



**VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Adamsville  
Muskingum County  
8121 Main Street  
Adamsville, Ohio 43802

To the Village Council:

We have audited the accompanying financial statements of the Village of Adamsville, Muskingum County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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.

The basis of accounting prescribed by the Auditor of State requires the Village to report outstanding encumbrances at year end as budgetary expenditures. The Village did not record encumbrances. It was not practical for us to determine the amount of unrecorded encumbrances at year end.

In our opinion, except for such adjustments, if any, that would have been necessary to reflect year-end outstanding encumbrances as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Village of Adamsville, Muskingum County, as of December 31, 2000 and 1999, and its 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 June 18, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 18, 2001

**VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY**

**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$1,893	\$	\$1,893
Intergovernmental Receipts	10,553	4,645	15,198
Miscellaneous	308	50	358
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	12,754	4,695	17,449
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	500		500
Basic Utility Services	399		399
Transportation		5,832	5,832
General Government	4,866		4,866
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	5,765	5,832	11,597
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	6,989	(1,137)	5,852
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	1,978	10,752	12,730
<b>Fund Cash Balances, December 31</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>\$8,967</b>	<b>\$9,615</b>	<b>\$18,582</b>

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

VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	<u>\$3,636</u>
Total Non-Operating Cash Receipts	<u>3,636</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>3,081</u>
Total Non-Operating Cash Disbursements	<u>3,081</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>555</u>
Fund Cash Balance, January 1	<u>793</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$1,348</u></u></b>

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



**VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$1,785	\$	\$1,785
Intergovernmental Receipts	6,121	4,260	10,381
Miscellaneous	40		40
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	7,946	4,260	12,206
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	500		500
Leisure Time Activities	1,100		1,100
Basic Utility Services	242	1,295	1,537
Transportation	250	1,630	1,880
General Government	6,428		6,428
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	8,520	2,925	11,445
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(574)	1,335	761
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	2,552	9,417	11,969
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,978</u></b>	<b><u>\$10,752</u></b>	<b><u>\$12,730</u></b>

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

VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	<u>\$8,186</u>
Total Non-Operating Cash Receipts	<u>8,186</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>7,582</u>
Total Non-Operating Cash Disbursements	<u>7,582</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>604</u>
Fund Cash Balance, January 1	<u>189</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$793</u></u>

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

**VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Adamsville, Muskingum County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including maintenance of Village sidewalks and roads. The Village contracts with the Adamsville Volunteer Fire Department for 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.

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

**C. Cash and Investments**

The Village holds no investments.

**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 Fund**

This fund is 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 has one Special Revenue Fund, the Street Construction, Maintenance and Repair Fund. This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**3. Fiduciary Fund (Agency Fund)**

This fund for which the Village is acting in an agency capacity is classified as an agency fund. The Village has one Agency Fund, the Columbia Gas Line Fund. This fund received money from residents for gas line installation and other sources and the Village made payments to Columbia Gas and other vendors for lines, tap-ins and other services.

VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 19,930	\$ 13,523

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,331	\$ 12,754	\$ 4,423
Special Revenue	4,052	4,695	643
Total	<u>\$ 12,383</u>	<u>\$ 17,449</u>	<u>\$ 5,066</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,856	\$ 5,765	\$ 91
Special Revenue	8,800	5,832	2,968
Total	<u>\$ 14,656</u>	<u>\$ 11,597</u>	<u>\$ 3,059</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,223	\$ 7,946	\$ (277)
Special Revenue	3,850	4,260	410
Total	<u>\$ 12,073</u>	<u>\$ 12,206</u>	<u>\$ 133</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 7,390	\$ 8,520	\$ (1,130)
Special Revenue	6,000	2,925	3,075
Total	<u>\$ 13,390</u>	<u>\$ 11,445</u>	<u>\$ 1,945</u>

**VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

**Compliance and Accountability:**

Ohio Rev. Code Section 5705.38 requires the Village, on or about the first day of each fiscal year, to adopt either a temporary or permanent appropriation measure prior to the expenditure of funds. Funds were expended without the benefit of appropriations until March 20, 2000, when the Village adopted appropriations.

Once appropriations were adopted, the Village eventually made expenditures in excess of appropriations in violation of Ohio Rev. Code Section 5705.41(B) which prohibits a subdivision from making a disbursement unless it has been properly appropriated.

The certification of availability of unencumbered appropriations for expenditure was not made prior to purchase commitments being incurred. Section 5705.41(D), Revised Code, requires a certificate of the fiscal officer to be attached to any order of expenditure, prior to a commitment being incurred. As a result, there were no encumbrances to report on the financial statements and outstanding purchase commitments were not included in budgetary disbursements shown above.

