

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2003 and 2002

JOHNNY ADKINS, CLERK/TREASURER



**Auditor of State
Betty Montgomery**

Members of Council and Mayor
Village of Kirkersville
135 N. 4th Street
P.O. Box 211
Kirkersville, Ohio 43033-0211

We have reviewed the Independent Auditor's Report of the Village of Kirkersville, Licking County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2002 through December 31, 2003. 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 Kirkersville is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 15, 2004

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**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

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Independent Auditor's Report

Members of Council and Mayor
Village of Kirkersville
135 N. 4th Street
P.O. Box 211
Kirkersville, OH 43033-0211

We have audited the accompanying financial statements of the Village of Kirkersville, Licking County, Ohio, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village of Kirkersville'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 Kirkersville prepares its financial statements on the basis of accounting prescribed or permitted by 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 Kirkersville, Licking County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 21, 2004, on our consideration of the Village of Kirkersville'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 Kirkersville's management 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.

Trimble, Julian & Grube, Inc.
June 21, 2004

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2003 AND 2002

<u>Cash and Cash Equivalents</u>	<u>2003</u>	<u>2002</u>
Cash and Cash Equivalents	\$ 331,892	\$ 386,651
Total Cash and Cash Equivalents	<u>\$ 331,892</u>	<u>\$ 386,651</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 104,619	\$ 149,480
Special Revenue Funds	<u>30,980</u>	<u>22,836</u>
Total Governmental Fund Types	<u>135,599</u>	<u>172,316</u>
 <u>Proprietary Fund Type:</u>		
Enterprise Funds	<u>196,293</u>	<u>214,335</u>
 <u>Fiduciary Fund Type:</u>		
Agency Fund	<u>6,332</u>	<u>180</u>
Total Fund Balances	<u>\$ 331,892</u>	<u>\$ 386,651</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 29,903	\$ -	\$ 29,903
Intergovernmental	39,993	14,299	54,292
Fines, licenses, and permits	34,705	-	34,705
Interest	4,071	192	4,263
Miscellaneous	2,378	-	2,378
Total cash receipts	<u>111,050</u>	<u>14,491</u>	<u>125,541</u>
Cash disbursements:			
Current:			
Security of persons and property	28,710	-	28,710
Public health services	3,185	-	3,185
Community environment	1,470	-	1,470
Transportation	-	37,772	37,772
General government	80,185	-	80,185
Debt service:			
Principal retirement	6,749	-	6,749
Interest charges	4,187	-	4,187
Total cash disbursements	<u>124,486</u>	<u>37,772</u>	<u>162,258</u>
Total cash receipts (under) cash disbursements	<u>(13,436)</u>	<u>(23,281)</u>	<u>(36,717)</u>
Other financing receipts/(disbursements):			
Transfers-in	-	31,425	31,425
Transfers-out	(31,425)	-	(31,425)
Total other financing receipts/(disbursements)	<u>(31,425)</u>	<u>31,425</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(44,861)	8,144	(36,717)
Cash fund balances, January 1, 2003	<u>149,480</u>	<u>22,836</u>	<u>172,316</u>
Cash fund balances, December 31, 2003	<u>\$ 104,619</u>	<u>\$ 30,980</u>	<u>\$ 135,599</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 152,653	\$ -	\$ 152,653
Total operating cash receipts	<u>152,653</u>	<u>-</u>	<u>152,653</u>
Operating cash disbursements:			
Personal services	6,377	-	6,377
Contractual services	122,679	-	122,679
Supplies and material	363	-	363
Total operating cash disbursements	<u>129,419</u>	<u>-</u>	<u>129,419</u>
Operating income	<u>23,234</u>	<u>-</u>	<u>23,234</u>
Nonoperating cash receipts/(disbursements):			
Special assessments	13,142	-	13,142
Fines and fees	-	40,977	40,977
Fines disbursements	-	(34,825)	(34,825)
Debt service:			
Principal	(22,213)	-	(22,213)
Interest	(32,205)	-	(32,205)
Total nonoperating cash receipts/(disbursements)	<u>(41,276)</u>	<u>6,152</u>	<u>(35,124)</u>
Excess of cash receipts over/(under) disbursements	<u>(18,042)</u>	<u>6,152</u>	<u>(11,890)</u>
Cash fund balances, January 1, 2003	<u>214,335</u>	<u>180</u>	<u>214,515</u>
Cash fund balances, December 31, 2003	<u>\$ 196,293</u>	<u>\$ 6,332</u>	<u>\$ 202,625</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts				Disbursements					Variance Favorable (Unfavorable)		
	County Certified Unencumbered Cash	Budget	Estimated Resources	Total	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total		Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03
Governmental:												
General	\$ 149,480	\$ 112,601	\$ 262,081	\$ 111,050	\$ 111,050	\$ (1,551)	\$ -	\$ 196,076	\$ 196,076	\$ 155,911	\$ -	\$ 40,165
Special Revenue	22,836	13,050	35,886	45,916	45,916	32,866	-	44,650	44,650	37,772	-	6,878
Proprietary:												
Enterprise	214,335	200,000	414,335	165,795	165,795	(34,205)	-	208,878	208,878	183,837	-	25,041
Total (Memorandum Only)	\$ 386,651	\$ 325,651	\$ 712,302	\$ 322,761	\$ 322,761	\$ (2,890)	\$ -	\$ 449,604	\$ 449,604	\$ 377,520	\$ -	\$ 72,084

