

**Village of Nashville**  
Holmes County, Ohio

**Regular Audit**

For the Years Ended December 31, 2003 - 2002





**Auditor of State  
Betty Montgomery**

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, 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 Nashville is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

September 22, 2004

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VILLAGE OF NASHVILLE  
HOLMES COUNTY, OHIO

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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, 2003 and December 31, 2002. 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, 2003 and December 31, 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

Village of Nashville  
Holmes County  
Report of Independent Accountants  
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In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2004 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  
August 2, 2004



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, 2003

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$ 2,039	\$ -0-	\$ 2,039
Intergovernmental	30,036	7,926	37,962
Fines, License and Permits	63	-0-	63
Miscellaneous	<u>6,950</u>	<u>-0-</u>	<u>6,950</u>
Total Cash Receipts	39,088	7,926	47,014
Cash Disbursements:			
Security of Persons and Property	20,642	-0-	20,642
Basic Utility Services	1,356	-0-	1,356
Transportation	35,294	9,403	44,697
General Government	<u>56,725</u>	<u>-0-</u>	<u>56,725</u>
Total Cash Disbursements	<u>114,017</u>	<u>9,403</u>	<u>123,420</u>
Total Cash Receipts Over/ (Under)Cash Disburse- ments	< 74,929>	< 1,477>	< 76,406>
Fund Cash Balances, 1/1/03	<u>91,459</u>	<u>1,529</u>	<u>92,988</u>
Fund Cash Balances, 12/31/03	<u>\$ 16,530</u>	<u>\$ 52</u>	<u>\$ 16,582</u>
Reserve for Encumbrances, 12/31/03	<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, 2003

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>Total (Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 9,195	\$ -0-	\$ 9,195
Fines	-0-	5,057	5,057
Miscellaneous	<u>2,436</u>	<u>-0-</u>	<u>2,436</u>
Total Operating Cash Receipts	11,631	5,057	16,688
Operating Cash Disbursements:			
Personal Services	1,634	-0-	1,634
Supplies and Materials	15,862	-0-	15,862
Miscellaneous	<u>-0-</u>	<u>5,057</u>	<u>5,057</u>
Total Operating Cash Disbursements	<u>17,496</u>	<u>5,057</u>	<u>22,553</u>
Operating Income/(Loss)	<u>&lt; 5,865 &gt;</u>	<u>-0-</u>	<u>&lt; 5,865 &gt;</u>
Non-Operating Cash Receipts	-0-	-0-	-0-
Non-Operating Cash Disbursements:			
Debt Service	<u>4,704</u>	<u>-0-</u>	<u>4,704</u>
Excess of Non-Operating Receipts Over(Under)Non-Operating Disbursements	<u>&lt; 4,704 &gt;</u>	<u>-0-</u>	<u>&lt; 4,704 &gt;</u>
Net Receipts Over/(Under) Disbursements	< 10,569 >	-0-	< 10,569 >
Fund Cash Balances, 1/1/03	<u>60,672</u>	<u>-0-</u>	<u>60,672</u>
Fund Cash Balances, 12/31/03	<u>\$ 50,103</u>	<u>\$ -0-</u>	<u>\$ 50,103</u>
Reserve for Encumbrances, 12/31/03	<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, 2002

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$ 1,098	\$ -0-	\$ 1,098
Intergovernmental	124,026	7,219	131,245
Fines, License and Permits	4,508	-0-	4,508
Miscellaneous	<u>14,786</u>	<u>-0-</u>	<u>14,786</u>
Total Cash Receipts	144,418	7,219	151,637
Cash Disbursements:			
Security of Persons and Property	14,914	-0-	14,914
Basic Utility Services	1,035	-0-	1,035
Transportation	26,983	6,138	33,121
General Government	<u>39,399</u>	<u>-0-</u>	<u>39,399</u>
Total Cash Disbursements	<u>82,331</u>	<u>6,138</u>	<u>88,469</u>
Total Cash Receipts Over/ (Under)Cash Disburse- ments	62,087	1,081	63,168
Fund Cash Balances, 1/1/02	<u>29,372</u>	<u>448</u>	<u>29,820</u>
Fund Cash Balances, 12/31/02	<u>\$ 91,459</u>	<u>\$ 1,529</u>	<u>\$ 92,988</u>
Reserve for Encumbrances, 12/31/02	<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, 2002

	Proprietary Fund Types	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 9,765	\$ -0-	\$ 9,765
Fines	-0-	4,658	4,658
Miscellaneous	8,454	-0-	8,454
Total Operating Cash Receipts	18,219	4,658	22,877
Operating Cash Disbursements:			
Personal Services	1,784	-0-	1,784
Supplies and Materials	3,810	-0-	3,810
Miscellaneous	-0-	4,658	4,658
Total Operating Cash Disbursements	5,594	4,658	10,252
Operating Income/(Loss)	12,625	-0-	12,625
Non-Operating Cash Receipts	-0-	-0-	-0-
Non-Operating Cash Disbursements:			
Debt Service	4,704	-0-	4,704
Excess of Non-Operating Receipts Over/(Under) Non-Operating Disbursements	< 4,704 >	-0-	< 4,704 >
Net Receipts Over/(Under) Disbursements	7,921	-0-	7,921
Fund Cash Balances, 1/1/02	52,751	-0-	52,751
Fund Cash Balances, 12/31/02	\$60,672	\$ -0-	\$ 60,672
Reserve for Encumbrances, 12/31/02	\$ -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, 2003 AND 2002

