



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Old Washington
Guernsey County
PO Box 268
Old Washington, Ohio 43768

To the Village Council:

We have audited the accompanying financial statements of the Village of Old Washington, Guernsey County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000. 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.

The Village did not make adjustments to its accounting system for posting errors from the prior audit, which would have increased the General Fund January 1, 2000 cash balance by \$11,427, decreased the Special Revenue Fund types January 1, 2000 cash balance by \$5,425. The Village had posting errors during 2000, that resulted in the General Fund receipts being understated by \$743. Also during 2000, the Village transferred \$19,273 from the General Fund to the Street Construction, Maintenance and Repair Fund, a Special Revenue Fund type, in the amount of \$7,800, the Cemetery Fund, a Special Revenue Fund type, in the amount of \$4,000 and to the Parks and Recreation Fund, a Special Revenue Fund type, in the amount of \$7,473 without obtaining legislative approval. Had these posting errors and improper transfers been properly posted to the Village's accounting system, the 2000 General Fund receipts would have been increased by \$20,016 and the December 31, 2000 cash balance of the General Fund would have increased by a cumulative \$31,443. The Special Revenue Fund type 2000 receipts would have been decreased by \$19,273 and the December 31, 2000 cash balance of the Special Revenue Fund would have decreased by a cumulative \$24,698. The Village had posting errors during 2001 that resulted in the General Fund receipts being understated by \$410. Had these amounts been properly posted to the Village's accounting system, the General Fund receipts would have been increased by \$410 and the December 31, 2001 General Fund cash balance would have increased by a cumulative \$31,853. The cumulative effect of the unposted adjustments on the Special Revenue Fund type cash balances at December 31, 2001 is an overstatement of \$24,698.

In our opinion, because of the effects of the matters referred to in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of the Village of Old Washington, Guernsey County, as of December 31, 2001 and 2000, nor 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 October 28, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

October 28, 2002

**VILLAGE OF OLD WASHINGTON
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, 2001**

	<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	\$16,520	\$487	\$	\$17,007
Intergovernmental Receipts	14,987	6,143	2,582	23,712
Charges for Services		4,250		4,250
Earnings on Investments	1,050	700		1,750
Miscellaneous	314	740		1,054
	<u>32,871</u>	<u>12,320</u>	<u>2,582</u>	<u>47,773</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	4,319			4,319
Public Health Services	107	9,525		9,632
Leisure Time Activities		1,135		1,135
Basic Utility Services	2,285			2,285
Transportation	32,794	7,258	3,783	43,835
General Government	8,024			8,024
	<u>47,529</u>	<u>17,918</u>	<u>3,783</u>	<u>69,230</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(14,658)</u>	<u>(5,598)</u>	<u>(1,201)</u>	<u>(21,457)</u>
Other Financing Receipts/(Disbursements):				
Sale of Assets	500			500
	<u>500</u>	<u>0</u>	<u>0</u>	<u>500</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(14,158)	(5,598)	(1,201)	(20,957)
Fund Cash Balances, January 1	<u>31,027</u>	<u>11,440</u>	<u>2,221</u>	<u>44,688</u>
Fund Cash Balances, December 31	<u><u>\$16,869</u></u>	<u><u>\$5,842</u></u>	<u><u>\$1,020</u></u>	<u><u>\$23,731</u></u>

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

VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Miscellaneous	<u>\$583</u>
Total Operating Cash Receipts	<u>583</u>
Net Receipts Over/(Under) Disbursements	583
Fund Cash Balance, January 1	<u>25,777</u>
Fund Cash Balance, December 31	<u><u>\$26,360</u></u>