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 29,657	\$ -	\$ 29,657
Intergovernmental	41,894	97,125	139,019
Fines, licenses, and permits	38,853	-	38,853
Interest	5,505	206	5,711
Miscellaneous	2,127	-	2,127
Total cash receipts	<u>118,036</u>	<u>97,331</u>	<u>215,367</u>
Cash disbursements:			
Current:			
Security of persons and property	47,200	-	47,200
Public health services	1,096	-	1,096
Community environment	1,299	-	1,299
Transportation	-	4,809	4,809
General government	64,002	-	64,002
Capital outlay	-	83,000	83,000
Debt service:			
Principal retirement	5,991	-	5,991
Interest charges	4,945	-	4,945
Total cash disbursements	<u>124,533</u>	<u>87,809</u>	<u>212,342</u>
Total cash receipts over/(under) cash disbursements	<u>(6,497)</u>	<u>9,522</u>	<u>3,025</u>
Cash fund balances, January 1, 2002	<u>155,977</u>	<u>13,314</u>	<u>169,291</u>
Cash fund balances, December 31, 2002	<u>\$ 149,480</u>	<u>\$ 22,836</u>	<u>\$ 172,316</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type	Fiduciary Fund	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 216,140	\$ -	\$ 216,140
Total operating cash receipts	216,140	-	216,140
Operating cash disbursements:			
Personal services	4,140	-	4,140
Contractual services	111,351	-	111,351
Supplies and material	1,433	-	1,433
Total operating cash disbursements	116,924	-	116,924
Operating income	99,216	-	99,216
Nonoperating cash receipts/(disbursements):			
Special assessments	20,482	-	20,482
Fines and fees	-	32,841	32,841
Fines disbursements	-	(36,899)	(36,899)
Debt service:			
Principal	(20,860)	-	(20,860)
Interest	(34,028)	-	(34,028)
Total nonoperating cash receipts/(disbursements)	(34,406)	(4,058)	(38,464)
Excess of cash receipts over/(under) disbursements	64,810	(4,058)	60,752
Cash fund balances, January 1, 2002	149,525	4,238	153,763
Cash fund balances, December 31, 2002	\$ 214,335	\$ 180	\$ 214,515

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY -- BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Types	Receipts				Disbursements				Variance Favorable (Unfavorable)			
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total		Actual 2002 Disbursements	Encumbrances Outstanding at 12/31/02	Total
Governmental:												
General	\$ 135,241	\$ 160,129	\$ 295,370	\$ 118,036	\$ (42,093)	\$ -	\$ 146,674	\$ 146,674	\$ 124,533	\$ -	\$ 124,533	\$ 22,141
Special Revenue	13,316	13,050	26,366	97,331	84,281	-	13,400	13,400	87,809	-	87,809	(74,409)
Proprietary:												
Enterprise	149,524	164,300	313,824	236,622	72,322	-	182,150	182,150	171,812	-	171,812	10,338
Total (Memorandum Only)	\$ 298,081	\$ 337,479	\$ 635,560	\$ 451,989	\$ 114,510	\$ -	\$ 342,224	\$ 342,224	\$ 384,154	\$ -	\$ 384,154	\$ (41,930)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Kirkersville (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 is directed by a publicly-elected six-member Council. The Village provides general government services, road and bridge maintenance, sewer utilities, and police services.

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

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 KIRKERSVILLE
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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.

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 fund:

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

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. 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, except Agency 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.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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

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 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.

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 adopted supplemental appropriations during 2003 and 2002.

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.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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

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. The Village had no outstanding encumbrances at December 31, 2003 or 2002 and did not properly encumber all commitments as required by Ohio law.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$4,263 and \$5,711 for the years ended December 31, 2003 and 2002, respectively.

