



**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Old Washington
Guernsey County
P.O. Box 268
Old Washington, Ohio 43768

To the Village Council:

We have audited the accompanying financial statements of the Village of Old Washington, Guernsey County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998. 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 audits 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 of the Village of Old Washington, Guernsey County, as of December 31, 1999 and 1998, 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 February 5, 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.

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

February 5, 2001

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**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**COMBINED 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$17,125	\$	\$	\$17,125
Intergovernmental Receipts	13,631	6,341		19,972
Charges for Services		8,875		8,875
Earnings on Investments	1,549	1,033		2,582
Miscellaneous	38	70		108
Total Cash Receipts	<u>32,343</u>	<u>16,319</u>	<u>0</u>	<u>48,662</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	3,737			3,737
Public Health Services	60	6,935		6,995
Leisure Time Activities		833		833
Basic Utility Services	3,644			3,644
Transportation	3,313	11,799	376	15,488
General Government	10,638	226		10,864
Total Cash Disbursements	<u>21,392</u>	<u>19,793</u>	<u>376</u>	<u>41,561</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>10,951</u>	<u>(3,474)</u>	<u>(376)</u>	<u>7,101</u>
Fund Cash Balances, January 1	<u>29,665</u>	<u>20,710</u>	<u>596</u>	<u>50,971</u>
Fund Cash Balances, December 31	<u>\$40,616</u>	<u>\$17,236</u>	<u>\$220</u>	<u>\$58,072</u>

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

VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
Non-Operating Cash Receipts:	
Earnings on Investments	<u>\$860</u>
Total Non-Operating Cash Receipts	<u>860</u>
Net Receipts Over/(Under) Disbursements	860
Fund Cash Balances, January 1	<u>23,850</u>
Fund Cash Balances, December 31	<u><u>\$24,710</u></u>

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

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$14,703	\$162	\$	\$14,865
Intergovernmental Receipts	23,382	9,949	2,539	35,870
Charges for Services		4,790		4,790
Earnings on Investments	1,795	806		2,601
Miscellaneous	771	1,510		2,281
				<hr/>
Total Cash Receipts	<u>40,652</u>	<u>17,216</u>	<u>2,539</u>	<u>60,407</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	3,211	18		3,229
Public Health Services	60	9,119		9,179
Leisure Time Activities		380		380
Basic Utility Services	1,554			1,554
Transportation	11,926	11,333	1,943	25,202
General Government	12,155	54		12,209
Capital Outlay	2,000	2,454		4,454
				<hr/>
Total Cash Disbursements	<u>30,906</u>	<u>23,358</u>	<u>1,943</u>	<u>56,207</u>
Total Cash Receipts Over/(Under)Cash Disbursements	<u>9,746</u>	<u>(6,142)</u>	<u>596</u>	<u>4,200</u>
Other Financing Receipts/(Disbursements):				
Transfers In	6,002			6,002
				<hr/>
Total Other Financing Receipts/(Disbursements)	<u>6,002</u>	<u>0</u>	<u>0</u>	<u>6,002</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	15,748	(6,142)	596	10,202
Fund Cash Balances, January 1	13,917	26,852	0	40,769
				<hr/>
Fund Cash Balances, December 31	<u>\$29,664</u>	<u>\$20,711</u>	<u>\$596</u>	<u>\$50,971</u>

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

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Miscellaneous	\$0	\$1,047	\$1,047
Total Operating Cash Receipts	0	1,047	1,047
Operating Income/(Loss)	0	1,047	1,047
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	0	170	170
Total Non-Operating Cash Disbursements	0	170	170
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	0	877	877
Transfers-Out	(6,002)		(6,002)
Net Receipts Over/(Under) Disbursements	(6,002)	877	(5,125)
Fund Cash Balances, January 1	6,002	22,973	28,975
Fund Cash Balances, December 31	<u>\$0</u>	<u>\$23,850</u>	<u>\$23,850</u>

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

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Old Washington, Guernsey 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 roads, street lighting, park operations (leisure time activities), and fire protection. The Guernsey County Sheriff's department provides security of persons and property.

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 investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Cemetery Fund - This fund receives money for the selling of lots and the opening and closing of graves.

3. 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 Fund:

County Permissive Tax Fund - The Village received a portion of the County's Permissive Tax monies to make road improvements.

4. Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Village had the following significant Fiduciary Fund:

Cemetery Endowment Fund - This nonexpendable trust fund was created to invest the principal and create interest revenue for the cemetery operating fund.

