



**VILLAGE OF HIGGINSPORT
BROWN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF HIGGINSPO
BROWN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Higginsport
Brown County
P. O. Box 121
Higginsport, Ohio 45131

To the Village Council:

We have audited the accompanying financial statements of the Village of Higginsport, Brown County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. 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 audits.

Except as discussed in the following paragraph, we conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

The Village did not provide sufficient evidence supporting traffic citations issued by the Village police for Mayor's Court during 2000 and 1999, which are recorded as other non-operating receipts in the Agency Fund and as fines, licenses, and permits in the General Fund. Without a full accountability over the citations issued, we could not assure ourselves regarding the validity of the Mayor's Court receipts or satisfy ourselves regarding the validity of the receipts through other auditing procedures. Mayor's Court receipts represent 100% of the receipts recorded in the Agency Fund Type and accounted for 9% and 31% of total receipts collected by the Village's General Fund during 2000 and 1999, respectfully.

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, except for such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient evidence to support the amount recorded as other non-operating receipts in the Agency Fund and as fines, licenses, and permits in the General Fund, 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, 2000 and 1999, 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 November 20, 2001, 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 audits.

This report is intended solely for the information and use of the management and 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.

Jim Petro
Auditor of State

November 20, 2001

**VILLAGE OF HIGGINSPO
BROWN COUNTY**

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

| | General | Special Revenue | Totals (Memorandum Only) |
|--|---------------------|----------------------------|---|
| Cash Receipts: | | | |
| Property Tax and Other Local Taxes | \$7,807 | \$16,002 | \$23,809 |
| Intergovernmental Receipts | 40,603 | 12,247 | 52,850 |
| Charges for Services | 1,864 | 13,500 | 15,364 |
| Fines, Licenses, and Permits | 7,417 | | 7,417 |
| Earnings on Investments | 1,179 | 344 | 1,523 |
| All Other Revenue | 2,602 | 368 | 2,970 |
| Total Cash Receipts | 61,472 | 42,461 | 103,933 |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 6,330 | 9,513 | 15,843 |
| Public Health Services | 532 | | 532 |
| Basic Utility Services | 4,974 | | 4,974 |
| Transportation | | 2,861 | 2,861 |
| General Government | 32,504 | 14,009 | 46,513 |
| Total Cash Disbursements | 44,340 | 26,383 | 70,723 |
| Total Receipts Over/(Under) Disbursements | 17,132 | 16,078 | 33,210 |
| Other Financing Receipts/(Disbursements): | | | |
| Other Financing Uses | | (2,369) | (2,369) |
| Total Other Financing Receipts/(Disbursements) | 0 | (2,369) | (2,369) |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 17,132 | 13,709 | 30,841 |
| Fund Cash Balances January 1 | 1,086 | 21,730 | 22,816 |
| Fund Cash Balances, December 31 | \$18,218 | \$35,439 | \$53,657 |
| Reserves for Encumbrances, December 31 | \$607 | \$0 | \$607 |

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

**VILLAGE OF HIGGINSPO
BROWN COUNTY**

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

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|--|----------------------------------|--------------------------------|---|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$12,977 | — | \$12,977 |
| Total Operating Cash Receipts | 12,977 | 0 | 12,977 |
| Operating Cash Disbursements: | | | |
| Personal Services | 1,901 | — | 1,901 |
| Contractual Services | 10,518 | — | 10,518 |
| Total Operating Cash Disbursements | 12,419 | 0 | 12,419 |
| Operating Income/(Loss) | 558 | 0 | 558 |
| Non-Operating Cash Receipts: | | | |
| Other Non-Operating Receipts | — | 9,432 | 9,432 |
| Total Non-Operating Cash Receipts | 0 | 9,432 | 9,432 |
| Non-Operating Cash Disbursements: | | | |
| Other Non-Operating Cash Disbursements | — | 6,880 | 6,880 |
| Total Non-Operating Cash Disbursements | 0 | 6,880 | 6,880 |
| Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances | 558 | 2,552 | 3,110 |
| Net Receipts Over/(Under) Disbursements | 558 | 2,552 | 3,110 |
| Fund Cash Balances, January 1 | 6,162 | 31 | 6,193 |
| Fund Cash Balances, December 31 | <u>\$6,720</u> | <u>\$2,583</u> | <u>\$9,303</u> |
| Reserve for Encumbrances, December 31 | <u>\$852</u> | <u>\$0</u> | <u>\$852</u> |

