cash and Deposits

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 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 SAINT MARTIN
BROWN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 water.

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

Water Development Fund – This fund is for Ohio Public Works Commission monies granted to the Village for improvement of the Village's water utility lines.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources. The Village certified incorrect amounts available for expenditures in each fund to the County Auditor for January 2003 and 2002.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio Law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**VILLAGE OF SAINT MARTIN
BROWN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 DEPOSITS

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

	2002	2001
Demand deposits	\$41,490	\$42,660
Certificates of deposit	5,760	5,698
Total deposits	\$47,250	\$48,358

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,500	\$4,536	\$36
Special Revenue	1,071	898	(173)
Enterprise	287,205	26,137	(261,068)
Total	\$292,776	\$31,571	(\$261,205)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,491	\$7,416	(\$925)
Special Revenue	1,000	2,466	(1,466)
Enterprise	308,236	24,757	283,479
Total	\$315,727	\$34,639	\$281,088

**VILLAGE OF SAINT MARTIN
BROWN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$4,743	\$5,079	\$336
Special Revenue	0	930	930
Enterprise	7,086	59,263	52,177
Total	\$11,829	\$65,272	\$53,443

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,871	\$9,769	(\$4,898)
Special Revenue	100	1,744	(1,644)
Enterprise	21,381	24,667	(3,286)
Total	\$26,352	\$36,180	(\$9,828)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$925, the Street Construction Fund by \$1,466, and the Sewer Fund by \$2,087 for the year ended December 31, 2002; and the General Fund by \$4,898, Street Construction Fund by \$1,129, State Highway Fund by \$515, and the Sewer Fund by \$4,267 for the year ended December 31, 2001.

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 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 Township.

**VILLAGE OF SAINT MARTIN
BROWN COUNTY**

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

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority #2131	\$1,064	7.21%
Ohio Water Development Authority #0985	23,084	7.66%
Total	<u>\$24,148</u>	

The Ohio Water Development Authority (OWDA) loan proceeds were used to pay for the cost of improving the Village's water system. The loans are collateralized by charges to residents for water service. The Village has agreed to set water rates sufficient to cover OWDA debt service requirements.

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

	<u>OWDA Loan #2131</u>	<u>OWDA Loan #0985</u>
Year ending December 31:		
2003	\$1,141	2,804
2004	0	2,804
2005	0	2,804
2006	0	2,804
2007	0	2,804
Subsequent	0	23,834
Total	<u>\$1,141</u>	<u>\$37,854</u>

6. RETIREMENT SYSTEMS

The Village employee belongs to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2002 and 2001, the member 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.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public Officials liability;
- Commercial auto and crime.

**VILLAGE OF SAINT MARTIN
BROWN COUNTY**

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

8. OHIO PUBLIC WORKS COMMISSION

Ohio Public Works Commission has approved Issue II money for the Village's Water Line Replacement Project in the amount of \$258,732, on a reimbursement basis. The Grant Agreement was released by the Commission on July 1, 2001 with construction anticipated to begin in August of 2003. The Village's contribution to this project is expected to be approximately \$28,748.



Auditor of State Betty Montgomery

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

Village of Saint Martin
Brown County
4824 Anderson State Road
Lynchburg, Ohio 45142

To the Village Council:

We have audited the accompanying financial statements of the Village of Saint Martin, Brown County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 25, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 through 2002-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 25, 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 certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to the significant deficiencies in the design or 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. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 2002-002 and 2002-004 through 2002-005.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2002-005 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 25, 2003.

This report is intended solely for the information and use of 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

August 25, 2003

**VILLAGE OF SAINT MARTIN
BROWN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Material Noncompliance - Negative Fund Balance

Ohio Revised Code § 5705.10 provides that monies paid into any fund shall be used only for the purpose for which such fund is established. The Water Fund had negative fund balances from January through August during 2001 and January through February during 2002. The deficit balances indicate that cash from other funds have been used to pay the obligations of this fund.

FINDING NUMBER 2002-002

Material Noncompliance/Reportable Condition – Prior Certification/ Certifying Total Sources Available for Expenditure

Ohio Revised Code, Section 5705.36, requires the fiscal officer to certify to the County Auditor on or about January 1 the amount available for expenditures in each fund in the budget. The amounts certified to the County Auditor in 2002 for year ending December 31, 2001 were incorrect. The “Cash Balance” and “Encumbrances” columns were not completed.

Ohio Revised Code, Section 5705.41(D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision’s fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirement:

- A. Then-and-Now Certificates - 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 Council 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.
- B. If the amount involved is less than \$1,000 dollars, the fiscal officer may authorize payment through a Then-and-Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Contrary to the above requirement, the availability of funds was not certified for 87% of the commitments tested. Encumbrances were found to be unrecorded in the amounts of \$1,960 in 2002 and \$2,872 in 2001. During 2002 and 2001, the General, Water and Sewer Funds had expenditures that were not properly encumbered at year end. This resulted in unencumbered fund balances of (\$902) for the General Fund at December 31, 2002; and (\$390) for the Water Fund at December 31, 2001. An audit adjustment was made to record these year-end encumbrances on the financial statements.