E. 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.

F. 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.

G. 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.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

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

H. 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.

NOTE 3 - COMPLIANCE

The following fund had expenditures in excess of appropriations for the year ended December 31, 2002 in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>Fund Type/Fund/Department/Line Item</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Special Revenue Fund</u>			
Street Maintenance and Repair:			
Transportation			
Contractual Service	\$ 2,000	\$ 84,576	\$ 82,576

The following fund had appropriations in excess of estimated resources for the year ended December 31, 2003 contrary to Ohio Revised Code Section 5705.39:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Special Revenue Fund</u>			
Street Maintenance and Repair	\$ 32,827	\$ 43,450	\$ 10,623

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 4 - CASH AND INVESTMENTS

The Village maintains a cash and investment 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>2003</u>	<u>2002</u>
Demand deposits	\$ 305,823	\$ 360,869
Investments in STAR Ohio	<u>26,069</u>	<u>25,782</u>
Total Deposits and Investments	<u>\$ 331,892</u>	<u>\$ 386,651</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not endorsed by securities that exist in physical or book-entry form. Investments in STAR Ohio is valued at amounts reported by the State Treasurer. Investments are reported as assets. Accordingly, purchase of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements respectively.

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. 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. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2003, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2003</u>
2001 general obligation note for purchase of town hall due in annual installments through 2011 bearing an interest rate of 6.10%.	\$ 61,380
1993 Ohio Water Development Authority (OWDA) loan for construction of certain wastewater improvements, due in semi-annual installments of varying amounts through 2018 at a rate of 6.75%.	95,855
1993 Ohio Water Development Authority (OWDA) Sewer Plant Expansion Loan, due in semiannual installments through 2018 at a rate of 6.02%.	135,644
1992 United States Department of Agriculture (USDA) Sewer Plant Expansion Loan, due in semiannual installments through 2008 at a rate of 5.75%.	84,616
1991 Ohio Water Development Authority (OWDA) loan for construction of certain wastewater treatment improvements due in semiannual installments through 2019 at a rate of 7.54%	<u>156,474</u>
Total debt obligations at December 31, 2003	<u>\$ 533,969</u>

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Transactions for the year ended December 31, 2003 and 2002 are summarized as follows:

<u>Description</u>	<u>Balance at December 31, 2002</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31, 2003</u>
<u>2003:</u>				
Loan - OWDA - #1657	\$ 162,349	\$ -	\$ (5,875)	\$ 156,474
Loan - OWDA - #1658	99,699	-	(3,844)	95,855
Loan - OWDA - #13069	141,132	-	(5,488)	135,644
Loan USDA	91,622	-	(7,006)	84,616
General Obligation Note	<u>68,129</u>	<u>-</u>	<u>(6,749)</u>	<u>61,380</u>
Total	<u>\$ 562,931</u>	<u>\$ -</u>	<u>\$ (28,962)</u>	<u>\$ 533,969</u>

<u>Description</u>	<u>Balance at December 31, 2001</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31, 2002</u>
<u>2002:</u>				
Loan - OWDA - #1657	\$ 167,812	\$ -	\$ (5,463)	\$ 162,349
Loan - OWDA - #1658	103,300	-	(3,601)	99,699
Loan - OWDA - #3069	146,308	-	(5,176)	141,132
Loan USDA	98,242	-	(6,620)	91,622
General Obligation Note	<u>74,120</u>	<u>-</u>	<u>(5,991)</u>	<u>68,129</u>
Total	<u>\$ 589,782</u>	<u>\$ -</u>	<u>\$ (26,851)</u>	<u>\$ 562,931</u>

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 6 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2003, are as follows:

Year Ending December 31	Loan - OWDA - #1657		Loan - OWDA - #1658		Loan - OWDA - #3069	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 6,319	\$ 10,953	\$ 4,104	\$ 6,470	\$ 5,818	\$ 8,166
2005	6,795	10,512	4,381	6,193	6,170	7,814
2006	7,307	10,036	4,676	5,898	6,540	7,444
2007	7,858	9,524	4,992	5,583	6,934	7,050
2008	8,451	8,974	5,329	5,245	7,350	6,632
2009 - 2013	40,673	29,516	37,876	17,132	39,818	25,968
2014 - 2018	70,655	18,501	34,497	8,032	63,014	11,048
2019	8,416	595	-	-	-	-
Total	<u>\$ 156,474</u>	<u>\$ 98,611</u>	<u>\$ 95,855</u>	<u>\$ 54,553</u>	<u>\$ 135,644</u>	<u>\$ 74,122</u>

Year Ending December 31	General Obligation Note		Loan - USDA		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 7,215	\$ 3,706	\$ 9,400	\$ 2,775	\$ 32,856	\$ 32,070
2005	7,655	3,266	9,400	2,775	34,401	30,560
2006	8,122	2,799	9,400	2,775	36,045	28,952
2007	8,618	2,303	9,400	2,775	37,802	27,235
2008	9,144	1,777	47,016	13,875	77,290	36,503
2009 - 2013	20,626	1,847	-	-	138,993	74,463
2014 - 2018	-	-	-	-	168,166	37,581
2019	-	-	-	-	8,416	595
Total	<u>\$ 61,380</u>	<u>\$ 15,698</u>	<u>\$ 84,616</u>	<u>\$ 24,975</u>	<u>\$ 533,969</u>	<u>\$ 267,959</u>

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002**

NOTE 7 - RETIREMENT SYSTEMS

During 2003 and 2002, all employees of the Village belonged to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This 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 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. As of December 31, 2003, the Village has paid all contributions required for 2003.