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

**VILLAGE OF HIGGINSPO
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

| | General | Special Revenue | Debt Service | Totals (Memorandum Only) |
|--|----------------|----------------------------|-------------------------|---|
| Cash Receipts: | | | | |
| Property Tax and Other Local Taxes | \$6,799 | \$7,307 | \$7,054 | \$21,160 |
| Intergovernmental Receipts | 6,269 | 24,125 | | 30,394 |
| Charges for Services | 2,979 | 13,001 | 1,444 | 17,424 |
| Fines, Licenses, and Permits | 11,677 | | | 11,677 |
| Earnings on Investments | 651 | 227 | | 878 |
| All Other Revenue | 2,682 | 4 | | 2,686 |
| Total Cash Receipts | 31,057 | 44,664 | 8,498 | 84,219 |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Security of Persons and Property | 18,596 | 28,078 | | 46,674 |
| Public Health Services | 445 | | | 445 |
| Basic Utility Services | 3,471 | | | 3,471 |
| Transportation | 0 | 694 | | 694 |
| General Government | 16,356 | 4,961 | | 21,317 |
| Debt Service: | | | | |
| Principal Payments | | | 8,286 | 8,286 |
| Interest Payments | | | 212 | 212 |
| Total Cash Disbursements | 38,868 | 33,733 | 8,498 | 81,099 |
| Total Receipts Over/(Under) Disbursements | (7,811) | 10,931 | 0 | 3,120 |
| Other Financing Receipts/(Disbursements): | | | | |
| Other Financing Sources | | 16 | | 16 |
| Other Financing Uses | | | (16) | (16) |
| Total Other Financing Receipts/(Disbursements) | 0 | 16 | (16) | 0 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (7,811) | 10,947 | (16) | 3,120 |
| Fund Cash Balances January 1 | 8,897 | 10,783 | 16 | 19,696 |
| Fund Cash Balances, December 31 | \$1,086 | \$21,730 | \$0 | \$22,816 |
| Reserves for Encumbrances, December 31 | \$301 | \$0 | \$0 | \$0 |

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

**VILLAGE OF HIGGINSPO
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|--|----------------------------------|--------------------------------|---|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$13,800 | | \$13,800 |
| Total Operating Cash Receipts | 13,800 | 0 | 13,800 |
| Operating Cash Disbursements: | | | |
| Personal Services | 1,140 | | 1,140 |
| Contractual Services | 11,762 | | 11,762 |
| Supplies and Materials | 32 | | 32 |
| Total Operating Cash Disbursements | 12,934 | 0 | 12,934 |
| Operating Income/(Loss) | 866 | 0 | 866 |
| Non-Operating Cash Receipts: | | | |
| Other Non-Operating Receipts | | 9,581 | 9,581 |
| Total Non-Operating Cash Receipts | 0 | 9,581 | 9,581 |
| Non-Operating Cash Disbursements: | | | |
| Other Non-Operating Cash Disbursements | 72 | 11,766 | 11,838 |
| Total Non-Operating Cash Disbursements | 72 | 11,766 | 11,838 |
| Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances | 794 | (2,185) | (1,391) |
| Other Financing Sources | 170 | | 170 |
| Net Receipts Over/(Under) Disbursements | 964 | (2,185) | (1,221) |
| Fund Cash Balances, January 1 | 5,198 | 2,216 | 7,414 |
| Fund Cash Balances, December 31 | \$6,162 | \$31 | \$6,193 |
| Reserve for Encumbrances, December 31 | \$994 | \$0 | \$994 |

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

**VILLAGE OF HIGGINSPORT
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Higginsport, Brown County, Ohio (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-Mayor form of government. The Village provides general governmental services, including lifesquad, police and fire protection, sewer, and garbage utilities. The Village contracts with Brown County Rural Water to provide basic water.

