

**VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2001 and 2000

SUE MERMANN, CLERK/TREASURER



STATE OF OHIO
OFFICE OF THE AUDITOR

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Members of Council
Village of Mt. Gilead
72 West High Street
Mt. Gilead, OH 43338

We have reviewed the Independent Auditor's Report of the Village of Mt. Gilead, Morrow County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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JIM PETRO
Auditor of State

July 17, 2002

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**VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO**

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Independent Auditor's Report

Members of Council
Village of Mt. Gilead
72 West High Street
Mt. Gilead, Ohio 43338

We have audited the accompanying financial statements of the Village of Mt. Gilead, Morrow County, Ohio, as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village of Mt. Gilead'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 2, the Village of Mt. Gilead 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 accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of Mt. Gilead as of December 31, 2001 and 2000 and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2002, on our consideration of the Village of Mt. Gilead'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 the Village of Mt. Gilead's management 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.

Trimble, Julian & Grube, Inc.
June 24, 2002

**VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2001 and 2000

	2001	2000
<u>Cash and Investments</u>		
Cash and Cash Equivalents	\$ 1,046,749	\$ 880,161
Investments	1,478,780	1,407,347
Total Cash and Investments	\$ 2,525,529	\$ 2,287,508
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 584,009	\$ 530,726
Special Revenue Funds	310,285	260,275
Debt Service Fund	7,400	7,217
Capital Project Funds	488,551	410,893
Total Governmental Fund Types	1,390,245	1,209,111
<u>Proprietary Fund Type:</u>		
Enterprise Funds	1,121,830	1,063,686
<u>Fiduciary Fund Types:</u>		
Expendable Trust Fund	12,301	12,441
Agency Fund	1,153	2,270
Total Fiduciary Fund Types	13,454	14,711
Total Fund Balances	\$ 2,525,529	\$ 2,287,508

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

**VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND
SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types				Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts:						
Property and other local taxes	\$ 751,398	\$ 11,163	\$ -	\$ 36,410	\$ -	\$ 798,971
Intergovernmental	187,177	107,370	-	70,805	-	365,352
Charges for services	20,352	20,352	-	-	-	40,704
Fines, licenses and permits	60,340	7,391	-	-	-	67,731
Interest receipts	59,992	2,898	198	2,450	-	65,538
Rental income	3,300	-	-	-	-	3,300
Miscellaneous	54,295	-	-	180	-	54,475
Total cash receipts	<u>1,136,854</u>	<u>149,174</u>	<u>198</u>	<u>109,845</u>	<u>-</u>	<u>1,396,071</u>
Cash disbursements:						
Current:						
Security of persons and property	419,961	40,082	-	-	-	460,043
Public health services	1,162	-	-	-	-	1,162
Basic utility services	24,085	-	-	-	-	24,085
Transportation	1,769	278,513	-	-	-	280,282
General government	326,594	-	-	-	25,140	351,734
Capital outlay	-	65,569	-	124,802	-	190,371
Debt service:						
Principal retirement	-	-	350,000	-	-	350,000
Interest charges	-	-	17,466	-	-	17,466
Total cash disbursements	<u>773,571</u>	<u>384,164</u>	<u>367,466</u>	<u>124,802</u>	<u>25,140</u>	<u>1,675,143</u>
Total cash receipts over/(under) cash disbursements	<u>363,283</u>	<u>(234,990)</u>	<u>(367,268)</u>	<u>(14,957)</u>	<u>(25,140)</u>	<u>(279,072)</u>
Other financing sources/(uses):						
Proceeds of notes	-	-	250,000	-	-	250,000
Transfers-in	-	310,000	117,451	92,615	25,000	545,066
Transfers-out	(310,000)	(25,000)	-	-	-	(335,000)
Total other financing sources/(uses)	<u>(310,000)</u>	<u>285,000</u>	<u>367,451</u>	<u>92,615</u>	<u>25,000</u>	<u>460,066</u>
Excess of cash receipts and other financing sources over/(under) cash disbursements and other financing sources/(uses)	53,283	50,010	183	77,658	(140)	180,994
Cash fund balances, January 1, 2001	<u>530,726</u>	<u>260,275</u>	<u>7,217</u>	<u>410,893</u>	<u>12,441</u>	<u>1,221,552</u>
Cash fund balances, December 31, 2001	<u>\$ 584,009</u>	<u>\$ 310,285</u>	<u>\$ 7,400</u>	<u>\$ 488,551</u>	<u>\$ 12,301</u>	<u>\$ 1,402,546</u>