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.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 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>1999</u>	<u>1998</u>
Demand deposits	\$16,788	\$12,047
StarOhio	65,994	62,774
Total deposits	<u>\$82,782</u>	<u>\$74,821</u>

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

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

The Village had a negative fund balance in the Street Maintenance, Construction and Repair Fund and the State Highway Fund during 1999, contrary to Ohio Rev. Code Section 5705.10.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 28,250	\$ 32,343	\$ 4,093
Special Revenue	59,375	16,319	(43,056)
Nonexpendable Trust	850	860	10
Total	<u>\$ 88,475</u>	<u>\$ 49,522</u>	<u>\$ (38,953)</u>

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 51,913	\$ 21,392	\$ 30,521
Special Revenue	77,660	19,793	57,867
Capital Projects	3,021	376	2,645
Nonexpendable Trust	24,700	0	24,700
Total	<u>\$ 157,294</u>	<u>\$ 41,561</u>	<u>\$ 115,733</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 33,015	\$ 46,654	\$ 13,639
Special Revenue	14,875	17,216	2,341
Capital Project	0	2,539	2,539
Nonexpendable Trust	1,000	1,047	47
Total	<u>\$ 48,890</u>	<u>\$ 67,456</u>	<u>\$ 18,566</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 41,025	\$ 30,906	\$ 10,119
Special Revenue	41,632	23,358	18,274
Capital Project	0	1,943	(1,943)
Enterprise	6,002	6,002	0
Nonexpendable Trust	23,972	170	23,802
Total	<u>\$ 112,631</u>	<u>\$ 62,379</u>	<u>\$ 50,252</u>

All of the Village's 1999 and 1998 expenditures did not contain prior certification of the availability of funds, contrary to Ohio Rev. Code Section 5705.41 (D).

During 1998, the Village did not obtain an amended certificate of estimated resources for monies received in the County Permissive Tax Fund, Capital Project Fund Type, contrary to Ohio Rev. Code Section 5705.36.

During 1999, the Village did not pass a temporary appropriation measure and did not pass the permanent appropriation measure until April 6, 1999, contrary to Ohio Rev. Code Section 5705.38.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

During 1999, the Street Construction, Maintenance and Repair Fund, Special Revenue Fund Type had expenditures which exceeded appropriations. During 1998, the County Permissive Tax Fund, Capital Project Fund Type and the FEMA Fund, Special Revenue Fund Type had expenditures which exceeded appropriations, contrary to Ohio Rev. Code Section 5705.41(B).

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 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 Village.

5. RETIREMENT SYSTEMS

The Village's employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is 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 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has not paid the 1999 fourth quarter employees share of \$16.83 and the 1999 third and fourth quarter employer share of \$55.24.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Village of Old Washington
Guernsey County
P.O. Box 268
Old Washington, Ohio 43768

To the Village Council:

We have audited the accompanying financial statements of the Village of Old Washington, Guernsey County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated February 5, 2001. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 1999-31030-001, 1999-31030-002, 1999-31030-003, 1999-31030-004 and 1999-31030-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 5, 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 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 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. The reportable condition is described in the accompanying Schedule of Findings as item 1999-31030-006.

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, the reportable condition described above is considered 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 February 5, 2001.

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

February 5, 2001

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-31030-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states, in part, 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 or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the subdivision's fiscal officer. This section provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt by the taxing authority of the subdivision or taxing unit of a certificate of the fiscal officer stating that there was at the time of the making of such contract or order and at the time of execution of such certificate a sufficient sum appropriated for the purchase of such contract and in the treasury or process of collection to the credit of an appropriate fund free from any previous encumbrances, such taxing authority may authorize the drawing of a warrant in payment of amounts due upon such contract, but such resolution or ordinance shall be passed within thirty days from the receipt of such certificate.

- B. If the amount is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the taxing authority, if upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the taxing authority.

The Village did not obtain prior certification of the availability of funds for any expenditures made during 1998 or 1999. These commitments were not subsequently resolved to be paid by the Village Council within the aforementioned 30 day time period.

We recommend the Village Clerk certify the availability of funds prior to the cash expenditure being made. Where prior certification is not feasible, we encourage the Clerk to utilize "then and now" certificates or blanket certificates.

FINDING NUMBER 1999-31030-002

Noncompliance Citation

Ohio Rev. Code section 5705.10 states, in part, that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

We noted negative fund balances in the Street Construction, Maintenance and Repair Fund from June through December of 1999 and the State Highway Fund from July through December of 1999. The practice of using monies in specific funds for purposes other than for which such fund has been established will lead to negative fund balances, which could cause undue financial stress on the Village.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-31030-002 (Continued)

Noncompliance Citation (Continued)

We recommend the Village use monies within specific funds for only the purposes for which the particular fund has been established.

