



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF HOLGATE
HENRY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Holgate
Henry County
327 Railway Avenue
P.O. Box 217
Holgate, Ohio 43527-0217

To the Village Council:

We have audited the accompanying financial statements of the Village of Holgate (the Village) as of and for the years ended December 31, 2001 and 2000. 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 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 audits.

This report is intended solely for the information and use of the management, 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

July 11, 2002

**VILLAGE OF HOLGATE
HENRY 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>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$124,946	\$32,445	\$3,485	\$73,465	\$234,341
Intergovernmental Receipts	108,254	44,886			153,140
Charges for Services		3,512			3,512
Fines, Licenses, and Permits	1,808				1,808
Earnings on Investments	27,809				27,809
Miscellaneous	11,718	1,903			13,621
Total Cash Receipts	<u>274,535</u>	<u>82,746</u>	<u>3,485</u>	<u>73,465</u>	<u>434,231</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	91,808	19,559			111,367
Leisure Time Activities	10,000	16,025			26,025
Community Environment	4,046				4,046
Transportation	20,113	59,398			79,511
General Government	154,273				154,273
Financing and Other Debt-Service Related			104		104
Capital Outlay	3,643			76,081	79,724
Total Cash Disbursements	<u>283,883</u>	<u>94,982</u>	<u>104</u>	<u>76,081</u>	<u>455,050</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>(9,348)</u>	<u>(12,236)</u>	<u>3,381</u>	<u>(2,616)</u>	<u>(20,819)</u>
Other Financing Receipts and (Disbursements):					
Other Sources	15,727				15,727
Other Uses	(9,120)				(9,120)
Total Other Financing Receipts	<u>6,607</u>				<u>6,607</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,741)	(12,236)	3,381	(2,616)	(14,212)
Fund Cash Balances, January 1	257,060	201,856	49,644	15,441	524,001
Fund Cash Balances, December 31	<u><u>\$254,319</u></u>	<u><u>\$189,620</u></u>	<u><u>\$53,025</u></u>	<u><u>\$12,825</u></u>	<u><u>\$509,789</u></u>

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

VILLAGE OF HOLGATE
HENRY COUNTY

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

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	<u>\$208,077</u>
Operating Cash Disbursements:	
Personal Services	55,876
Travel Transportation	2,414
Contractual Services	22,717
Supplies and Materials	66,010
Capital Outlay	<u>9,712</u>
Total Operating Cash Disbursements	<u>156,729</u>
Operating Income	<u>51,348</u>
Non-Operating Cash Receipts and Disbursements:	
Other Non-Operating Cash Receipts	2,475
Other Non-Operating Cash Disbursements	<u>2,122</u>
Net Receipts Over Disbursements	51,701
Fund Cash Balances, January 1	<u>89,294</u>
Fund Cash Balances, December 31	<u><u>\$140,995</u></u>

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

**VILLAGE OF HOLGATE
HENRY COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$124,258	\$32,970	\$34,061	\$71,228	\$262,517
Intergovernmental Receipts	65,599	48,269		115,000	228,868
Charges for Services		5,185			5,185
Fines, Licenses, and Permits	5,999				5,999
Earnings on Investments	28,135				28,135
Miscellaneous	14,902	8,380			23,282
Total Cash Receipts	<u>238,893</u>	<u>94,804</u>	<u>34,061</u>	<u>186,228</u>	<u>553,986</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	76,974	16,696			93,670
Leisure Time Activities		25,916			25,916
Community Environment	3,623				3,623
Transportation	12,398	68,306			80,704
General Government	157,472		1,022		158,494
Debt Service:					
Principal Payments			30,000		30,000
Interest Payments			2,362		2,362
Capital Outlay	6,774			170,787	177,561
Total Cash Disbursements	<u>257,241</u>	<u>110,918</u>	<u>33,384</u>	<u>170,787</u>	<u>572,330</u>
Total Cash Receipts Over/ (Under) Cash Disbursements	<u>(18,348)</u>	<u>(16,114)</u>	<u>677</u>	<u>15,441</u>	<u>(18,344)</u>
Other Financing Receipts:					
Other Sources	<u>23,404</u>				<u>23,404</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	5,056	(16,114)	677	15,441	5,060
Fund Cash Balances, January 1	<u>252,004</u>	<u>217,970</u>	<u>48,967</u>		<u>518,941</u>
Fund Cash Balances, December 31	<u>\$257,060</u>	<u>\$201,856</u>	<u>\$49,644</u>	<u>\$15,441</u>	<u>\$524,001</u>