**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. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Property and general liability
- Public official's liability



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

Village of Adamsville  
Muskingum County  
8121 Main Street  
Adamsville, Ohio 43802

To the Village Council:

We have audited the accompanying financial statements of the Village of Adamsville, Muskingum County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 18, 2001, wherein we noted the Village did not record encumbrances in its budgetary presentation. We conducted our audit in accordance with generally accepted auditing standards 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 certain instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-31060-001 through 2000-31060-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 18, 2001.

**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 operation that we consider to be reportable conditions. 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 judgement, 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 as items 2000-31060-003 through 2000-31060-005.

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 over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Village of Adamsville  
Muskingum County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

June 18, 2001



VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999

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

<b>Finding Number</b>	<b>2000-31060-001</b>
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**Noncompliance Citation**

Ohio Rev. Code § 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority desires to postpone the passage of the annual appropriation resolution measure until an amended certificate of estimated resources is received from the County Budget Commission, it may pass a temporary appropriation measure for meeting the ordinary expenses.

The permanent appropriations for 2000 were not passed until March 20, 2000. There were no temporary appropriations passed for 2000, and funds were expended prior to the adoption of the permanent appropriations.

We recommend Village personnel should not incur any liabilities and the Clerk-Treasurer should deny making any payments until appropriations have been adopted.

<b>Finding Number</b>	<b>2000-31060-002</b>
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**Noncompliance Citation**

Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

For the year ended December 31, 1999, expenditures exceeded appropriations in the General Fund in the amount of \$1,130.

Once the permanent appropriations were approved, management did not adopt additional appropriations later in the year and expenditures eventually exceeded appropriations. Village Council could have adopted additional appropriations and avoided negative variances. The Clerk-Treasurer should deny payments exceeding appropriations.

We recommend the Village Council review the appropriation balances each month and determine whether they wish to amend appropriations to provide authority to make additional payments, prior to expending funds in excess of existing appropriations.

<b>Finding Number</b>	<b>2000-31060-003</b>
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**Noncompliance Citation and Reportable Condition**

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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.

VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)

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

Finding Number	2000-31060-003 (Continued)
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Noncompliance Citation and Reportable Condition (Continued)

Ohio Rev. Code § 5705.41(D) (Continued)

Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was 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, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

The Village's fiscal officer did not certify funds during the audit period. As a result, certain purchase commitments incurred in one fiscal period may have been improperly charged against the subsequent fiscal period's appropriations. Without these certifications, budgetary control over expenditures was diminished and, as more fully explained in Note 3 to the financial statements, this condition allowed noncompliance with Ohio Rev. Code § 5705.41(B) to occur.

We recommend purchase orders containing the required certification be utilized to certify the availability of funds prior to commitments being incurred. Appropriations should then be encumbered and balances maintained of unencumbered appropriations. Additional purchase orders should be issued only after the fiscal officer determines that sufficient unencumbered appropriations exist in the amount of the requested purchase.

Finding Number	2000-31060-004
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Noncompliance Citation and Reportable Condition

Ohio Admin. Code § 117-5-11 prescribed the method by which the appropriations ledger was to be maintained.

Although appropriations were posted to an appropriations ledger, declining appropriation balances were not maintained. As a result, certain expenditures were made in excess of legally adopted appropriations and there was no method established whereby Village management could monitor the types of expenditures being made and the year-to-date expenditures made for any particular expenditure function.

VILLAGE OF ADAMSVILLE  
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999  
(Continued)

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

Finding Number	2000-31060-004 (Continued)
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Noncompliance Citation and Reportable Condition (Continued)

Ohio Admin. Code Section 117-5-11 (Continued)

Although the aforementioned Ohio Administrative Code Section has been repealed effective January 1, 2001, we recommend the Clerk-Treasurer post appropriation amounts to the appropriations ledger, once appropriations are adopted by Village Council and certified by the Budget Commission. Comparisons of budgeted (appropriated) expenditures to actual expenditures should then be presented to management as a tool to manage the Village. Guidance for maintaining the appropriations ledger is now included in Ohio Admin. Code § 117-2-02(D)(3), which became effective July 1, 2000.

Finding Number	2000-31060-005
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Noncompliance Citation and Reportable Condition

Ohio Admin. Code Section 117-5-10 prescribed the method by which the receipts ledger should have been maintained during this audit period.

Budgeted receipts and declining budgeted balances were not reflected on the receipts ledger. As a result, there was no method established whereby Village management could compare budgeted receipts to actual receipts and file any amended certificates of estimated resources when needed.

Although the aforementioned Ohio Administrative Code Section has been repealed effective January 1, 2001, we recommend budgeted and actual receipts be posted to the receipts ledger as recommended in Ohio Admin. Code § 117-2-02(D)(2) (effective July 1, 2000), to provide useful monthly budget vs. actual comparisons to assist management in monitoring Village operations.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

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**VILLAGE OF ADAMSVILLE**

**MUSKINGUM 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  
JULY 3, 2001**