

Village of Nashville
Holmes County, Ohio

Regular Audit

For the Years Ended December 31, 2001 - 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Village Council
Village of Nashville
P.O. Box 417
Nashville, Ohio 44661

We have reviewed the Independent Auditor's Report of the Village of Nashville, Holmes County, prepared by Knox & Knox CPAs, 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 Nashville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 15, 2002

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VILLAGE OF NASHVILLE
HOLMES COUNTY, OHIO

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KNOX & KNOX

Accountants and Consultants

Report of Independent Accountants

Nashville Village Council
Village of Nashville
Holmes County
East Church Lane
Nashville, Ohio 44661

To the Members of Village Council:

We have audited the accompanying financial statements of the Village of Nashville, Holmes County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our 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 and reserves for encumbrances of the Village as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 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 *Governmental 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 audit committee, management, the Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Knox & Knox

Orrville, Ohio
June 27, 2002

VILLAGE OF NASHVILLE
HOLMES 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>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$ 2,673	\$ -0-	\$ 2,673
Intergovernmental	43,452	7,121	50,573
Fines, License and Permits	8,635	-0-	8,635
Miscellaneous	<u>33,797</u>	<u>-0-</u>	<u>33,797</u>
Total Cash Receipts	88,557	7,121	95,678
Cash Disbursements:			
Security of Persons and Property	19,949	-0-	19,949
Basic Utility Services	1,006	-0-	1,006
Transportation	16,999	7,239	24,238
General Government	<u>31,881</u>	<u>-0-</u>	<u>31,881</u>
Total Cash Disbursements	<u>69,835</u>	<u>7,239</u>	<u>77,074</u>
Total Cash Receipts Over/ (Under)Cash Disburse- ments	18,722	< 118 >	18,604
Fund Cash Balances, 1/1/01	<u>10,650</u>	<u>566</u>	<u>11,216</u>
Fund Cash Balances, 12/31/01	<u>\$ 29,372</u>	<u>\$ 448</u>	<u>\$ 29,820</u>
Reserve for Encumbrances, 12/31/01	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

VILLAGE OF NASHVILLE
HOLMES COUNTY

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

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Total (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 10,827	\$ -0-	\$ 10,827
Fines	-0-	8,635	8,635
Miscellaneous	<u>1,449</u>	<u>-0-</u>	<u>1,449</u>
Total Operating Cash Receipts	12,276	8,635	20,911
Operating Cash Disbursements:			
Personal Services	1,514	-0-	1,514
Supplies and Materials	6,674	-0-	6,674
Miscellaneous	-0-	8,635	8,635
Capital Outlay	<u>21,010</u>	<u>-0-</u>	<u>21,010</u>
Total Operating Cash Disbursements	<u>29,198</u>	<u>8,635</u>	<u>37,833</u>
Operating Income/(Loss)	<u>< 16,922 ></u>	<u>-0-</u>	<u>< 16,922 ></u>
Non-Operating Cash Receipts:			
Proceeds from Note	21,010	-0-	21,010
Non-Operating Cash Disbursements:			
Debt Service	<u>1,176</u>	<u>-0-</u>	<u>1,176</u>
Excess of Non-Operating Receipts Over (under) Non-Operating Disbursements	<u>19,834</u>	<u>-0-</u>	<u>19,834</u>
Net Receipts Over/(Under) Disbursements	2,912	-0-	2,912
Fund Cash Balances, 1/1/01	<u>49,839</u>	<u>-0-</u>	<u>49,839</u>
Fund Cash Balances, 12/31/01	<u>\$ 52,751</u>	<u>\$ -0-</u>	<u>\$ 52,751</u>
Reserve for Encumbrances, 12/31/01	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