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

**VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO**

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

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 1,062,784	\$ -	\$ 1,062,784
Total operating cash receipts	<u>1,062,784</u>	<u>-</u>	<u>1,062,784</u>
Operating cash disbursements:			
Personal services	265,749	-	265,749
Supplies and materials	262,475	-	262,475
Capital outlay	52,860	-	52,860
Total operating cash disbursements	<u>581,084</u>	<u>-</u>	<u>581,084</u>
Operating income	<u>481,700</u>	<u>-</u>	<u>481,700</u>
Nonoperating cash receipts:			
Rental income	8,000	-	8,000
Local taxes	29,708	-	29,708
Interest receipts	53,063	-	53,063
Miscellaneous	718	-	718
Fines collected	-	84,203	84,203
Total nonoperating cash receipts	<u>91,489</u>	<u>84,203</u>	<u>175,692</u>
Nonoperating cash disbursements:			
Debt Service:			
Principal retirement	144,996	-	144,996
Interest charges	159,983	-	159,983
Fines disbursed	-	85,320	85,320
Total nonoperating cash disbursements	<u>304,979</u>	<u>85,320</u>	<u>390,299</u>
Net of cash receipts over/(under) cash disbursements before transfers-out	268,210	(1,117)	267,093
Transfers-out	<u>(210,066)</u>	<u>-</u>	<u>(210,066)</u>
Net cash receipts over/(under) cash disbursements after transfers-out	58,144	(1,117)	57,027
Cash fund balances, January 1, 2001	<u>1,063,686</u>	<u>2,270</u>	<u>1,065,956</u>
Cash fund balances, December 31, 2001	<u>\$ 1,121,830</u>	<u>\$ 1,153</u>	<u>\$ 1,122,983</u>

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

VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2001

Fund Types	County Certified Unnumbered Cash	Receipts				Disbursements				Variance Favorable (Unfavorable)		
		Budget	Estimated Resources	Actual 2001 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2001 Appropriations	Total	Actual 2001 Disbursements		Encumbrances Outstanding at 12/31/01	Total
Governmental:												
General	\$ 495,797	\$ 1,059,500	\$ 1,555,297	\$ 1,136,854	\$ 77,354	\$ 36,417	\$ 1,541,939	\$ 1,578,356	\$ 1,083,571	\$ 30,673	\$ 1,114,244	\$ 464,112
Special Revenue	230,214	536,368	766,582	459,174	(77,194)	11,719	434,668	446,387	409,164	3,653	412,817	33,570
Debt Service	7,217	472,000	479,217	367,649	(104,351)	-	472,000	472,000	367,466	-	367,466	104,534
Capital Projects	396,096	108,000	504,096	202,460	94,460	16,915	295,000	311,915	124,802	-	124,802	187,113
Proprietary:												
Enterprise	964,609	1,047,700	2,012,309	1,154,273	106,573	98,950	1,348,981	1,447,931	1,096,129	59,337	1,155,466	292,465
Fiduciary:												
Expendable Trust	27,015	41,450	68,465	25,000	(16,450)	199	29,450	29,649	25,140	1,789	26,929	2,720
Total (Memorandum Only)	\$ 2,120,948	\$ 3,265,018	\$ 5,385,966	\$ 3,345,410	\$ 80,392	\$ 164,200	\$ 4,122,038	\$ 4,286,238	\$ 3,106,272	\$ 95,452	\$ 3,201,724	\$ 1,084,514