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

**VILLAGE OF OLD WASHINGTON
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, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$17,763	\$552	\$	\$18,315
Intergovernmental Receipts	17,858	5,789	2,539	26,186
Charges for Services		8,620		8,620
Earnings on Investments	1,922	1,281		3,203
Miscellaneous	5,648	436		6,084
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	43,191	16,678	2,539	62,408
Cash Disbursements:				
Current:				
Security of Persons and Property	3,972			3,972
Public Health Services	60	12,069		12,129
Leisure Time Activities		14,741		14,741
Basic Utility Services	2,114			2,114
Transportation	6,922	16,834	538	24,294
General Government	10,062	59		10,121
Capital Outlay		2,419		2,419
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	23,130	46,122	538	69,790
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	20,061	(29,444)	2,001	(7,382)
Other Financing Receipts/(Disbursements):				
Transfers-In	1,050	19,273		20,323
Transfers-Out	(19,273)	(1,050)		(20,323)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(18,223)	18,223	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	1,838	(11,221)	2,001	(7,382)
Fund Cash Balances, January 1 (Restated see Note 3)	<hr/>	<hr/>	<hr/>	<hr/>
	29,189	22,661	220	52,070
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$31,027	\$11,440	\$2,221	\$44,688

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

VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Fiduciary Fund Types</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Miscellaneous	<u>\$1,068</u>
Total Operating Cash Receipts	<u>1,068</u>
Net Receipts Over/(Under) Disbursements	1,068
Fund Cash Balance, January 1	<u>24,709</u>
Fund Cash Balance, December 31	<u><u>\$25,777</u></u>

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

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Old Washington, 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, including road maintenance, street lighting, park operations (leisure time activities), and fire protection. The Village contracts with the Guernsey County Sheriff's department to provide security of persons and property. The Village appropriates general fund money to support a volunteer fire department.

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

The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are included as fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 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 OLD WASHINGTON
GUERNSEY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. **Fund Accounting (Continued)**

2. **Special Revenue Fund (Continued)**

Cemetery Fund -This fund receives money from the selling of cemetery lots and the opening and closing of graves for general maintenance and operation of the cemetery.

Parks and Recreation Fund -This fund receives donations for the general maintenance and operation of the Village park.

3. **Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Issue II Fund - This fund receives Issue II grant monies. These monies are being used for street improvements.

4. **Fiduciary Fund (Trust Fund)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Village had the following significant Fiduciary Fund:

Cemetery Endowment Fund – This fund was created to invest principal and create interest revenue for the cemetery operating 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.

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.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 2001 and 2000 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 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:

	2001	2000
Demand deposits	\$1,414	\$13,992
Total deposits	1,414	13,992
STAROhio	48,677	56,473
Total investments	48,677	56,473
Total deposits and investments	\$50,091	\$70,465

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

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

The Village had bank deposits that never got posted to the Village's accounting system, contrary to Ohio Revised Code Section 5705.10.

The carrying amount of deposits and investments at December 31, 2001 and 2000 do not reconcile to the bank amount, due to the finding for adjustment amounts noted in the opinion letter.

3. RESTATEMENT OF FUND BALANCES

Certain adjustments have resulted in fund balance restatements as of January 1, 2000. The beginning fund balance in the General Fund has been decreased by \$11,427 to a restated amount of \$29,189, the Street Construction, Maintenance and Repair Fund, a Special Revenue Fund type increased by \$5,870 to a restated amount of \$3,185, the State Highway Fund, a Special Revenue Fund type, increased by \$355 to a restated amount of \$202, the Cemetery Fund, a Special Revenue Fund type, decreased by \$800 to a restated amount of \$0, resulting in the Special Revenue Fund type increasing by \$5,425 to \$22,661. These restatements are due to the Clerk declining to make adjustments from the prior audit.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$33,372	\$33,371	(\$1)
Special Revenue	8,567	12,320	3,753
Capital Projects	0	2,582	2,582
Fiduciary	0	583	583
Total	\$41,939	\$48,856	\$6,917

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$47,529	(\$47,529)
Special Revenue	0	17,918	(17,918)
Capital Projects	0	3,783	(3,783)
Total	\$0	\$69,230	(\$69,230)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,981	\$44,241	\$13,260
Special Revenue	17,025	35,951	18,926
Capital Projects	0	2,539	2,539
Fiduciary	0	1,068	1,068
Total	\$48,006	\$83,799	\$35,793

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$42,403	(\$42,403)
Special Revenue	0	47,172	(47,172)
Capital Projects	0	538	(538)
Total	\$0	\$90,113	(\$90,113)

Contrary to Ohio Revised Code, the Village transferred money from the General Fund without legislative approval.

Contrary to Ohio Revised Code, the Village did not pass a temporary or permanent appropriation measure for 2001 or 2000. Consequently, during 2001 and 2000, all expenditures made by the Village exceeded appropriations, contrary to Ohio Rev. Code Section 5705.41 (B).