VILLAGE OF NASHVILLE
HOLMES COUNTY

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

	Governmental Fund Types		Total
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Local Taxes	\$ 2,733	\$ -0-	\$ 2,733
Intergovernmental	35,355	6,742	42,097
Fines, License and Permits	1,637	-0-	1,637
Miscellaneous	<u>7,318</u>	<u>-0-</u>	<u>7,318</u>
Total Cash Receipts	47,043	6,742	53,785
Cash Disbursements:			
Security of Persons and Property	9,102	-0-	9,102
Basic Utility Services	949	-0-	949
Transportation	13,122	7,188	20,310
General Government	<u>27,431</u>	<u>-0-</u>	<u>27,431</u>
Total Cash Disbursements	<u>50,604</u>	<u>7,188</u>	<u>57,792</u>
Total Cash Receipts Over/ (Under)Cash Disburse- ments	< 3,561>	< 446>	<4,007>
Other Financing Receipts/ Disbursements:			
Transfer-In	-0-	1,741	1,741
Transfer-Out	<u>< 1,741></u>	<u>-0-</u>	<u>< 1,741></u>
Total Other Financing Receipts/Disbursements:	<u>< 1,741></u>	<u>1,741</u>	<u>-0-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	< 5,302>	1,295	< 4,007>
Fund Cash Balances, 1/1/00	<u>15,952</u>	<u>< 729></u>	<u>15,223</u>
Fund Cash Balances, 12/31/00	<u>\$ 10,650</u>	<u>\$ 566</u>	<u>\$ 11,216</u>
Reserve for Encumbrances, 12/31/00	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

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

VILLAGE OF NASHVILLE
HOLMES COUNTY

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

	Proprietary Fund Types	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 11,061	\$ -0-	\$ 11,061
Fines	-0-	1,712	1,712
Miscellaneous	1,528	-0-	1,528
Total Operating Cash Receipts	12,589	1,712	14,301
Operating Cash Disbursements:			
Personal Services	1,467	-0-	1,467
Supplies and Materials	6,098	-0-	6,098
Miscellaneous	-0-	1,712	1,712
Total Operating Cash Disbursements	7,565	1,712	9,277
Operating Income/(Loss)	5,024	-0-	5,024
Fund Cash Balances, 1/1/00	44,815	-0-	44,815
Fund Cash Balances, 12/31/00	\$49,839	\$ -0-	\$ 49,839
Reserve for Encumbrances, 12/31/00	\$ -0-	\$ -0-	\$ -0-

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

VILLAGE OF NASHVILLE
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Nashville, Holmes 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 water and sewer utilities, maintenance of Village roads and bridges, and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Certificates of deposit are valued at cost.

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:

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.

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 NASHVILLE
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Enterprise Fund

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

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

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

Fiduciary Funds (Trust and Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Mayor's Court Fund - This fund is used to record the collection of fines and the distribution of those funds to the various agencies as outlined in the Ohio Revised Code.

VILLAGE OF NASHVILLE
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or major 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.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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.

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>2001</u>	<u>2000</u>
Dem and deposit	\$ 34,180	\$ 48,648
Certificates of deposit	<u>48,391</u>	<u>12,407</u>
Total Deposits	<u>\$ 82,571</u>	<u>\$ 61,055</u>

Deposits:

Deposits are insured by the Federal Depository Insurance Corporation.

VILLAGE OF NASHVILLE
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 76,478	\$ 88,557	12,079
Special Revenue	8,500	7,121	< 1,379>
Enterprise	11,200	33,286	22,086
Fiduciary	<u>8,635</u>	<u>8,635</u>	<u>-0-</u>
Total	<u>\$ 104,813</u>	<u>\$ 137,599</u>	<u>\$ 32,786</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 87,071	\$ 69,835	\$ 17,236
Special Revenue	7,700	7,239	461
Enterprise	9,750	30,374	< 20,624>
Fiduciary	<u>8,635</u>	<u>8,635</u>	<u>-0-</u>
Total	<u>\$ 113,156</u>	<u>\$ 116,083</u>	<u>\$ < 2,927></u>

VILLAGE OF NASHVILLE
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

3. Budgetary Activity (Continued)

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 37,066	\$ 47,043	\$ 9,977
Special Revenue	8,500	8,483	< 17>
Enterprise	11,200	12,589	1,389
Fiduciary	<u>1,712</u>	<u>1,712</u>	<u>-0-</u>
Total	<u>\$ 58,478</u>	<u>\$ 69,827</u>	<u>\$ 11,349</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 71,200	\$ 52,345	\$ 18,855
Special Revenue	8,700	7,188	1,512
Enterprise	9,000	7,565	1,435
Fiduciary	<u>1,712</u>	<u>1,712</u>	<u>-0-</u>
Total	<u>\$ 90,612</u>	<u>\$ 68,810</u>	<u>\$ 21,802</u>

Contrary to Ohio law, appropriations exceeded the estimated resources in several Village funds, during 2000.