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

**VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO**

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

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts:						
Property and other local taxes	\$ 865,226	\$ 13,882	\$ -	\$ 41,602	\$ -	\$ 920,710
Intergovernmental	221,104	111,803	-	151,265	-	484,172
Charges for services	23,456	23,597	-	-	-	47,053
Fines, licenses and permits	65,552	8,846	-	-	-	74,398
Interest receipts	57,824	2,215	3,825	1,406	-	65,270
Reimbursements	7,090	-	-	-	-	7,090
Miscellaneous	52,667	-	-	-	-	52,667
Total cash receipts	<u>1,292,919</u>	<u>160,343</u>	<u>3,825</u>	<u>194,273</u>	<u>-</u>	<u>1,651,360</u>
Cash disbursements:						
Current:						
Security of persons and property	395,683	41,510	-	-	-	437,193
Public health services	1,264	-	-	-	-	1,264
Basic utility services	24,843	400	-	-	-	25,243
Transportation	1,825	295,689	-	-	-	297,514
General government	336,885	760	-	-	27,762	365,407
Capital outlay	20,156	247,514	-	314,422	-	582,092
Debt service:						
Principal retirement	-	-	450,000	-	-	450,000
Interest charges	-	-	19,705	-	-	19,705
Total cash disbursements	<u>780,656</u>	<u>585,873</u>	<u>469,705</u>	<u>314,422</u>	<u>27,762</u>	<u>2,178,418</u>
Total cash receipts over/(under) cash disbursements	<u>512,263</u>	<u>(425,530)</u>	<u>(465,880)</u>	<u>(120,149)</u>	<u>(27,762)</u>	<u>(527,058)</u>
Other financing sources/(uses):						
Proceeds of notes	-	-	350,000	-	-	350,000
Transfers-in	-	440,000	119,690	273,332	30,000	863,022
Transfers-out	(445,000)	(25,000)	-	-	-	(470,000)
Total other financing sources/(uses)	<u>(445,000)</u>	<u>415,000</u>	<u>469,690</u>	<u>273,332</u>	<u>30,000</u>	<u>743,022</u>
Excess of cash receipts and other financing sources over/(under) cash disbursements and other financing receipts/(uses)	67,263	(10,530)	3,810	153,183	2,238	215,964
Cash fund balances, January 1, 2000	<u>463,463</u>	<u>270,805</u>	<u>3,407</u>	<u>257,710</u>	<u>10,203</u>	<u>1,005,588</u>
Cash fund balances, December 31, 2000	<u>\$ 530,726</u>	<u>\$ 260,275</u>	<u>\$ 7,217</u>	<u>\$ 410,893</u>	<u>\$ 12,441</u>	<u>\$ 1,221,552</u>

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

**VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO**

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

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 1,035,244	\$ -	\$ 1,035,244
Total operating cash receipts	<u>1,035,244</u>	<u>-</u>	<u>1,035,244</u>
Operating cash disbursements:			
Personal services	248,695	-	248,695
Supplies and materials	248,317	-	248,317
Capital outlay	24,387	-	24,387
Total operating cash disbursements	<u>521,399</u>	<u>-</u>	<u>521,399</u>
Operating income	<u>513,845</u>	<u>-</u>	<u>513,845</u>
Nonoperating cash receipts:			
Intergovernmental	3,625	-	3,625
Local taxes	38,431	-	38,431
Interest receipts	68,281	-	68,281
Miscellaneous	6,000	-	6,000
Fines collected	-	85,889	85,889
Total nonoperating cash receipts	<u>116,337</u>	<u>85,889</u>	<u>202,226</u>
Nonoperating cash disbursements:			
Debt Service:			
Principal retirement	139,992	-	139,992
Interest charges	171,592	-	171,592
Fines disbursed	-	89,850	89,850
Total nonoperating cash disbursements	<u>311,584</u>	<u>89,850</u>	<u>401,434</u>
Net of cash receipts over/(under) cash disbursements before transfers-out	318,598	(3,961)	314,637
Transfers-out	<u>(393,022)</u>	<u>-</u>	<u>(393,022)</u>
Net cash receipts (under) cash disbursements after transfers-out	(74,424)	(3,961)	(78,385)
Cash fund balances, January 1, 2000	<u>1,138,110</u>	<u>6,231</u>	<u>1,144,341</u>
Cash fund balances, December 31, 2000	<u>\$ 1,063,686</u>	<u>\$ 2,270</u>	<u>\$ 1,065,956</u>

