

VILLAGE OF KINGSTON
AUDIT REPORT
JANUARY 1, 2005 - DECEMBER 31, 2006

Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701



Mary Taylor, CPA

Auditor of State

Village Council
Village of Kingston
28 Main Street, PO Box 92
Kingston, OH 45644

We have reviewed the *Independent Auditors' Report* of the Village of Kingston, Ross County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2005 to December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Kingston is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 8, 2007

This Page is Intentionally Left Blank.

**VILLAGE OF KINGSTON
ROSS COUNTY
JANUARY 1, 2005 - DECEMBER 31, 2006**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1-2
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2006	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Balances - All Proprietary Fund Types For the Years Ended December 31, 2006	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2005	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Balances - All Proprietary Fund Types For the Years Ended December 31, 2005	6
Notes to the Financial Statements	7-11
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	12-13
Schedule of Findings	14
Schedule of Prior Audit Findings	15

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Mayor and Village Council
Village of Kingston
P.O. Box 650
Kingston, Ohio 45644

We have audited the accompanying financial statements of the Village of Kingston, Ross County, as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Village of Kingston'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 described more fully in Note 1, the Village of Kingston has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Kingston's combined funds as of December 31, 2006 and 2005, and their changes in financial position.

Also, 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, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also require the Village to include Management's Discussion and Analysis for the year ended December 31, 2006 and 2005. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2007, on our consideration of the Village of Kingston's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
March 29, 2007

**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, 2006**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 13,143	\$ 4,381	\$ 17,524
Intergovernmental Receipts	79,964	46,916	126,880
Fines, Licenses, and Permits	475	-	475
Earnings on Investments	20,462	5,582	26,044
Miscellaneous	6,882	157	7,039
Total Cash Receipts	<u>120,926</u>	<u>57,036</u>	<u>177,962</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	7,238	-	7,238
Leisure Time Activities	-	12,580	12,580
Community Environment	2,400	-	2,400
Basic Utility	7,359	-	7,359
Transportation	-	11,678	11,678
General Government	55,499	-	55,499
Capital Outlay	-	23,000	23,000
Total Cash Disbursements	<u>72,496</u>	<u>47,258</u>	<u>119,754</u>
Total Cash Receipts Over/(Under) Cash Disbursements	48,430	9,778	58,208
Other Financing Receipts/(Disbursements)			
Transfers-In	-	7,500	7,500
Transfers-Out	(17,569)	-	(17,569)
Advances-In	-	22,500	22,500
Advances-Out	(22,500)	-	(22,500)
Other Financing Uses	(112)	-	(112)
Total Other Financing Receipts/(Disbursements)	<u>(40,181)</u>	<u>30,000</u>	<u>(10,181)</u>
Excess of Cash Receipts and Other Financing Receipts Over/ (Under) Cash Disbursements and Other Financing Disbursements	8,249	39,778	48,027
Fund Cash Balances, January 1	<u>291,229</u>	<u>200,161</u>	<u>491,390</u>
Fund Cash Balances, December 31	<u>\$ 299,478</u>	<u>\$ 239,939</u>	<u>\$ 539,417</u>

See notes to financial statements.

**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, 2006**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 276,419
Miscellaneous	100
Total Operating Cash Receipts	276,519
Operating Cash Disbursements:	
Personal Services	57,449
Contractual Services	66,340
Supplies and Materials	16,992
Total Operating Cash Disbursements	140,781
Operating Income/(Loss)	135,738
Non-Operating Cash Receipts	
Debt Proceeds	-
Property Tax and Other Local taxes	167,646
Total Non-Operating Cash Receipts	167,646
Non-Operating Cash Disbursements	
Capital Outlay	24,287
Debt Service - Principal	194,260
Debt Service - Interest	95,216
Total Non-Operating Cash Disbursements	313,763
Income (Loss) Before Interfund Transfers	(10,379)
Transfers-In	10,069
Net Receipts Over Disbursements	(310)
Fund Cash Balances, January 1	388,166
Fund Cash Balances, December 31	\$ 387,856

See notes to financial statements.

**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, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 12,652	\$ 4,217	\$ 16,869
Intergovernmental Receipts	88,960	44,078	133,038
Fines, Licenses, and Permits	550	-	550
Earnings on Investments	19,194	5,337	24,531
Miscellaneous	2,653	110	2,763
Total Cash Receipts	<u>124,009</u>	<u>53,742</u>	<u>177,751</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	7,340	-	7,340
Leisure Time Activities	-	3,221	3,221
Community Environment	1,493	-	1,493
Basic Utility	48,557	-	48,557
Transportation	-	9,529	9,529
General Government	61,617	-	61,617
Capital Outlay	-	-	-
Total Cash Disbursements	<u>119,007</u>	<u>12,750</u>	<u>131,757</u>
Total Cash Receipts Over/(Under) Cash Disbursements	5,002	40,992	45,994
Fund Cash Balances, January 1	<u>286,227</u>	<u>159,169</u>	<u>445,396</u>
Fund Cash Balances, December 31	<u>\$ 291,229</u>	<u>\$ 200,161</u>	<u>\$ 491,390</u>

See notes to financial statements.

**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, 2005**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 298,116
Miscellaneous	848
Total Operating Cash Receipts	298,964
Operating Cash Disbursements:	
Personal Services	73,374
Fringe Benefits	2,956
Contractual Services	151,746
Supplies and Materials	23,468
Total Operating Cash Disbursements	251,544
Operating Income/(Loss)	47,420
Non-Operating Cash Receipts	
Debt Proceeds	351,000
Property Tax and Other Local taxes	154,944
Total Non-Operating Cash Receipts	505,944
Non-Operating Cash Disbursements	
Capital Outlay	351,000
Debt Service - Principal	163,207
Debt Service - Interest	114,570
Total Non-Operating Cash Disbursements	628,777
Net Receipts Over Disbursements	(75,413)
Fund Cash Balances, January 1	463,579
Fund Cash Balances, December 31	\$ 388,166

See notes to financial statements.