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

VILLAGE OF NASHVILLE
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

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>
Truck Loan	\$ 20,067	4.5%

The Village borrowed \$21,010 from a commercial bank. The loan is collateralized by a Ford truck. The loan will be repaid in 60 monthly installments of \$392 each, with the first installment paid on October 15, 2001.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending</u> <u>December 31:</u>	<u>Truck</u> <u>Loan</u>
2002	\$ 4,704
2003	4,704
2004	4,704
2005	4,704
2006	3,528
Subsequent	-0-
Total	<u>\$ 22,344</u>

VILLAGE OF NASHVILLE
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

6. Retirement Systems

Village employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001, and from January 1, 2000, through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000, through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

7. Risk Management

The Village has obtained commercial insurance for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles

The Village is a member of the Public Entities Pool of Ohio (the Pool) for liability insurance. The Pool reduces the premiums that would have to be paid for individual villages by combining all of the participating villages and rating those for a percentage needed to pay.

8. 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.

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

Nashville Village Council
Village of Nashville
Holmes County
East Church Lane
Nashville, Ohio 44661

To the Members of Village Council:

We have audited the financial statements of the Village of Nashville, Holmes County, Ohio (the Village), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 27, 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 three instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2001-30938-001, 2001 - 30938-002, and 2001-30938-003. We have also noted other immaterial instances of non-compliance that we have reported to the Village in a separate letter dated June 27, 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 we have reported to management of the Village, in a separate letter dated June 27, 2002.

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

KNOX & KNOX

Orrville, Ohio
June 27, 2002

VILLAGE OF NASHVILLE
HOLMES COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-30938-001

Noncompliance Citation

Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During fiscal year 2000, total appropriations exceeded total estimated resources as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General	\$ 53,018	\$ 71,200	\$ 18,182
Street Maintenance and Repair	\$ 7,771	\$ 8,700	\$ 929

To avoid overspending, the Village should not appropriate in excess of estimated resources.

FINDING NUMBER 2001-30938-002

Noncompliance Citation

Ohio Revised Code Section 5705.41, states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. 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 fiscal officer'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 taxing authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Council.

Our test of disbursements indicated that some expenditures tested were committed prior to the certification of available funds by the Clerk-Treasurer. Neither exception listed above was followed, contrary to Ohio Rev. Code Section 5705.41 (d). This condition does not provide adequate accountability over the Village's disbursements. Obligations may be incurred which the Council has not authorized or which the Village cannot afford.

We recommend that all Village departments be advised that a purchase order with the certificate of the Clerk-Treasurer be obtained prior to making an order involving the expenditure of money. Any request for payment from a vendor without such purchase order should be reviewed by management before the payment is made.

FINDING NUMBER 2001-30938-003

Noncompliance Citation

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing unit should expend funds unless lawfully appropriated.

During fiscal year 2001, budgetary expenditures exceeded appropriations in the Water Fund by \$20,624.

VILLAGE OF NASHVILLE
HOLMES COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <i>Explain:</i>
1999-001	Ohio Revised Code Section 5705.41(B) prohibits an expenditure unless it has been properly appropriated.	No	Not corrected; see Finding 2001-30938-003
1999-002	Rule 117-5-11 (B,C & D) requires a village to post to each appropriation account.	Fully corrected in 2000	
1999-003	Control weakness regarding Mayor's Court exposes the Village to potential loss.	Fully corrected in 2000	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

VILLAGE OF NASHVILLE

HOLMES 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**