



**Auditor of State
Betty Montgomery**

VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Enterprise Fund - For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	5
Notes to the Financial Statements	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings	19

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Stoutsville
Fairfield County
P.O. Box 115
Stoutsville, Ohio 43154

To the Village Council:

We have audited the accompanying financial statements of the Village of Stoutsville, Fairfield County, Ohio (the Village) as of and for the years ended December 31, 2002 and 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 of Stoutsville, Fairfield County, Ohio, as of December 31, 2002 and December 31, 2001, 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 September 19, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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Betty Montgomery
Auditor of State

September 19, 2003

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<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	\$11,105	\$2,581	\$0	\$13,686
Intergovernmental Receipts	15,254	20,249	6,293	41,796
Earnings on Investments	2,005	0	0	2,005
Miscellaneous	4,150	0	0	4,150
Total Cash Receipts	<u>32,514</u>	<u>22,830</u>	<u>6,293</u>	<u>61,637</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	2,350	7,639	0	9,989
Public Health Services	754	0	0	754
Transportation	11,178	5,259	0	16,437
General Government	7,270	46	0	7,316
Debt Service Payments	9,746	0	0	9,746
Capital Outlay	0	0	6,293	6,293
Total Cash Disbursements	<u>31,298</u>	<u>12,944</u>	<u>6,293</u>	<u>50,535</u>
Total Receipts Over/(Under) Disbursements	1,216	9,886	0	11,102
Fund Cash Balances, January 1	43,172	38,212	0	81,384
Fund Cash Balances, December 31	<u><u>\$44,388</u></u>	<u><u>\$48,098</u></u>	<u><u>\$0</u></u>	<u><u>\$92,486</u></u>

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

VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Enterprise</u>
Operating Cash Receipts:	
Special Assessments	<u>\$27,563</u>
Total Operating Cash Receipts	<u>27,563</u>
Operating Cash Disbursements:	
Supplies and Materials	<u>1,860</u>
Total Operating Cash Disbursements	<u>1,860</u>
Net Receipts Over/(Under) Disbursements	25,703
Fund Cash Balances, January 1	<u>0</u>
Fund Cash Balances, December 31	<u><u>\$25,703</u></u>

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

**VILLAGE OF STOUTSVILLE
FAIRFIELD 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 (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$18,654	\$4,756	\$23,410
Intergovernmental Receipts	21,264	21,378	42,642
Earnings on Investments	229	0	229
Miscellaneous	154	0	154
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	40,301	26,134	66,435
Cash Disbursements:			
Current:			
Security of Persons and Property	3,055	2,238	5,293
Public Health Services	1,381	0	1,381
Transportation	11,889	11,819	23,708
General Government	4,777	818	5,595
Debt Service Payments	9,746	0	9,746
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	30,848	14,875	45,723
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	9,453	11,259	20,712
Excess of Cash Receipts Over/(Under) Cash Disbursements	9,453	11,259	20,712
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	33,719	26,953	60,672
Fund Cash Balances, December 31	<u>\$43,172</u>	<u>\$38,212</u>	<u>\$81,384</u>

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

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**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Stoutsville, Fairfield 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, water and sewer utilities, and park operations. The Village contracts with the Fairfield County Sheriff's department to provide security of persons and property. The Village contracts with Clearcreek Township to provide fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. 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 and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

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

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

Police Fund -This fund receives tax dollars used to provide police protection for the Village.

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Project Fund

This fund is 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:

Storm Sewer Fund - The Village received an Ohio Public Works Commission grant in 2002 from the State of Ohio to construct a storm sewer system.

4. Enterprise Fund

This fund accounts 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 Fund:

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

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, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered 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 as required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$118,189	\$81,384

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Interest Earnings: The Ohio Revised Code requires interest earned to be apportioned among those funds expressly required by the law. The Village did not allocate interest earnings to the Street Construction, Maintenance and Repair fund or the Permissive Motor Vehicle License Tax fund as required.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,675	\$32,514	(\$22,161)
Special Revenue	23,800	22,830	(970)
Capital Projects	300,000	6,293	(293,707)
Enterprise	0	27,563	27,563
Total	\$378,475	\$89,200	(\$289,275)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$36,015	\$31,298	\$4,717
Special Revenue	37,582	12,944	24,638
Capital Projects	0	6,293	(6,293)
Enterprise	0	1,860	(1,860)
Total	\$73,597	\$52,395	\$21,202

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,316	\$40,301	(\$2,015)
Special Revenue	28,300	26,134	(2,166)
Total	\$70,616	\$66,435	(\$4,181)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$23,062	\$30,848	(\$7,786)
Special Revenue	17,649	14,875	2,774
Total	\$40,711	\$45,723	(\$5,012)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$7,786 and Street Construction, Maintenance and Repair Fund by \$3,526 for the year ended December 31, 2001. Budgetary expenditures exceeded appropriation authority in the Capital Projects Storm Sewer Fund by \$6,293 and Enterprise Sanitary Sewer Fund by \$1,860 for the year ended December 31, 2002.

