



**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF KIMBOLTON
GUERNSEY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Kimbolton
Guernsey County
P.O. Box 167
Kimbolton, Ohio 43749

To the Village Council:

We have audited the accompanying financial statements of the Village of Kimbolton, Guernsey County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Kimbolton, Guernsey County, as of December 31, 1999 and 1998, 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 February 16, 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.

This report is intended solely for the information and use of 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

February 16, 2001

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VILLAGE OF KIMBOLTON
GUERNSEY 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$1,712	\$479	\$	\$2,191
Intergovernmental Receipts	6,214	6,413	4,703	17,330
Charges for Services	651			651
Earnings on Investments	838			838
	<u>9,415</u>	<u>6,892</u>	<u>4,703</u>	<u>21,010</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	1,069			1,069
Public Health Services	960	330		1,290
Basic Utility Services	420	1,811		2,231
General Government	4,809			4,809
Capital Outlay	25		4,703	4,728
	<u>7,283</u>	<u>2,141</u>	<u>4,703</u>	<u>14,127</u>
Total Cash Receipts Over/(Under) Cash Disbursement	<u>2,132</u>	<u>4,751</u>	<u>0</u>	<u>6,883</u>
Fund Cash Balances, January 1	<u>3,414</u>	<u>21,836</u>	<u>0</u>	<u>25,250</u>
Fund Cash Balances, December 31	<u>\$5,546</u>	<u>\$26,587</u>	<u>\$0</u>	<u>\$32,133</u>

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

**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

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

	Proprietary Fund Types	Totals (Memorandum Only)
	Enterprise	
Operating Cash Receipts:		
Charges for Services	\$48,760	\$48,760
Total Operating Cash Receipts	48,760	48,760
Operating Cash Disbursements:		
Personal Services	2,469	2,469
Contractual Services	906	906
Supplies and Materials	40,241	40,241
Total Operating Cash Disbursements	43,616	43,616
Operating Income/(Loss)	5,144	5,144
Non-Operating Cash Receipts:		
Intergovernmental Receipts	5,000	5,000
Total Non-Operating Cash Receipts	5,000	5,000
Non-Operating Cash Disbursements:		
Other Non-Operating Cash Disbursements	110	110
Total Non-Operating Cash Disbursements	110	110
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	10,034	10,034
Net Cash Receipts Over/(Under) Cash Disbursements	10,034	10,034
Fund Cash Balances, January 1	(3,105)	(3,105)
Fund Cash Balances, December 31	\$6,929	\$6,929

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

**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$1,525	\$473	\$1,998
Intergovernmental Receipts	8,046	9,760	17,806
Charges for Services	200		200
Earnings on Investments	880		880
Miscellaneous	140	450	590
	<u>10,791</u>	<u>10,683</u>	<u>21,474</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	1,355	330	1,685
Public Health Services	710		710
Basic Utility Services	315		315
Transportation		2,626	2,626
General Government	10,744		10,744
	<u>13,124</u>	<u>2,956</u>	<u>16,080</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(2,333)</u>	<u>7,727</u>	<u>5,394</u>
Fund Cash Balances January 1	<u>5,747</u>	<u>14,109</u>	<u>19,856</u>
Fund Cash Balances, December 31	<u>\$3,414</u>	<u>\$21,836</u>	<u>\$25,250</u>

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

**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Types	Totals (Memorandum Only)
	Enterprise	
Operating Cash Receipts:		
Charges for Services	\$41,243	\$41,243
Total Operating Cash Receipts	41,243	41,243
Operating Cash Disbursements:		
Personal Services	2,926	2,926
Contractual Services	105	105
Supplies and Materials	47,514	47,514
Capital Outlay	622	622
Miscellaneous	54	54
Total Operating Cash Disbursements	51,221	51,221
Operating Income/(Loss)	(9,978)	(9,978)
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	(9,978)	(9,978)
Transfers-In	729	729
Transfers-Out	(729)	(729)
Net Cash Receipts Over/(Under) Cash Disbursements	(9,978)	(9,978)
Fund Cash Balances, January 1	6,873	6,873
Fund Cash Balances, December 31	(\$3,105)	(\$3,105)

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

**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Kimbolton, Guernsey 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 consisting solely of water utilities. The Village contracts with the Kimbolton Community Volunteer Fire Department to provide fire protection for the Village.

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.)

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

C. Cash and Investments

The cash balance of the Village is maintained at National City Bank.

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:

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 Fund:

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 KIMBOLTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Projects Fund

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds). The Village had the following significant Capital Project Fund:

Water Issue II Fund - This fund accounts for Issue II monies used for water line improvements

4. 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 Fund:

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

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.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 1999 and 1998 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.