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

VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2000

Fund Types	Receipts				Disbursements				Variance Favorable (Unfavorable)			
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2000 Receipts	Variance Favorable (Unfavorable)	(Restated) Prior Year Carryover Appropriations	2000 Appropriations	Total		Actual 2000 Disbursements	Encumbrances Outstanding at 12/31/00	Total
Governmental:												
General	\$ 403,024	\$ 1,023,250	\$ 1,426,274	\$ 1,292,919	\$ 269,669	\$ 52,092	\$ 1,481,495	\$ 1,533,587	\$ 1,225,656	\$ 36,417	\$ 1,262,073	\$ 271,514
Special Revenue	237,322	676,800	914,122	600,343	(76,457)	14,776	692,875	707,651	610,873	11,719	622,592	85,059
Debt Service	3,407	570,000	573,407	473,515	(96,485)	-	572,000	572,000	469,705	-	469,705	102,295
Capital Projects	191,847	38,500	230,347	467,605	429,105	-	350,505	350,505	314,422	16,915	331,337	19,168
Proprietary:												
Enterprise	785,207	1,094,600	1,879,807	1,151,581	56,981	65,542	1,219,772	1,285,314	1,226,005	98,950	1,324,955	(39,641)
Fiduciary:												
Expendable Trust	10,036	34,000	44,036	30,000	(4,000)	9,832	51,000	60,832	27,762	199	27,961	32,871
Total (Memorandum Only)	\$ 1,630,843	\$ 3,437,150	\$ 5,067,993	\$ 4,015,963	\$ 578,813	\$ 142,242	\$ 4,367,647	\$ 4,509,889	\$ 3,874,423	\$ 164,200	\$ 4,038,623	\$ 471,266

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

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Mt. Gilead (the "Village"), is a body politic and corporate established for the purpose of exercising 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 water and sewer utilities, park operations (leisure time activities), and police services.

Management believes the financial statements included in this report represent all of the funds over which the Village officials have direct operating control, except debt service funds maintained by outside custodians which are not included in these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

Debt Service Funds

The debt service funds are used to accumulate resources for the payment of bonds and note indebtedness.

The Village had the following significant debt service fund:

General Bond Obligation Fund - This fund receives proceeds of debt to pay for the acquisition and construction of water treatment and distribution facilities with related equipment and site improvements.

Capital Projects Funds

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The Village had the following significant capital projects fund:

Sewer Capital Improvements - This fund is used to pay for sewer capital improvements to the Village.

PROPRIETARY FUND:

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds:

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Fiduciary Funds (Trust and Agency 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. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Income Tax Fund - (Expendable Trust Fund) - This fund receives monies from the Village income tax to be used for operations at the discretion of the Village council.

Mayors' Court - (Agency Fund) - This fund receives monies from collections or fines imposed from tickets issued by the Village's police protection force. Funds are collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization and general Village operations.

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.

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted several supplemental appropriations during 2001 and 2000.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. Prior year encumbrance carryover has been restated at December 31, 1999 to properly reflect amounts encumbered. The Village had outstanding encumbrances at December 31, 2001 and 2000.

D. CASH AND INVESTMENTS

For reporting purposes, the Village considers "Cash and Investments" to be cash on hand, demand deposits, and all investments in STAR Ohio held by the Village. Interest earned on investments held by the treasurer is credited to the General Fund and allocated amongst funds as required. Interest income earned and received by the Village totaled \$118,601 and \$133,551, for the years ended December 31, 2001 and 2000, respectively.

E. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include:

Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

G. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

H. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 3 - 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:

Deposits and Investments	<u>2001</u>	<u>2000</u>
Demand deposits	\$ 1,046,749	\$ 880,161
STAR Ohio - Investments	<u>1,478,780</u>	<u>1,407,347</u>
Total deposits and investments	<u><u>\$ 2,525,529</u></u>	<u><u>\$ 2,287,508</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

NOTE 4 - COMPLIANCE

It was noted during the audit that the Village had appropriations in excess of estimated resources in the following funds for the years ending December 31, 2001 and 2000 in noncompliance with Ohio Revised Code Section 5705.39:

<u>2001:</u> <u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Capital Projects Fund</u>			
Capital Improvements	\$ 124,762	\$ 145,000	\$20,238
<u>2000:</u> <u>Fund Type/Fund</u>			
General Fund	1,426,274	1,481,495	55,221
<u>Special Revenue Funds</u>			
Drug Law Enforcement	0	1,000	1,000
Fire Equipment Reserve	50,000	75,000	25,000

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 4 - COMPLIANCE - (Continued)

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Capital Projects Fund</u>			
Sewer Capital Improvements	\$144,381	\$325,505	\$181,124
<u>Expendable Trust Fund</u>			
Income Tax	44,036	51,000	6,964

It was noted during the audit that for the years ended December 31, 2001 and 2000 the Village had expenditures exceeding appropriations in noncompliance with Ohio Revised Code Section 5705.41(B) in the following funds:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>2001:</u>			
<u>Fund Type/Fund/Department Object</u>			
<u>General Fund</u>			
Police Law Enforcement:			
Contractual Services	\$ 3,928	\$ 19,226	\$15,298
Fire Fighting:			
Personal Services	33,425	46,229	12,804
Village Administrator:			
Contractual Services	750	923	173
Legislative Activities:			
Personal Services	39,400	40,646	1,246
Capital Outlay	5,059	16,205	11,146
Mayors Court:			
Personal Services	37,645	39,327	1,682
Other:			
County Auditor and Treasurer Fees	300	2,505	2,205
<u>Special Revenue Fund</u>			
Street Maintenance and Repair:			
Supplies and Materials	54,606	116,173	61,567
<u>Enterprise Funds</u>			
Sewer:			
Debt Service	30,000	32,317	2,317
Recreation Dept:			
Personal Services	53,500	61,502	8,002
<u>Expendable Trust Fund</u>			
Income Tax:			
Personal Services	22,450	25,140	2,690

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 4 - COMPLIANCE - (Continued)

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>2000:</u>			
<u>Fund Type/Fund/Department Object</u>			
<u>General Fund</u>			
Fire Fighting:			
Personal Services	\$ 34,612	\$ 34,912	\$ 300
Contractual Services	10,058	17,259	7,201
Storm Sewer and Drains:			
Supplies and Materials	15,540	24,843	9,303
Clerk/Treasurer:			
Supplies and Materials	16,102	21,122	5,020
Other:			
County Auditor and Treasurer Fees	3,500	3,546	46
<u>Special Revenue Fund</u>			
Street Maintenance and Repair:			
Supplies and Materials	120,576	155,232	34,656
<u>Enterprise Funds</u>			
Water:			
Debt Service	405,309	431,274	25,965
Sewer:			
Transfers	196,906	211,409	14,503
<u>Expendable Trust Fund</u>			
Income Tax:			
Supplies and Materials	2,000	7,653	5,653

NOTE 5 - TAXES

A. PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 5 - TAXES - (Continued)

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.

B. INCOME TAXES

The Regional Income Tax Agency (RITA) administers and collects income taxes for the Village of Mt. Gilead. Payments less a 3% administration fee for RITA, are remitted to the Village monthly for tax receipts received in the prior month. Income tax revenue is credited to the General fund at 95% and the Capital Improvements Fund at 5%. Income Tax Revenue totaled \$728,207 and \$832,038 in 2001 and 2000, respectively.