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.

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.

The Ohio Revised Code requires taxes received to be credited to specific funds. The Village did not allocate receipts related to levies passed for the operation of the police department to the Police Operating Fund.

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Balance	Interest Rate
Backhoe Lease/Purchase Agreement	\$19,492	6.00%
Total	\$19,492	

The Village entered into a lease agreement with New Holland Credit Company for the lease/purchase of a backhoe. The lease is being repaid in semi-annual installments of \$4,873.

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

	Backhoe
Year ending December 31:	
2003	\$9,746
2004	9,746
Total	\$19,492

6. RETIREMENT SYSTEMS

Full-time 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.

PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has not paid all contributions required through December 31, 2002.

7. RISK POOL MEMBERSHIP

The Village 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, 2002 and 2001 generally protect against individual losses exceeding \$150,000 for policies issued prior to April 1, 2000; \$100,000 for policies issued between April 1, 2000 and March 31, 2002; and \$125,000 for policies issued April 1, 2002 or later.

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

VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)

7. RISK POOL MEMBERSHIP (Continued)

The Pool cedes reinsurance to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2002 and 2001:

	<u>2002</u>	<u>2001</u>
Assets	\$1,852,060	\$3,354,251
Liabilities	<u>(3,627,321)</u>	<u>(4,851,866)</u>
Retained deficit	<u>(\$1,775,261)</u>	<u>(\$1,497,615)</u>



**Auditor of State
Betty Montgomery**

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

Village of Stoutsville
Fairfield County
P.O. Box 115
Stoutsville, OH 43154

To the Village Council:

We have audited the financial statements of the Village of Stoutsville, Fairfield County, Ohio, (the Village) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated September 19, 2003. 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 2002-001 through 2002-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 19, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2002-001 through 2002-009.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 19, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 19, 2003

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

Finding Number 2002-001

Ohio Rev. Code Section 5705.41 (D) states no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 Clerk/Treasurer may also issue "Then and Now Certificates" for obligations made prior to certification. Then and Now Certificates allow the Fiscal Officer to certify that both at the time that the contract or order was made and at the time the certification is completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance. For obligations less than \$1,000, the certificates can be certified by the Fiscal Officer without subsequent approval from the Council. However, Then and Now Certificates in excess of \$1,000 must be approved by resolution or ordinance of the Council within 30 days after receiving such certificate. As of April 7, 2003, the threshold for "Then and Now" Certificates that require Council approval is \$3,000.

None of the expenditures tested were certified at the time of the obligation. Additionally, these payments were not subsequently approved by the Council within the 30 day time period for issuing a Then and Now Certificate.

We recommend the Clerk/Treasurer ensure funds are certified as available prior to the obligation through the issuance of a purchase order containing appropriate certification. Where appropriate the Village should consider the use of so-called blanket or super blanket certificates as further permitted by Section 5705.41(D). A blanket certificate can be issued for one line item appropriation, not to exceed three months or \$5,000. The blanket certificates must be canceled at the end of each fiscal year. A super blanket certificate can be issued for any amount and any time period, not to exceed the fiscal year, and may be used for recurring and reasonably predictable operating expenses. More than one super blanket certificate can be outstanding for an appropriation line item.

Finding Number 2002-002

Ohio Rev. Code Sections 135.21 and 5705.10 require interest earned to be apportioned among those funds expressly required by the law. Section 5705.10 requires all interest to be credited to the general fund; however, 1982 O.A.G. No. 82-031 requires that interest earned on the proceeds of a motor vehicle license tax or fuel tax be paid into the fund to which the principal belongs.

The Village credits all interest earnings to the General Fund. The Street Construction, Maintenance and Repair and Permissive Motor Vehicle License Tax Funds are also required to receive interest.

A Finding for Adjustment is hereby issued against the General Fund in favor of the Street Construction, Maintenance and Repair Fund in the amount of \$631 and in favor of the Permissive Motor Vehicle License Fund in the amount of \$350.

We recommend the Village develop procedures to allocate interest earnings to the appropriate funds.