**FINDING NUMBER 2002-002
 (Continued)**

Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash balances. Therefore, we recommend the Village obtain approved purchase orders, which contain the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment. We also recommend the Village complete and submit to the county auditor on or about the first day of the fiscal year a Certificate of the Total Amount from All Sources Available for Expenditures, and Balances with the correct unencumbered balances for each fund.

FINDING NUMBER 2002-003

Material Noncompliance - Estimated Revenue versus Appropriations

Ohio Revised Code, Section 5705.39, states that total appropriations from each fund should not exceed the total estimated resources. The Village's appropriations exceeded the estimated resources at December 31, 2001, in the Water Fund by \$14,646. Failure to monitor appropriations compared to estimated revenues resulted in negative fund balances during both 2002 and 2001. We recommend the Village monitor appropriations to help ensure they are within estimated revenues.

The Village's current system of internal control does not address the need for consistent monitoring of budgetary financial information. The lack of such controls: 1) reduces the Village's ability to determine its financial status at any given time; 2) may result in the delay of funds received by the County Auditor; and 3) may result in obligations being incurred without the available resources.

The budgeted receipts and appropriations from these documents should be accurately recorded in the respective ledgers as approved by the Village Council. On a monthly basis, detailed budget and actual financial statements should be presented to the Village Council for review. Council should carefully review this information and take appropriate inquiries to help determine continued integrity of the financial information and accept the information officially in the minutes.

FINDING NUMBER 2002-004

Material Noncompliance/Reportable Condition - Appropriations versus Expenditures

Ohio Revised Code, Section 5705.41(B), states no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations in the following funds as of December 31, 2002:

Funds	Appropriations	Expenditures	Variance
General	\$6,491	\$7,416	(\$925)
Street Construction	1,000	2,466	(1,466)
Sewer	3,165	5,252	(2,087)

**FINDING NUMBER 2002-004
 (Continued)**

Expenditures exceeded appropriations in the following funds as of December 31, 2001:

Funds	Appropriations	Expenditures	Variance
General	\$4,870	\$9,769	(\$4,898)
Street Construction	100	1,229	(1,129)
State Highway	0	515	(515)
Sewer	1,880	6,147	(4,267)

The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2002-005

Material Noncompliance/Material Weakness – Accounting System

Ohio Revised Code, Section 733.28, requires the Village Clerk to maintain the books of the Village and exhibit accurate statements of all monies received and expended.

Ohio Administrative Code, Section 117-2-02(A), requires governments to maintain an accounting system and accounting records sufficient to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village’s cash journal, receipts ledger, and appropriation ledger were incomplete and inaccurate.

To provide accurate and complete financial information for management to use in the decision making process, and to aid in the accurate comparison of budgetary receipts and disbursements with actual, we recommend:

1. The Village maintains receipt and appropriation ledgers as prescribed by the Ohio Administrative Code.
2. Encumbrances and disbursements should be posted to the appropriation ledger resulting in declining unencumbered balances.
3. Budgeted receipts should be posted by fund and line item with a running balance maintained.
4. Throughout the year, the actual amounts should be compared to budgeted amounts, and necessary actions taken to be compliant with budgetary requirements.

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**VILLAGE OF SAINT MARTIN
BROWN COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30408-001	ORC § 5705.10: Negative fund balance.	No	Partially Corrected: Reissued as Finding 2002-001.
2000-30408-002	ORC § 5705.40: Supplemental appropriations.	Yes	
2000-30408-003	ORC § 5705.34: Certification of tax levies.	No	Partially Corrected: Reissued in the Management Letter
2000-30408-004	ORC § 5705.36: Certifying total sources available for expenditure.	No	Not Corrected: Reissued as Finding 2002-002.
2000-30408-005	ORC § 5705.38: Annual Appropriations.	No	Partially Corrected: Reissued in the Management Letter.
2000-30408-006	ORC § 5705.39: Estimated revenues versus appropriations.	No	Partially Corrected: Reissued as Finding 2002-003.
2000-30408-007	ORC § 5705.41(B): Appropriations versus expenditures.	No	Not Corrected: Reissued as Finding 2002-004.
2000-30408-008	ORC § 5705.41(D): Prior certification	No	Not Corrected: Reissued as Finding 2002-002.
2000-30408-009	ORC § 733.28: Receipts and Expenditures.	No	Not Corrected: Reissued as Finding 2002-005
2000-30408-010	ORC § 117.43: Uniform System of Accounting	No	Partially Corrected: Reissued as Finding 2002-005.



**Auditor of State
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VILLAGE OF SAINT MARTIN

BROWN 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
SEPTEMBER 30, 2003**