



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF FULTON
MORROW COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Fulton
Morrow County
P.O. Box 5
Fulton, Ohio 43321

To the Village Council:

We have audited the accompanying financial statements of the Village of Fulton, Morrow County, Ohio (the Village) as of and for the year ended December 31, 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2001, and its combined cash receipts and disbursements for the year 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 30, 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 audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Village taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the management, Village Council, federal awarding agencies and pass through entities 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", with a large, stylized flourish at the end.

JIM PETRO
Auditor of State

July 30, 2002

**VILLAGE OF FULTON
MORROW 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$1,320	\$0	\$2,927	\$4,247
Special Assessments	0	1,932	0	1,932
Intergovernmental Receipts	15,804	8,568	1,318,519	1,342,891
Charges for Services	10,642	0	0	10,642
Fines, Licenses, and Permits	0	0	3,125	3,125
Earnings on Investments	454	1,523	0	1,977
Miscellaneous	904	0	0	904
	<u>29,124</u>	<u>12,023</u>	<u>1,324,571</u>	<u>1,365,718</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	2,852	0	0	2,852
Transportation	0	18,427	0	18,427
General Government	29,981	2,102	4,463	36,546
Capital Outlay	0	0	1,611,426	1,611,426
	<u>32,833</u>	<u>20,529</u>	<u>1,615,889</u>	<u>1,669,251</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(3,709)	(8,506)	(291,318)	(303,533)
Other Financing Receipts:				
Loan Proceeds	0	0	534,377	534,377
Total other Financing Receipts	0	0	534,377	534,377
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(3,709)	(8,506)	243,059	230,844
Fund Cash Balances, January 1	18,872	70,501	10,224	99,597
Fund Cash Balances, December 31	<u>\$15,163</u>	<u>\$61,995</u>	<u>\$253,283</u>	<u>\$330,441</u>

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

**VILLAGE OF FULTON
MORROW COUNTY**

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

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$12,129
Total Operating Cash Receipts	12,129
Operating Cash Disbursements:	
Personal Services	654
Contractual Services	1,200
Total Operating Cash Disbursements	1,854
Operating Income	10,275
Net Receipts Over/(Under) Disbursements	10,275
Fund Cash Balances, January 1	0
Fund Cash Balances, December 31	\$10,275

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

**VILLAGE OF FULTON
MORROW COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Fulton, Morrow County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general government services and water and sewer utilities.

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. 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 Fund:

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

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:

Sewer Construction Fund - This fund receives loan proceeds and grants for the purpose of constructing a wastewater treatment facility.

**VILLAGE OF FULTON
MORROW COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

4. 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.

Sewer and Operations – This fund is to account for charges for the sewer system of the village.

D. 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 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. 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 budgetary activity appears in Note 3.

E. 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.

**VILLAGE OF FULTON
MORROW COUNTY**

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

2. EQUITY IN POOLED CASH

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

Demand deposits	\$340,716
Total deposits	340,716

Deposits: At September 1, 2001, \$268,909 of deposits were not insured or collateralized, in violation of Ohio law.

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$29,124	\$29,124
Special Revenue	0	12,023	12,023
Capital Projects	0	1,858,948	1,858,948
Enterprise	0	12,129	12,129
Total	\$0	\$1,912,224	\$1,912,224

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$40,040	\$32,833	\$7,207
Special Revenue	65,000	20,529	44,471
Capital Projects	2,082,929	1,615,889	467,040
Enterprise	0	1,854	(1,854)
Total	\$2,187,969	\$1,671,105	\$516,864

The Village did not complete or file the total amount from all sources which is available for expenditure from each fund in the tax budget along with any balances that existed at the end of the preceding year. In addition, the Village did not obtain the required official or amended certificate of estimated resources during 2001. Subsequently all of the Village fund appropriations were in excess of estimated resources. Budgetary appropriations were also not amended in the enterprise funds.

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.

**VILLAGE OF FULTON
MORROW COUNTY**

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

4. PROPERTY TAX (Continued)

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. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA - Rural Development	716,000	0.00%
Total	<u>\$716,000</u>	

The USDA Rural Development Authority loaned the Village \$716,000 for the construction of a Wastewater Treatment Lift station. The loan payments will not be determined until the project is complete. Upon completion, repayment guidelines will be established.

6. WASTEWATER TREATMENT LIFTSTATION

The Village is currently constructing a Wastewater Treatment Lift station. The Village has secured state and federal grants in the amount of \$1,680,000 for this project. In addition, the USDA Rural Development Authority has loaned the Village \$716,000. The estimated cost of this project is \$2.3 million dollars.

7. RETIREMENT SYSTEMS

The Village employees 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 2001, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries during 2001. The Village has paid all contributions required through December 31, 2001.