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 Deposits

Village funds are pooled in a NOW checking account and a certificate of deposit with a local commercial bank.

D. Fund Accounting

The Village uses fund accounting to segregate cash and deposits 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 Fund

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.

**VILLAGE OF HIGGINSPO
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Levy Fund - This fund receives local taxes and contract for service monies used to pay for the costs associated with providing and maintaining fire apparatus, appliances, buildings or sites and fire and emergency services to the Village residents.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following Debt Service Fund:

Fire Equipment Debt Fund - This fund was established to retire debt for the purchase of a fire truck. This debt was paid off during January 1999.

4. 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.

5. Fiduciary Funds (Agency Fund)

Agency funds are used to account for resources held by the Village as an agent for other governmental units. The Village has only one agency fund, the Mayor's Court Fund, which receives fines and costs from the Mayor's Court and distributes these funds to the appropriate entity, including payments to the Village General Fund.

E. 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. Appropriations lapse at year-end.

**VILLAGE OF HIGGINSPO
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Contrary to Ohio Law, the Village certified incorrect amounts available for expenditures to the County Auditor for January 1, 2001 and 2000.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber certain commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2000 and 1999 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.

2. EQUITY IN POOLED CASH DEPOSITS

The Village maintains a cash deposits pool used by all funds except for Mayor's court which is maintained in a separate account. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash deposits at December 31 was as follows:

| | <u>2000</u> | <u>1999</u> |
|---------------------------------|-------------------------|------------------------|
| Demand deposits | \$60,377 | \$28,978 |
| Demand deposits - Mayor's Court | <u>2,583</u> | <u>31</u> |
| Total Demand Deposits | <u><u>\$ 62,960</u></u> | <u><u>\$29,009</u></u> |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF HIGGINSPO
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

| 2000 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 50,000 | \$ 61,472 | \$ 11,472 |
| Special Revenue | 30,247 | 42,461 | 12,214 |
| Enterprise | 12,000 | 12,977 | 977 |
| Total | \$ 92,247 | \$ 116,910 | \$ 24,663 |

| 2000 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 53,475 | \$ 44,947 | \$ 8,528 |
| Special Revenue | 45,900 | 28,752 | 17,148 |
| Enterprise | 14,490 | 13,271 | 1,219 |
| Total | \$ 113,865 | \$ 86,970 | \$ 26,895 |

| 1999 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 65,000 | \$ 31,057 | \$ (33,943) |
| Special Revenue | 25,417 | 44,680 | 19,263 |
| Debt Service | 8,500 | 8,498 | (2) |
| Enterprise | 13,000 | 13,970 | 970 |
| Total | \$ 111,917 | \$ 98,205 | \$ (13,712) |

**VILLAGE OF HIGGINSPO
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 70,810 | \$ 39,169 | \$ 31,641 |
| Special Revenue | 34,115 | 33,733 | 382 |
| Debt Service | 8,498 | 8,514 | (16) |
| Enterprise | 14,990 | 14,000 | 990 |
| Total | \$ 128,413 | \$ 95,416 | \$ 32,997 |

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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. DEBT

During 1990, the Village Council ran a tax levy for the purpose of providing funds to pay off the bond debt issued for the purchase of a fire truck. The Village paid off the debt in during January, 1999.

6. RETIREMENT SYSTEMS

The Village's officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries in 1999 and an amount equal to 10.84% in 2000.

**VILLAGE OF HIGGINSPORT
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions



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

Village of Higginsport
Brown County
P. O. Box 121
Higginsport, Ohio 45131

To the Village Council:

We have audited the accompanying financial statements of the Village of Higginsport, Brown County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated November 20, 2001, which was qualified for lack of supporting documentation for Mayor's Court citations and receipts recorded in the Agency Fund and General Fund. Except for above, 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 2000-30408-001 through 2000-30408-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated November 20, 2001.