NOTE 8 - RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded). The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

NOTE 9 - INTERFUND TRANSACTIONS

The Village had the following interfund transactions for the year ended December 31, 2003:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 31,425
<u>Special Revenue Fund:</u>		
Street Construction, Maintenance & Repair	31,425	-
Total	\$ 31,425	\$ 31,425

NOTE 10 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in litigation.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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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 and Mayor
Village of Kirkersville
135 N. 4th Street
P.O. Box 211
Kirkersville, Ohio 43033-0211

We have audited the financial statements of the Village of Kirkersville, Licking County, Ohio as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 21, 2004. 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 Kirkersville’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 is described in the accompanying schedule of findings as items 2003-VOK-001, 2003-VOK-002 and 2003-VOK-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Kirkersville in a separate letter dated June 21, 2004.

Members of Council and Mayor
Village of Kirkersville

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Kirkersville'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 the management of the Village of Kirkersville in a separate letter dated June 21, 2004.

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

Trimble, Julian & Grube, Inc.
June 21, 2004

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO
DECEMBER 31, 2003 AND 2002**

SCHEDULE OF FINDINGS

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

Finding Number	2003-VOK-001
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Ohio Revised Code Section 5705.41(B) in part requires that expenditures shall not exceed appropriations.

It was noted during the audit that in the year ended December 31, 2002, the Village had expenditures in excess of appropriations in the following line item:

<u>Fund Type/Fund/Department/Line Item</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Special Revenue Fund</u>			
Street Maintenance and Repair:			
Transportation			
Contractual Service	\$ 2,000	\$ 84,576	\$ 82,576

With expenditures exceeding appropriations, the Village is expending monies that have not been appropriated and approved by Council. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by more frequently comparing actual expenditures to appropriations at the object level to avoid potential overspending. This may be accomplished by utilizing the computer financial software and monitoring the budgetary process continuously.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO
DECEMBER 31, 2003 AND 2002**

SCHEDULE OF FINDINGS

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

Finding Number	2003-VOK-002
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Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed total estimated resources.

It was noted during the audit that in the year ended December 31, 2003 the total appropriations exceeded the total estimated resources as follows:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Special Revenue Fund</u>			
Street Maintenance and Repair	\$ 32,827	\$ 43,450	\$ 10,623

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Village's depository or in the process of collection that were certified to the County Auditor. This may 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. In addition, the Village should monitor its budgetary process on a regular basis.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO
DECEMBER 31, 2003 AND 2002**

SCHEDULE OF FINDINGS

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

Finding Number	2003-VOK-003
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Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached 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.

It was noted that during the year that the Village made several expenditures in which an invoice was dated prior to the purchase order as certified by the Clerk, thus causing 54% of 2003 expenditures and 43% of 2002 expenditures tested not to be certified in a timely manner.

Without timely certification, the Village increases the risk that purchases may be made for an improper public purpose, expend more funds than are appropriated, or that are available in the treasury or in the process of collection. Thus a negative fund balance may result.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Board and distributed at least annually may be beneficial. The Village should consider using "Then" and "Now" certificates where applicable.

**VILLAGE OF KIRKERSVILLE
LICKING COUNTY, OHIO
DECEMBER 31, 2003 AND 2002**

SCHEDULE OF PRIOR AUDIT FINDINGS

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-30645-001	A finding for recovery was issued against Robert Frye and Janet Fishbaugh in the amount of \$120 pursuant to Ohio Revised Code 117.28	Yes	N/A.
2001-30645-002	Ohio Revised Code Section 5705.41 (D) requires that no funds should be expended unless appropriately certified by Clerk/Treasurer.	No	Reissued as finding 2003-VOK-003.
2001-30645-003	Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.	No	Reissued as finding 2003-VOK-001.
2001-30645-004	Ohio Revised Code Section 5705.39 requires that no fund should have appropriations in excess of estimated resources.	No	Reissued as finding 2003-VOK-002.
2001-30645-005	Several internal control weaknesses over processing payroll disbursements.	Partially	Reported in the Management Letter.



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VILLAGE OF KIRKERSVILLE

LICKING 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 5, 2004**