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

VILLAGE OF HOLGATE
HENRY COUNTY

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

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	<u>\$172,950</u>
Operating Cash Disbursements:	
Personal Services	112,886
Travel Transportation	2,261
Contractual Services	20,358
Supplies and Materials	42,617
Capital Outlay	<u>2,276</u>
Total Operating Cash Disbursements	<u>180,398</u>
Operating Loss	<u>(7,448)</u>
Non-Operating Cash Receipts and Disbursements:	
Other Non-Operating Cash Receipts	2,170
Other Non-Operating Cash Disbursements	<u>2,597</u>
Net Disbursements Over Receipts	(7,875)
Fund Cash Balances, January 1	<u>97,169</u>
Fund Cash Balances, December 31	<u><u>\$89,294</u></u>

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

**VILLAGE OF HOLGATE
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Holgate (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, park operations, and police. The Village also contracts with the Henry County Sheriff's department to provide security of persons and property. The Village contracts with Pleasant 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 Deposits

Certificates of deposit are valued at cost

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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.

Street Lighting Fund - This fund receives real estate and personal property tax monies to cover the cost of maintaining street lights.

**VILLAGE OF HOLGATE
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following debt service fund:

Sanitary Sewer Bond fund -This fund receives special assessments for the repayment of bonds and interest.

4. Capital Project 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 project funds:

Capital Improvement Fund - This fund receives income tax monies along with grant proceeds for the construction and repair of major capital projects.

5. 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.

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 object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF HOLGATE
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 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 sick 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, including a \$100 change fund, used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2001	2000
Demand deposits	\$111,177	\$74,376
Certificates of deposit	539,607	538,919
Total deposits	\$650,784	\$613,295

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 ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$250,000	\$290,262	\$40,262
Special Revenue	98,000	82,746	(15,254)
Debt Service		3,485	3,485
Capital Projects	70,000	73,465	3,465
Enterprise	170,000	210,552	40,552
Total	\$588,000	\$660,510	\$72,510

**VILLAGE OF HOLGATE
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$511,132	\$293,003	\$218,129
Special Revenue	273,284	94,982	178,302
Debt Service	49,644	104	49,540
Capital Projects	85,440	76,080	9,360
Enterprise	259,294	158,851	100,443
Total	<u>\$1,178,794</u>	<u>\$623,020</u>	<u>\$555,774</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$225,000	\$262,297	\$37,297
Special Revenue	78,156	94,804	16,648
Debt Service	35,000	34,061	(939)
Capital Projects	169,911	186,228	16,317
Enterprise	172,000	175,120	3,120
Total	<u>\$680,067</u>	<u>\$752,510</u>	<u>\$72,443</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$477,005	\$257,241	\$219,764
Special Revenue	296,124	110,918	185,206
Debt Service	83,968	33,384	50,584
Capital Projects	80,000	170,787	(90,787)
Enterprise	269,169	182,995	86,174
Total	<u>\$1,206,266</u>	<u>\$755,325</u>	<u>\$450,941</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects fund by \$90,787 and in the Special Revenue Pool fund for \$3,850 for the year ended December 31, 2000.

Ohio Revised Code § 5705.10 states that money paid into a fund must be used only for the purposes for which such fund has been established. In 2001 and 2000 the total February and August rollback and homestead taxes in the amount of \$4,072 and \$3,989, respectively, were posted to the General Fund rather than the proper Special Revenue funds.

**VILLAGE OF HOLGATE
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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.

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. 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 residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

The Village repaid its General Obligation Bonds in 2000.

At the end of 2001 the Village entered into an agreement with the Ohio Water Development Authority (OWDA) for a loan for the construction of a new water tower. The OWDA has approved up to \$330,740 in loans to the Village for this project

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (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 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000.

VILLAGE OF HOLGATE
HENRY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Commercial property;
- Employers liability;
- Commercial auto;
- Commercial inland marine;
- Commercial crime; and
- Commercial umbrella.



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

Village of Holgate
Henry County
327 Railway Avenue
P.O. Box 217
Holgate, Ohio 43527-0217

To the Village Council:

We have audited the accompanying financial statements of the Village of Holgate (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 11, 2002. We conducted our audits 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 2001-30135-001 through 2001-30135-003. We have also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 11, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain 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 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. A reportable condition is described in the accompanying schedule of findings as item 2001-30135-004.