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

Finding Number 2002-003

Ohio Rev. Code Section 5705.41(B) states in part that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated against an appropriate fund. The Village had expenditures in excess of appropriations as follows:

Year	Fund Type / Fund	Total Appropriated	Total Expended	Variance
2002	Capital Projects Storm Sewer OPWC	\$0	\$6,293	(\$6,293)
2002	Enterprise Sanitary Sewer Fund	0	1,860	(1,860)
2001	General Fund	23,062	30,804	(7,786)
2001	Special Revenue Street, Construction, Maintenance and Repair	8,293	11,819	(3,526)

The Clerk/Treasurer should monitor appropriations when preparing disbursements and should not process any disbursements that exceed appropriations. The Clerk/Treasurer should also ensure that all financial activity is included in the budget, including activity for which the Village does not receive cash and activity processed by others on the Village's behalf (i.e., loan proceeds and related capital outlay, Issue II funding, etc.).

The Clerk/Treasurer should request Council to amend appropriations before expenditures occur to prevent expenditures from exceeding appropriations. All amendments to appropriations should be approved by the Council via resolution.

Finding Number 2002-004

Ohio Rev. Code Section 5705.04 requires taxes received to be credited into specific funds. Ohio Rev. Code Section 5705.10 states in part that all revenue derived from a source which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for that purpose.

All real and personal property taxes for the police levy, approximately \$2,500 in 2002 and \$4,700 in 2001, were allocated to the General Fund. Receipts related to levies passed by the electors of the Village for the operation of the police department were not allocated into the Police Operating Fund.

Lack of proper allocation of taxes could allow restricted funds to be used for improper purposes.

We recommend the Clerk/Treasurer utilize settlement sheets when posting tax receipts and ensure they are posted to the appropriate funds.

The financial statements have been adjusted to properly reflect tax revenues in the correct funds.

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

Finding Number 2002-005

Deposit and Safeguarding of Receipts

The Village does not have any policy or procedures in place regarding deposit and safeguard of receipts collected.

The Clerk/Treasurer held Village receipts up to a month after receipt before depositing with the Village's financial institution. The Clerk/Treasurer kept these receipts in an unlocked drawer until they were deposited.

The lack of timely deposit with the financial institution without proper safeguarding of these receipts could allow for loss or theft of Village funds. Untimely depositing could also lead to a loss of interest revenue on these funds.

We recommend the Village establish procedures to safeguard assets by depositing collections daily. Collections not deposited daily should be safeguarded in a locked cash drawer, safe, or other like manner.

Finding Number 2002-006

Financial Records

The Clerk/Treasurer should maintain the following records:

1. Receipts Ledger that classifies receipts into separate accounts for each type of receipt of each fund the village uses. The amount, date, name of the payor, purpose, receipt number, and other information required for the transaction can be recorded in this ledger, and
2. Appropriations Ledger that classifies disbursements into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of the disbursement, and other information required for the transaction can be recorded in this ledger.

The Village did not record activity in or maintain a receipt ledger or appropriation ledger in 2001 and 2002.

We recommend the Clerk/Treasurer maintain these records and the Council periodically review these records to help ensure they are available, accurate, and complete.

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

Finding Number 2002-007

Maintaining Records

The Village should maintain records for all financial activity.

Receipt and disbursement information (i.e. 38% of sewer receipts tested and 24% of invoices tested) was not maintained.

We recommend the Village implement a system for maintaining financial records. We also recommend that an individual independent of the processing of financial activity periodically ensure financial records are accessible and being maintained.

Finding Number 2002-008

Monthly Financial Reports

The Village Council should review monthly financial information (receipts and expenditure reports, fund status reports and bank reconciliations) on a monthly basis.

The Village Council was not provided financial reports during the audit period.

Lack of monitoring and review of the Village's financial information limits the Council's ability to make timely and informed decisions about the Village's finances.

We recommend Council request the Clerk/Treasurer provide monthly bank reconciliations, fund status reports, and monthly receipt and expenditure reports to the Council each month. Council should review the reports and follow up on matters deemed to be significant or unusual. This review should be documented in the record of minutes. We also recommend that a Council member periodically agree financial reports to the Clerk/Treasurer's ledgers.

Finding Number 2002-009

Bank Reconciliations

Village bank accounts should be reconciled by the Clerk/Treasurer on a monthly basis.

The Clerk/Treasurer did not prepare bank reconciliations during 2002 or 2001.

Lack of an accurate and timely prepared bank reconciliation could result in errors or irregularities going undetected.

We recommend the Clerk/Treasurer prepare a bank reconciliation on a monthly basis. This reconciliation should be reviewed and approved by the Council.

**VILLAGE OF STOUTSVILLE
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-001	5705.41(D) – Purchase Orders	No	Not Corrected – See finding 2002-001

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**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

VILLAGE OF STOUTSVILLE

FAIRFIELD 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
NOVEMBER 13, 2003**