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 judgement, could adversely effect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2000-30408-001 and 2000-30408-004.

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. We believe reportable condition 2000-30408-004 above is a material weakness. We also noted matters involving the internal control over financial reporting and its operation that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated November 20, 2001.

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.

Jim Petro
Auditor of State

November 20, 2001

**VILLAGE OF HIGGINSPO
BROWN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-30408-001

Material Noncompliance/Reportable Condition - Proper Encumbering

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates - 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, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.

- B. If the amount involved is less than \$1,000 dollars, the Clerk may authorize payment through a Then and Now Certificate without affirmation of Council, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Contrary to the above requirement, the availability of funds was not certified for 100% vouchers reviewed in 2000 and 19% of the vouchers reviewed in 1999. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash fund balances. Therefore, we recommend the Village obtain approved purchase orders, which contain the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

Furthermore, Ohio Rev. Code, Section 5705.36, requires the fiscal officer to certify to the County Auditor on or about January 1 the amount available for expenditures in each fund in the budget, with year-end balances. Due to not certifying all year-end commitments, incorrect amounts were certified to the County Auditor for January 1, 2000 and 2001.

FINDING NUMBER 2000-30408-002

Material Noncompliance - Finding for Recovery

Council passed Resolution #2001-09 on August 13, 2001 establishing the Clerk's annual salary at \$7,200 retroactive to January 1, 1999. The Village appropriation ledger and canceled checks reviewed showed that Karen Dunn, Village Clerk, received \$7,827.00 during 1999. This amounts to \$627.00 more than the Council authorized for this position.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for overpayment of wages is hereby issued against Village Clerk, Karen Dunn, and Farmers Insurance, her bonding company, jointly and severally, in the amount of six hundred, twenty-seven dollars (\$627.00) and in favor of the Village's Highway, Street, and Permissive Tax Funds in equal amounts.

FINDING NUMBER 2000-30408-003

Material Noncompliance - Finding for Recovery

Ohio Rev. Code, Sections 2743.70 and 2949.091, require the Mayor's Court to collect and remit State reparations costs and General Fund costs to the state on all offenses except a traffic offense that is not a moving violation. The Mayor's Court failed to collect these costs on misdemeanor offenses and remit them to the State Treasurer.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money due but not collected is hereby issued against the Village of Higginsport in the amount of one hundred twenty dollars (\$120.00), and in favor of the State of Ohio reparations fund for (\$66) and general fund for (\$54).

FINDING NUMBER 2000-30408-004

Material Weakness - Police Citation Log

The Police Chief failed to maintain a citation log. The purpose of a citation log is to maintain an independent record of all citations issued. Not maintaining a log of tickets issued, reduces the assurance that all citations or cases and their related fines and court costs have been properly accounted for. Without this evidential matter, we were unable to obtain sufficient information regarding the disposition of numerous court cases in which citations were issued during the audit period. Without a full accountability over the citations issued, we could not assure ourselves regarding the validity of the Mayor's Court receipts. To help prevent recording errors and add assurance that all court cases have been documented, we recommend the Police Chief account for every citation issued by the police department on a citation log.

**VILLAGE OF HIGGINSPORT
BROWN COUNTY
DECEMBER 31, 2000 AND 1999**

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; <i>Explain:</i> |
|-----------------------|--|-------------------------|---|
| 1998-30408-001 | Ohio Rev. Code Section 5705.41(B) expenditures exceeded appropriations | No | Partially Corrected - We reported this finding in the Management Letter |
| 1998-30408-002 | Ohio Rev. Code Section 5705.41(D) expenditures improperly certified | No | Not Corrected - Reissued as 2000-30408-001 |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF HIGGINSPOUR

BROWN 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
DECEMBER 6, 2001**