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 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 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 July 11, 2002.

This report is intended solely for the information and use of the management and 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 11, 2002

VILLAGE OF HOLGATE
HENRY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-30135-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

Should this requirement not be met, the section provides two exceptions which could prevent the contract from being void:

- A. Concerning contracts where the amount in question is \$1,000 or greater, the fiscal officer should present to the taxing authority of the subdivision or taxing unit a certificate stating that, at both the time the contract was made and at the time of the issuance of said certificate, a sufficient sum had been appropriated and was in the treasury or in the process of being collected and that money was free from any encumbrances. Within thirty days from the receipt of the certificate, the legislative authority may authorize a warrant for the payment of the amount due.
- B. Concerning amounts less than \$1,000, the fiscal officer must issue a certificate stating the same as in the first exception. However, the fiscal officer does not need to seek the approval of the legislative authority in order to authorize the payment of the contract.

This code section states that fiscal officers may prepare so-called "regular blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current fiscal year. The regular blanket certificates may, but need not, be limited to a specific vendor. Only one regular blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

In addition to regular blanket certificates, a subdivision's fiscal officer may also issue so-called "super blanket" certificates for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

The Village did not make the proper certification of funds for fifty-three percent of the transactions tested during the audit period. We recommend that the Clerk/Treasurer certify all expenditures at the point when the contract is entered into or orders for goods or services are placed by Village officials. The certification can also be made through the use of "regular blanket", "then and now" or "super blanket" certificates.

FINDING NUMBER 2001-30135-002

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated. The Clerk/Treasurer increased appropriations in the Special Revenue Pool Fund and the Capital Project Fund at the legal level of control and did not receive council approval through resolution. The Village exceeded appropriations at year end for fiscal year 2000 in the following funds for the following amounts:

<u>FY 2000</u>	<u>Approved Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Special Revenue Pool Fund	\$20,317	\$24,167	(\$3,850)
Capital Projects Fund	80,000	170,787	(90,787)

Ohio Revised Code § 5705.40 allows for amendments to appropriations as long the entity complies with the same provisions of the law as were used in making the original appropriation. We recommend management review these Revised Code Sections and the Ohio Compliance Supplement provided by the Auditor of State.

FINDING NUMBER 2001-30135-003

Noncompliance Citation

Ohio Revised Code § 5705.10 states that money paid into a fund must be used only for the purposes for which such fund has been established.

In 2001 and 2000 the total February and August rollback and homestead taxes were posted to the General Fund. The county auditor provided a breakdown to the Village as to the allocation of rollback and homestead taxes between the General, Parks and Street Lighting Funds. This required an adjustment for 2001 and 2000 from the General Fund of \$3,989 and \$4,072, respectively to the affected funds listed below:

<u>Description</u>	<u>Amount</u>	<u>Affected Fund</u>
<u>Fiscal Year 2001</u>		
Rollback and Homestead posted to wrong funds	\$ 2,098	Parks
	1,891	Street Lighting
<u>Fiscal Year 2000</u>		
Rollback and Homestead posted to wrong funds	\$ 2,141	Parks
	1,931	Street Lighting

The Clerk has made the adjustments and the adjustments are reflected in the financial statements

FINDING NUMBER 2001-30135-004

Reportable Condition - Income Tax Records

The following weaknesses were found while testing income tax receipts:

- Income taxpayer master accounts were not maintained;
- Master taxpayer listings were not maintained;
- Delinquency ledgers were not maintained; and
- Subsidiary payment journals were not maintained.

Failure to maintain adequate tax records could result in untimely detection of noncompliance with payment of local taxes and filing requirements according to the local tax ordinance. To ensure that the Village can easily identify the tax status of individual taxpayers, we recommend that the Village:

- Maintain taxpayer master accounts that indicate the amount of taxable income, total withholdings, credits, and the amount paid and owed for each year;
- Maintain a master tax listing indicating all identified tax payers, the listing should indicate if the individual is an active or inactive account;
- Maintain delinquency ledgers; and
- Maintain daily subsidiary payment journals.

**VILLAGE OF HOLGATE
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30135-001	Revised Code § 5705.41(D) failure to certify funds	No	Not corrected, reissued as finding # 2001-30135-001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF HOLGATE

HENRY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 13, 2002**