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2001, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2001</u>
1999 Water System Mortgage Revenue Bonds for construction of water system, due in monthly installments of varying amounts through 2017 bearing a varying interest rate.	\$3,571,679
Water Distribution Notes in anticipation of the issuance of bonds for the purpose of acquiring and constructing water treatment and distribution facilities retiring notes previously issued due in November, bearing an interest rate of 5%.	<u>250,000</u>
Total debt obligations at December 31, 2001	<u>\$3,821,679</u>

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Transactions for the years ended December 31, 2001 and 2000 are summarized as follows:

<u>2001</u>	<u>Balance at</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at</u>
<u>Description</u>	<u>December 31, 2000</u>			<u>December 31, 2001</u>
Mortgage Revenue Refunding Bonds	\$3,716,675	\$ -	\$ 144,996	\$3,571,679
Water Distribution Notes	<u>350,000</u>	<u>250,000</u>	<u>350,000</u>	<u>250,000</u>
Total	<u>\$4,066,675</u>	<u>\$250,000</u>	<u>\$494,996</u>	<u>\$3,821,679</u>
<u>2000</u>	<u>Balance at</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at</u>
<u>Description</u>	<u>December 31, 1999</u>			<u>December 31, 2000</u>
Mortgage Revenue Refunding Bond	\$3,856,667	\$ -	\$139,992	\$3,716,675
Water Distribution Notes	<u>450,000</u>	<u>350,000</u>	<u>450,000</u>	<u>350,000</u>
Total	<u>\$4,306,667</u>	<u>\$350,000</u>	<u>\$589,992</u>	<u>\$4,066,675</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2001, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Water Distribution Notes</u>		<u>Mortgage Revenue Bonds</u>		<u>Totals</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2002	\$250,000	\$12,500	\$ 150,000	\$ 173,922	\$ 400,000	\$ 186,422
2003	-	-	160,000	167,922	160,000	167,922
2004	-	-	170,000	160,922	170,000	160,922
2005	-	-	175,000	154,058	175,000	154,058
2006	-	-	185,000	146,446	185,000	146,446
2007 - 2011	-	-	1,050,000	597,852	1,050,000	597,852
2012 - 2016	-	-	1,355,000	308,128	1,355,000	308,128
2017	<u>-</u>	<u>-</u>	<u>326,679</u>	<u>16,852</u>	<u>326,679</u>	<u>16,852</u>
Totals	<u>\$250,000</u>	<u>\$12,500</u>	<u>\$3,571,679</u>	<u>\$1,726,102</u>	<u>\$3,821,679</u>	<u>\$1,738,602</u>

NOTE 7 - RETIREMENT SYSTEMS

The Village's full-time law enforcement officers belong to the Ohio Police & Fire Pension Funds (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF MT. GILEAD
MORROW COUNTY**

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

NOTE 7 - RETIREMENT SYSTEMS - (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. At December 31, 2001, the Village's unpaid portion for OP&F and PERS was \$11,456 and \$18,651, respectively.

NOTE 8 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Electronic Data Processing
- Errors and omissions

NOTE 9 - DEBT SERVICE TRUSTEED ACCOUNT

The Water Plant Expansion Refunding trust agreement required the Village to establish a debt service account to be maintained by a custodian bank. The Village has established this account. At December 31, 2001, the custodian held \$3,837,540 in Village assets. These assets and the related receipts and disbursements are not reflected in the accompanying financial statements.

NOTE 10 - LITIGATION

The Village is involved in a separate issue of litigation at year-end. In management's opinion, this issue does not represent a potential significant financial impact on the Village.

NOTE 11 - SUBSEQUENT EVENT

On November 15, 1999, the Village Council approved a grant in the amount of \$100,000 to the Mt. Gilead CIC to encourage economic development. The grant money came out of the Village's General Fund. The CIC, in turn, loaned the \$100,000 to HPM Corporation. As of the date of our report, HPM has filed bankruptcy. The Village feels it will recover the full \$100,000.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
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Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of Council
Village of Mt. Gilead
72 West High Street
Mt. Gilead, Ohio 43338

We have audited the financial statements of the Village of Mt. Gilead, Morrow County, Ohio, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 24, 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 of Mt. Gilead'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-VOMG-001 and 2001-VOMG-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Mt. Gilead in a separate letter dated June 24, 2002.