FINDING NUMBER 1999-31030-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36 states, in part, that on or about the first day of each fiscal year, the fiscal officer of the Village is to certify to the County Auditor the total amount from all sources which is available for expenditure from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. In addition it allows Villages to request increased Amended Certificates of Estimated Resources upon determination by the fiscal officer that revenue to be collected will be greater than the amount in the Official Certificate of Estimated Resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

The Village did not certify their 1999 amounts to the County Auditor until March 31, 1999.

During 1998, the Village received County Permissive Tax monies. These County Permissive Tax monies were not reflected on the Original Certificate of Estimated Resources, nor was an amendment made to reflect these receipts.

We recommend the Village certify their total amount available for expenditure from each fund on or about the first day of the fiscal year. In addition, the Village should request an Amended Certificate of Estimated Resources when receipts to be collected will be greater than the amount in the Original Certificate of Estimated Resources.

FINDING NUMBER 1999-31030-004

Noncompliance Citation

Ohio Rev. Code Section 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

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

The Village's fiscal year 1999 appropriation measure was certified by the County Auditor on April 6, 1999. There was no indication of a temporary measure being passed.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-31030-004 (Continued)

Noncompliance Citation (Continued)

Therefore, all monies expended from January 1, 1999 through April 6, 1999 were expended without being properly appropriated. In addition, during 1998 the Village expended money from the County Permissive Tax Fund, Capital Projects Fund Type without making any appropriations. Also during 1998, the FEMA Fund, Special Revenue Fund Type had expenditures that exceeded appropriations by \$965. During 1999, the Street Construction, Maintenance and Repair Fund, Special Revenue Fund Type had expenditures that exceeded appropriations by \$1,269.

We recommend the Village certify their annual appropriations around the first day of each fiscal year. If this is not practicable, the Village should pass a temporary appropriation measure until the permanent appropriations could be passed. Additionally, we recommend expenditures of each fund be reviewed on a monthly basis by the Village Council and the Clerk to ensure they do not exceed the amount that was appropriated. The Clerk should deny any payments until the legislative authority has passed the appropriations.

FINDING NUMBER 1999-31030-005

26 U. S. C. Section 3403 states that employers are liable for payment of the tax deducted and withheld.

The Village withheld medicare and social security taxes from the employees but did not remit the employee's share or the employer's share to the Internal Revenue Service for the last six quarters. The employee and employer share of medicare not remitted was \$673.02 and the social security amount was \$220.73.

We recommend the Village remit the employee and employer share of medicare and social security taxes quarterly on IRS Form 941. In our next audit, we will consider whether the Village has addressed this matter. If, in our opinion, the Village has not sufficiently addressed this matter, we may refer it directly to the IRS. We considered the effect of this matter in forming our opinion on the Village's financial statements.

FINDING NUMBER 1999-31030-006

Reportable Condition

The Village should maintain adequate financial and budgetary records to provide ongoing and timely information. Our review of Village records indicated that Village ledgers were not maintained in such a way to provide up-to-date information throughout the year.

We recommend the Village consider the following systems and documents to effectively maintain the accounting and budgetary records:

- A. Purchase orders should be used by the Village to approve purchase commitments and to encumber funds against the applicable appropriation account(s). Purchase orders are not effective unless the fiscal officer's certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services is made.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-31030-006 (Continued)

Reportable Condition (Continued)

- B. Vouchers may be used as a written order authorizing the drawing of a check in payment of a lawful obligation of the Village. Each voucher shall contain the date, purchase order number, account code, amount, approval, and any other required information.
- C. Cash Journal, which typically contains the following information: the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to classify the transaction
- D. Receipts Ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transaction can be recorded on this ledger
- E. Appropriation Ledger, which may assemble and classify disbursements or expenditures/expenses into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.
- F. The Village should integrate the budgetary accounts, at the legal level of control, into the accounting system. That is, the Village should enter its budgeted receipts and appropriated disbursements for each account. This will allow the accounting records to provide ongoing information about whether sufficient appropriation authority exists to support a purchase commitment. The legal level of control is established by the level at which the legislative body appropriates.

The Village should review Ohio Administrative Code Section 117-2-02 regarding the basic requirements of a local government's accounting system.



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OFFICE OF THE AUDITOR

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VILLAGE OF OLD WASHINGTON

GUERNSEY 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
MARCH 20, 2001**