8. RISK MANAGEMENT

Risk Pool Membership

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

VILLAGE OF FULTON
MORROW COUNTY

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

8. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, 2000 and 1999 (the latest years available):

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	(\$904,546)	\$689,536

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**VILLAGE OF FULTON
MORROW COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Water and Waste Disposal Systems for Rural Communities		10.760	<u>\$827,864</u>
Total U.S. Department of Agriculture			<u>827,864</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grant	C-W-99-220-1	14.228	<u>423,678</u>
Total U.S. Department of Housing and Urban Development			<u>423,678</u>
Total Federal Disbursements			<u><u>\$1,251,542</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**VILLAGE OF FULTON
MORROW COUNTY**

FISCAL YEAR ENDED DECEMBER 31, 2001

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal award programs. The schedule has been prepared on the cash basis of accounting.



**STATE OF OHIO
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Fulton
Morrow County
P.O. Box 5
Fulton, Ohio 43321

We have audited the accompanying financial statements of the Village of Fulton, Morrow County, Ohio (the Village) as of and for the year ended December 31, 2001, and have issued our report thereon dated July 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-30659-001 to 2001-30659-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 30, 2002.

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. 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 material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 30, 2002.

This report is intended solely for the information and use of the management, Village Council, and federal awarding agencies and pass through entities 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 stylized with a large, looping initial "J" and a cursive "Petro".

JIM PETRO
Auditor of State

July 30, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of Fulton
Morrow County
P.O. Box 5
Fulton, Ohio 43321

Compliance

We have audited the compliance of the Village of Fulton, Morrow County, Ohio, (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The Village's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 30, 2002.

Internal Control Over Compliance

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Village Council
Village of Fulton
Morrow County
Report on Compliance with Requirements
Applicable to Major Federal Programs and Internal
Control Over Compliance In Accordance With OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management, Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



JIM PETRO
Auditor of State

July 30, 2002

VILLAGE OF FULTON
MORROW COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2001

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Program (list):	Water and Waste Disposal Systems for Rural Communities (CFDA # 10.760) Community Development Block Grant (CDBG) (CFDA # 14.228)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

23VILLAGE OF FULTON
MORROW COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2001
(Continued)

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

Finding Number	2001-30659-001
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Budgetary Requirements – Certifying All Sources Available

Ohio Rev. Code Section 5705.36 requires “that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the County Auditor the total amounts from all sources which are available for expenditure from each fund in the tax budget along with any balances that existed at the end of the preceding year.”

The Village did not file the required certificate with the County Auditor for Fiscal Year 2001. Subsequently the County Budget Commission did not issue an official or amended Certificate of Estimated Resources for 2001.

We recommend in the future the Clerk Treasurer complete and file with the County Auditor the certificate of the total amount from all sources which is available for expenditures and the balances existing at the end of the preceding year.

Finding Number	2001-30659-002
-----------------------	-----------------------

Budgetary Requirements – Appropriations in excess of Estimated Resources

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditures there from, as certified by the budget commission. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund do not exceed such official estimate or amended official estimate.

The Village did not obtain the required official or amended certificate of estimated resources during 2001. Subsequently all of the Village’s fund appropriations were in excess of the estimated resources in the amount of \$2,187,969. We recommend the Village ensure that they receive the official and amended certificate of resources and to monitor these against their appropriations in order to ensure they do not exceed the estimated resources.

Finding Number	2001-30659-003
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Budgetary Requirements – Amending or Supplementing Appropriations

Ohio Rev. Code Section 5705.40 states that an appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation.

The Village established new enterprise funds and posted expenditures to those funds, however, the original appropriation resolution was not amended to reflect the establishment of these new funds and the expenditures for these funds.

We recommend that the Village amend or supplement appropriations throughout the year to reflect changes made during the year.

**23VILLAGE OF FULTON
MORROW COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
DECEMBER 31, 2001
(Continued)**

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

Finding Number	2001-30659-004
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Budgetary Requirements – Then and Now Certificates

Ohio Rev. Code Section 5705.41(D) states 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. The amount so certified shall be recorded against the applicable appropriation account.

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 Clerk Treasurer’s certificate that a sufficient sum was both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the may authorize it to be paid without the affirmation of the Village Council.

In all of the expenditures tested, the Clerk Treasurer did not make the required certifications at the time the village entered into the contracts or purchase commitments. Additionally, these payments were not subsequently approved by the Village Council within the aforementioned 30 day time period.

We recommend the Clerk Treasurer certify purchase orders prior to entering into a contract or ordering an expenditure of money.

Finding Number	2001-30659-005
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Collateral

Ohio Revised Code Section 135.18 and 135.181 states that the treasurer of a subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

At September 1, 2001 the Village’s depository balance exceeded the \$100,000 coverage provided by the FDIC by \$268,909 and no additional collateral was evidenced by the depository.

We recommend that the Village ensure that their depository provide adequate collateral for cash balances in excess of FDIC coverage.

3. FINDINGS RELATED TO FEDERAL AWARDS
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None.

**VILLAGE OF FULTON
MORROW COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30659-001	Revised Code 5705.41(D) – failure to certify funds.	No	Not Corrected
2000-30659-002	Revised Code 5705.41(B) – expenditures exceeding appropriations.	No	Partially Corrected – Reported in the management letter



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

VILLAGE OF FULTON

MORROW 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 29, 2002**