Village of Mt. Gilead
Morrow County

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Mt. Gilead'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 of Mt. Gilead in a separate letter dated June 24, 2002.

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

Trimble, Julian & Grube, Inc.
June 24, 2002

**VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO
DECEMBER 31, 2001 AND 2000**

SCHEDULE OF FINDINGS

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

Finding Number	2001-VOMG-001
----------------	---------------

Ohio Revised Code Section 5705.39 requires that no fund should have appropriations in excess of estimated resources.

It was noted during the audit that the Village had appropriations in excess of estimated resources in the following funds for the years ended December 31, 2001 and 2000:

<u>2001:</u> <u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Capital Projects Fund</u>			
Capital Improvements	\$ 124,762	\$ 145,000	\$20,238
 <u>2000:</u> <u>Fund Type/Fund</u>			
General Fund	1,426,274	1,481,495	55,221
<u>Special Revenue Funds</u>			
Drug Law Enforcement	0	1,000	1,000
Fire Equipment Reserve	50,000	75,000	25,000
 <u>Capital Projects Fund</u>			
Sewer Capital Improvements	144,381	325,505	181,124
 <u>Expendable Trust Fund</u>			
Income Tax	44,036	51,000	6,964

With appropriations exceeding estimated resources, the Village is spending monies that are not lawfully appropriated for those purposes and thus could result in a fund deficit.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated revenues will be greater than initially anticipated, the Village should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. We recommend the Village utilize its accounting software or a spreadsheet to help monitor the budget.

**VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO
DECEMBER 31, 2001 AND 2000**

SCHEDULE OF FINDINGS

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

Finding Number	2001-VOMG-002
----------------	---------------

Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.

It was noted during the audit that for the years ended December 31, 2001 and 2000 the Village had expenditures exceeding appropriations in the following funds:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>2001:</u>			
<u>Fund Type/Fund/Department Object</u>			
<u>General Fund</u>			
Police Law Enforcement:			
Contractual Services	\$ 3,928	\$ 19,226	\$15,298
Fire Fighting:			
Personal Services	33,425	46,229	12,804
Village Administrator:			
Contractual Services	750	923	173
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Personal Services	39,400	40,646	1,246
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Personal Services	37,645	39,327	1,682
Other:			
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<u>Special Revenue Fund</u>			
Street Maintenance and Repair:			
Supplies and Materials	54,606	116,173	61,567
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Sewer:			
Debt Service	30,000	32,317	2,317
Recreation Dept:			
Personal Services	53,500	61,502	8,002
<u>Expendable Trust Fund</u>			
Income Tax:			
Personal Services	22,450	25,140	2,690

**VILLAGE OF MT. GILEAD
MORROW COUNTY, OHIO
DECEMBER 31, 2001 AND 2000**

SCHEDULE OF FINDINGS

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

Finding Number	2001-VOMG-002 - (Continued)		
	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>2000:</u>			
<u>Fund Type/Fund/Department Object</u>			
<u>General Fund</u>			
Fire Fighting:			
Personal Services	\$ 34,612	\$ 34,912	\$ 300
Contractual Services	10,058	17,259	7,201
Storm Sewer and Drains:			
Supplies and Materials	15,540	24,843	9,303
Clerk/Treasurer:			
Supplies and Materials	16,102	21,122	5,020
Other:			
County Auditor and Treasurer Fees	3,500	3,546	46
<u>Special Revenue Fund</u>			
Street Maintenance and Repair:			
Supplies and Materials	120,576	155,232	34,656
<u>Enterprise Funds</u>			
Water:			
Debt Service	405,309	431,274	25,965
Sewer:			
Transfers	196,906	211,409	14,503
<u>Expendable Trust Fund</u>			
Income Tax:			
Supplies and Materials	2,000	7,653	5,653

With expenditures exceeding appropriations, the Village is unlawfully expending monies that have not been appropriated.

We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis. We recommend the Village utilize its accounting software or a spreadsheet to help monitor the budget.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF MT. GILEAD

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 6, 2002**