**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash 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>1999</u>	<u>1998</u>
Demand deposits	<u>\$ 39,062</u>	<u>\$ 22,145</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,684	\$ 9,415	\$ 731
Special Revenue	12,395	6,892	(5,503)
Enterprise	60,150	53,760	(6,390)
Capital Projects	<u>0</u>	<u>4,703</u>	<u>\$4,703</u>
Total	<u>\$ 81,229</u>	<u>\$ 74,770</u>	<u>\$ (6,459)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 7,283	\$ (7,283)
Special Revenue	0	2,141	(2,141)
Enterprise	0	43,726	(43,726)
Capital Projects	<u>0</u>	<u>4,703</u>	<u>(4,703)</u>
Total	<u>\$ 0</u>	<u>\$ 57,853</u>	<u>\$ (57,853)</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,174	\$ 10,791	\$ 2,617
Special Revenue	8,112	10,683	2,571
Enterprise	<u>21,725</u>	<u>41,972</u>	<u>20,247</u>
Total	<u>\$ 38,011</u>	<u>\$ 63,446</u>	<u>\$ 25,435</u>

**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 13,915	\$ 13,124	\$ 791
Special Revenue	22,222	2,956	19,266
Enterprise	28,621	51,950	(23,329)
Total	\$ 64,758	\$ 68,030	\$ (3,272)

The Village did not adopt the 1998 annual appropriation resolution until February 2, 1998 and did not adopt the 1999 annual appropriation measure at all, contrary to Ohio Rev. Code Section 5705.38.

In 1999 all funds of the Village had expenditures which exceeded appropriations and in 1998 the Water Operating Fund had expenditures which exceeded appropriations, contrary to Ohio Rev. Code Section 5705.41(B).

All of the Village's 1999 and 1998 expenditures were not properly encumbered, contrary to Ohio Rev. Code Section 5705.41(D).

During 1998, the Village did not obtain an increased amended certificate for additional revenues received of the Water Operating Fund which were not budgeted. These additional revenues were subsequently expended during the year, contrary to Ohio Rev. Code Section 5705.36.

The Village had a negative fund balance in the Water Operating Fund in May, July, and September through December of 1998 and January through November of 1999, contrary to Ohio Rev. Code Section 5705.10.

The Village received Issue II assistance from the Ohio Public Works Commission. However, they did not establish a capital projects fund to account for these funds, contrary to Ohio Rev. Code Section 5705.09.

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 payment, 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.

**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. RETIREMENT SYSTEMS

The Village's part-time employees, as well as elected officials, do not belong to a Public Employees Retirement System (PERS) of Ohio. The Village did not withhold Social Security taxes from any employee during the audit period. Approximately \$662 and \$632, for 1999 and 1998, respectively, is due in Social Security taxes.

6. 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 Kimbolton
Guernsey County
PO Box 167
Kimbolton, Ohio 43749

To the Village Council:

We have audited the accompanying financial statements of the Village of Kimbolton, Guernsey County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated February 16, 2001. We conducted our audit in accordance with generally accepted auditing standards 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 1999-31030-001, 1999-31030-002, 1999-31030-003, 1999-31030-004, 1999-31030-005, and 1999-31030-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 16, 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 what we considered 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 affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-31030-007.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 16, 2001.

This report is intended for the information and use of 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

February 16, 2001

**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-31030-001

Noncompliance Citation

Ohio Rev. Code Section 9.38 states, in part, that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipts. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it.

The Village Water Clerk deposited collections with the Village Clerk/Treasurer only once or twice a month. These deposits average approximately \$3,200. In addition, there was no indication that collections received of the Village Water Clerk were being adequately safeguarded. The lack of depositing monies with the Village Clerk/Treasurer on a timely basis could lead to Village revenues being lost or stolen.

We recommend the Village require monies collected by the Village Water Clerk to be deposited with the Village Clerk/Treasurer by the next business day. If this is not feasible, the utility department could open a bank account and remit the utility collections to the Village Clerk/Treasurer at the end of each month. We considered the effects of this matter in forming our opinion on the Village's financial statements.

FINDING NUMBER 1999-31030-002

Noncompliance Citation

Ohio Rev. Code Section 5705.09 states, in part, each subdivision is required to establish a separate fund for each class of revenues derived from a source other than the general property tax, which the law requires to be for a special purpose.

During the audit period, the Village did not establish a Capital Project Fund for Issue II monies spent on their behalf by the Guernsey County Engineer's office. The Village did not record this financial activity on their accounting records.

We recommend the Village create a Issue II Fund, Capital Project Fund type and memo entry the Issue II monies spent on their behalf by the Guernsey County engineer. The Village should also budget and appropriate for these moneys. The Village Clerk/Treasurer should refer to Auditor of State Management Advisory Services Bulletin 89-17 and Audit Bulletin 2000-08 for descriptions of proper accounting of this fund. The financial statements have been adjusted to reflect this activity.