**VILLAGE OF KINGSTON
ROSS COUNTY**

NOTES TO FINANCIAL STATEMENTS

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 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:

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.

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 is used to account for gasoline tax monies and motor vehicle tax monies for constructing, maintaining and repairing Village streets.

Park and Recreation Fund – This fund receives property tax revenue and donations for maintaining the Park.

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

**VILLAGE OF KINGSTON
ROSS COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 is used to account for charges for services from residents to cover the cost of providing water services.

Sewer Fund – This fund is used to account for charges for services from residents to cover the cost of providing sewer services.

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.

E. Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

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.

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 2006 and 2005 budgetary activity appears in Note 3.

**VILLAGE OF KINGSTON
ROSS COUNTY**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay 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

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

	2006	2005
Demand Deposits	\$ 322,275	\$ 297,764
Certificates of Deposit	604,998	581,792
Demand deposits	\$ 927,273	\$ 879,556

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 92,535	\$ 120,926	\$ 28,391
Special Revenue	39,702	64,536	24,834
Enterprise	453,200	454,234	1,034
Total	\$ 585,437	\$ 639,696	\$ 54,259

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 161,593	\$ 90,177	\$ 71,416
Special Revenue	51,763	47,258	4,505
Enterprise	564,959	454,544	110,415
Total	\$ 778,315	\$ 591,979	\$ 186,336

**VILLAGE OF KINGSTON
ROSS COUNTY**

NOTES TO FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 95,195	\$ 124,009	\$ 28,814
Special Revenue	39,773	53,742	13,969
Enterprise	453,200	804,908	351,708
Total	<u>\$ 588,168</u>	<u>\$ 982,659</u>	<u>\$ 394,491</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 158,723	\$ 119,007	\$ 39,716
Special Revenue	21,761	12,750	9,011
Enterprise	645,661	880,321	(234,660)
Total	<u>\$ 826,145</u>	<u>\$ 1,012,078</u>	<u>\$ (185,933)</u>

Contrary to ORC 5705.41(B), The Water Fund had expenditures greater than appropriations of \$351,000 due to not recording an OPWC pass through for Water Treatment Plant Improvements.

Contrary to ORC 5705.34, The Village did not authorize the necessary tax levies prior to October 1, as required.

Contrary to 5705.39, The Nature Works Grant Fund had appropriations greater than estimated resources in 2006.

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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

**VILLAGE OF KINGSTON
ROSS COUNTY**

NOTES TO FINANCIAL STATEMENTS

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest rate
Ohio Water Development Authority Loan-2306	\$ 1,315,942	5.20%
Ohio Water Development Authority Loan-4005	309,642	6.61%
Ohio Public Works Commission-Water CO38F	327,600	0.00%
Ohio Public Works Commission-Sewer C0441	168,075	0.00%
Total	\$ 2,121,259	

The Ohio water Development Authority (OWDA) Loans 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 Environmental Protection Agency. OPWC loan CO38F

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:

Year Ended December 31	OWDA 2306	OWDA 4005	OPWC CO441	OPWC CO38F
2007	\$ 203,172	\$ 40,495	\$ 22,410	\$ 23,400
2008	203,172	40,495	22,410	23,400
2009	203,172	40,495	22,410	23,400
2010	203,172	40,495	22,410	23,400
2011	203,172	40,495	22,410	23,400
2012-2016	609,516	202,475	56,025	117,000
2017-2021	-	40,495	-	93,600
Totals	\$ 1,625,376	\$ 445,445	\$ 168,075	\$ 327,600

6. RETIREMENT SYSTEMS

The Village's full-time employees and elected officials belong 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 2006 and 2005, PERS members contributed 9.0% and 8.5% of their wages, respectively. The Village contributed an amount equal to 13.70% and 13.55% of participant's gross salaries for 2006 and 2005, respectively. The Village has paid all contributions required through December 31, 2006.

7. RISK MANAGEMENT

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.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**REPORT OF INDEPENDENT ACCOUNTANTS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Mayor and Village Council
Village of Kingston
P.O. Box 650
Kingston, Ohio 45644

We have audited the financial statements of The Village of Kingston as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated March 29, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. . 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.

Internal Control Over Financing Reporting

In planning and performing our audit, we considered Village of Kingston's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Villages internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. We noted certain matters that we have reported to management in a separate letter dated March 29, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Kingston's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 one instances of noncompliance that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as items 2006-01. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Kingston in a separate letter dated March 29, 2007.

This report is intended for the information of the Mayor, Clerk, Council and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
March 29, 2007

**VILLAGE OF KINGSTON
ROSS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006**

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

FINDING NUMBER 2006-01

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 50.0% of the expenditures tested for 2005 and 53.0% of the expenditures tested for 2006.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the Village can issue then and now certificates for expenses up to \$3,000. Then and now certificates allow the Clerk to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization from Council. However, then and now certificates issued by the Clerk over \$3,000 must be authorized by Council within thirty days after payment.

Client Response: Client will more closely monitor and try to use the Then and Now certificates when applicable.

**VILLAGE OF KINGSTON
ROSS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2004-01	ORC 5705.41(D) Certification of funds available	No	Not Corrected: Included in report as Finding 2006-01



Mary Taylor, CPA
Auditor of State

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
MAY 22, 2007**