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, 2003 AND 2002

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, 2003 AND 2002

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 2003 and 2002 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>2003</u>	<u>2002</u>
Demand deposits	\$ 13,681	\$103,015
Certificates of deposit	<u>53,004</u>	<u>50,645</u>
Total Deposits	<u>\$ 66,685</u>	<u>\$153,660</u>

Deposits:

Deposits are insured by the Federal Depository Insurance Corporation.

VILLAGE OF NASHVILLE  
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2003 and December 31, 2002 follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 45,527	\$ 39,088	< \$6,439>
Special Revenue	8,700	7,926	< 774>
Enterprise	11,200	11,631	431
Fiduciary	<u>5,057</u>	<u>5,057</u>	<u>-0-</u>
Total	<u>\$ 70,484</u>	<u>\$ 63,702</u>	<u>&lt;\$ 6,782&gt;</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 107,680	\$ 114,017	<\$ 6,337>
Special Revenue	8,450	9,403	< 953>
Enterprise	20,010	22,200	< 2,190>
Fiduciary	<u>5,057</u>	<u>5,057</u>	<u>-0-</u>
Total	<u>\$ 141,197</u>	<u>\$ 150,677</u>	<u>\$ &lt; 9,480&gt;</u>



VILLAGE OF NASHVILLE  
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

3. Budgetary Activity (Continued)

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$129,736	\$ 144,418	\$ 14,682
Special Revenue	8,700	7,219	< 1,481>
Enterprise	11,200	18,219	7,019
Fiduciary	<u>4,658</u>	<u>4,658</u>	<u>-0-</u>
Total	<u>\$ 154,294</u>	<u>\$ 174,514</u>	<u>\$ 20,220</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 63,860	\$ 82,331	<\$ 18,471>
Special Revenue	7,500	6,138	1,362
Enterprise	10,100	10,298	< 198>
Fiduciary	<u>4,658</u>	<u>4,658</u>	<u>-0-</u>
Total	<u>\$ 86,118</u>	<u>\$ 103,425</u>	<u>&lt;\$ 17,307&gt;</u>

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, 2003 AND 2002

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, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Truck Loan	\$ 12,131	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>
2004	\$ 4,704
2005	4,704
2006	3,528
Subsequent	-0-
Total	<u>\$ 12,936</u>

VILLAGE OF NASHVILLE  
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

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 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003, and 2002. The Village has paid all contributions required through December 31, 2003.

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, 2003 and December 31, 2002, and have issued our report thereon dated August 2, 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'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 2003-001, 2003-002, and 2003-003. We have also noted another immaterial instance of non-compliance that we have reported to the Village in a separate letter dated August 2, 2004.

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 August 2, 2004.

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  
August 2, 2004

VILLAGE OF NASHVILLE  
HOLMES COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002

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

**FINDING NUMBER 2003-001**

**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.
- b. If the amount involved is less than \$1,000 (\$3,000 effective April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the Council, if such expenditure is otherwise valid.

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 2003-002**

**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 2002, budgetary expenditures exceeded appropriations as follows:

General Fund	\$ 18,471
Enterprise Funds	\$ 198

During fiscal year 2003, budgetary expenditure exceeded appropriations as follows;

General Fund	\$ 6,337
Special Revenue Funds	\$ 953
Enterprise Funds	\$ 2,190

**FINDING NUMBER 2003-003**

**Noncompliance Citation**

Ohio Rev.Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form of the report, the public office shall submit its report on the form utilized by the public office. Cash-basis entities are required to file annual reports with the Auditor of State within 60 days for the fiscal year end. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension. At the time the report is filed with the Auditor of State, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Village did not timely file its 2002 and 2003 reports with the Auditor of State. In addition, a notice of the availability of the report for public inspection was not published for the 2002 or 2003 annual financial report. The Village may be fined and subject to various other administrative remedies for its failure to file the required financial report.

We recommend the Clerk-Treasurer prepare and file the annual financial report with the Auditor of State within 60 days after the close of the fiscal year. We also recommend a notice of the availability of the report for public inspection be published in a local newspaper.

VILLAGE OF NASHVILLE  
HOLMES COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-30938-001	Ohio Revised Code Section 5705.39 requires that appropriations not exceed estimated resources.	Yes	
2001-30938-002	Ohio Revised code Section 5705.41 requires certification of funds by the fiscal officer.	No	Not corrected - see Finding 2001-001
2001-30938-003	Ohio Revised code Section 5705.41 (B) prohibits expenditures unless properly appropriated.	No	Not corrected - see Finding 2003-002





**Auditor of State  
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**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  
OCTOBER 5, 2004**