FINDING NUMBER 1999-31030-003

Noncompliance Citation

Ohio Rev. Code section 5705.10 states, in part, that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-31030-003 (Continued)

Noncompliance Citation (Continued)

The Village had negative fund balances in the Water Operating Fund in May, July, and September through December 1998 and January through November of 1999. The practice of using monies in specific funds for purposes other than for which such fund has been established will lead to negative fund balances, which could cause undue financial stress on the Village.

We recommend the Village use monies within specific funds for only the purposes for which the particular fund has been established.

FINDING NUMBER 1999-31030-004

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

We noted the Village's Water Operating Fund had estimated receipts of \$21,525 and actual receipts of \$41,093 for fiscal year 1998. The Village had actual expenditures from this fund of \$51,171 during fiscal year 1998. The Village did not obtain an Amended Certificate for these monies in order to have the legislative authority pass an appropriation measure.

In order to increase appropriations, we recommend the Village obtain an Amended Certificate of Estimated Resources each time the Village receives revenue from a new source or the revenue amount exceeds the amount on the preceding Amended Certificate. This would include funds received and disbursed by the County on behalf of the Village.

FINDING NUMBER 1999-31030-005

Noncompliance Citation

Ohio Rev. Code Section 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

Ohio Rev. Code Section 5705.41 (B) states, in part, that no subdivision or taxing unit is to expend money unless it has been appropriated.

**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-31030-005 (Continued)

Noncompliance Citation (Continued)

The Village did not certify their appropriations to the County Auditor for fiscal year 1998 until February 6, 1998. There was no indication of a temporary measure being passed. Additionally, the Village never passed an appropriation measure for fiscal year 1999.

We recommend the Village's legislative authority pass the permanent appropriation measure within the first couple of weeks of the calendar year. If this is not possible, the legislative authority should pass a temporary appropriation measure to cover the period until the permanent appropriation measure is passed.

The Village Clerk/Treasurer should deny any payments until the legislative authority has passed the appropriations.

FINDING NUMBER 1999-31030-006

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states, in part, 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 or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This certificate need be signed only by the subdivision's fiscal officer. This section provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt by the taxing authority of the subdivision or taxing unit of a certificate of the fiscal officer stating that there was at the time of the making of such contract or order and at the time of execution of such certificate a sufficient sum appropriated for the purchase of such contract and in the treasury or process of collection to the credit of an appropriate fund free from any previous encumbrances, such taxing authority may authorize the drawing of a warrant in payment of amounts due upon such contract, but such resolution or ordinance shall be passed within thirty days from the receipt of such certificate.

- B. If the amount is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the taxing authority, if upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the taxing authority.

None of the vouchers over \$1,000 selected for testing in 1999 and 1998 were certified by the Village Clerk/Treasurer at the time the contract or order was made. These commitments were not subsequently resolved to be paid by the Village Council within the aforementioned 30 day time period.

**VILLAGE OF KIMBOLTON
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 1999-31030-006 (Continued)

Noncompliance Citation (Continued)

We recommend, where possible, the Village Clerk/Treasurer certify the availability of funds prior to the cash expenditure being made. Where prior certification is not feasible, we encourage the Village Clerk/Treasurer to utilize "then and now" certificates or blanket certificates.

FINDING NUMBER 1999-31030-007

Reportable Condition

The Village should maintain adequate financial and budgetary records to provide ongoing and timely information. Our review of Village records indicated that Village ledgers are not maintained in such a way to provide up-to-date information throughout the year.

We recommend the Village consider the following systems and documents to effectively maintain the accounting and budgetary records:

- A. The Village should integrate the budgetary accounts, at the legal level of control, into the accounting system. That is, the Village should enter its budgeted receipts and appropriated disbursements for each account. This will allow the accounting records to provide ongoing information about whether sufficient appropriation authority exists to support a purchase commitment. The legal level of control is established by the level at which the legislative body appropriates.
- B. Purchase orders should be used to approve purchase commitments and to encumber funds against the applicable appropriation accounts. Purchase orders are not effective unless the fiscal officer's certificate is attached.
- C. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund. The amount, date, name of the payor, purpose, and receipt number should be recorded in this ledger.
- D. Appropriation ledger, which may assemble and classify disbursements or expenditures into separate accounts for, at a minimum, each account listed in the appropriation resolution. The original appropriation should be recorded in this ledger for each fund. As expenditures are made an amount, check number, check date, purchase order number, encumbrance amount, and unencumbered balance (i.e. a declining balance of the total up-to-date appropriation) should be recorded in this ledger.

The Village should review Ohio Administrative Code Section 117-2-02 regarding the basic requirements of a local government's accounting system.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF KIMBOLTON

GUERNSEY 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
MARCH 6, 2001**