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio Revised Code, the Village did not pass a Resolution Accepting Tax Rates or certify tax levies to the County Auditor by October 1 for 2001 or 2000.

All of the Village's 2001 and 2000 expenditures did not contain the Clerk's prior certification of the availability of funds, contrary to Ohio Rev. Code Section 5705.41 (D).

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31.

If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. RETIREMENT SYSTEMS

The Village's employees and elected 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 postretirement 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 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for January 1, 2000 through June 30, 2000 and for 2001. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through September 30, 2001. The Village has not paid the employee and employer share of PERS for the fourth quarter of 2001 in the approximate amount of \$43.

The Village withheld Social Security, Medicare and federal withholding taxes from employee pay checks but never remitted these taxes to the Internal Revenue Service. The amounts not remitted are Social Security taxes in the amount of \$302, Medicare (employee and employer portion) in the amount of \$209 and federal withholding taxes in the amount of \$720.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT

Risk Pool Membership

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

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

The Plan uses conventional insurance coverages and reinsures coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.



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

Village of Old Washington
Guernsey County
PO Box 268
Old Washington, Ohio 43768

To the Village Council:

We have audited the accompanying financial statements of the Village of Old Washington, Guernsey County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated October 28, 2002, wherein we opined that these financial statements were not fairly presented since prior audit adjustments were not made to the accounting system and also due to the effect of posting errors not corrected for 2001 and 2000. 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 2001-31030-001 through 2001-31030-007. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 28, 2002.

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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2001-31030-008.

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 item 2001-31030-008 to be 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 October 28, 2002.

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

October 28, 2002

VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-31030-001

Finding Repaid Under Audit

The Village Council passed legislation on July 16, 2001 changing the hourly rate of pay for Terry Rose, Village employee from \$8.00 per hour to \$9.00 per hour. For one hundred thirty-eight (138) hours, worked by Terry Rose before the rate per hour was amended on July 16, 2001, the Village paid Terry Rose at \$9.00 per hour instead of the legislatively approved rate of \$8.00 per hour. A recap of the overpayment is as follows:

Pay periods ending June 23, June 30, July 7 and July 14, 2001 salary paid	\$1,246.50
Pay periods ending June 23, June 30, July 7, and July 14, 2001 salary authorized	<u>\$1,108.00</u>
Amount of overpayment	<u>\$ 138.50</u>

On July 15, 2002, the Village Council passed a retroactive Resolution #2001-12 stating the intent of the Village Council was to make the rate per hour of \$9.00 for Terry Rose be in effect starting on June 21, 2001.

FINDING NUMBER 2001-31030-002

Noncompliance Citation

Ohio Rev. Code § 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 a 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.

**VILLAGE OF OLD WASHINGTON
GUERSNEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2001-31030-002 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code § 5705.41 (D) (Continued)

The Village did not obtain prior certification for any expenditure made during 2000 or 2001. The lack of prior certification could lead to expenditures being made or committed to in which adequate funds have not been appropriated. These commitments were not subsequently resolved to be paid by the Village Council within the aforementioned 30 day time period.

We recommend the Village Clerk monitor the use of purchase orders more carefully to help ensure expenditures are certified as to the availability of funds prior to incurring the obligation.

FINDING NUMBER 2001-31030-003

Noncompliance Citation

Ohio Rev. Code § 5705.38 states, in part, 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.

There was no evidence presented for audit to indicate that either a temporary or annual appropriation measure was approved by the Village Council or submitted to the County Auditor, for either 2001 or 2000.

We recommend the Village Council approve, and state in the minutes as evidence of approval, an appropriation measure on or about the first of the year. This appropriation measure should be submitted to the County Auditor by the same date.

FINDING NUMBER 2001-31030-004

Noncompliance Citation

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

All expenditures made during 2001 and 2000 were made without properly being appropriated. This amounted to \$69,230 and \$90,113, respectively, being expended without any budgetary expenditure amount being passed to restrict expenditures.

We recommend the Village Council approve, and state in the minutes as evidence of approval, an appropriation measure on or about the first of the year. This appropriation measure should be submitted to the County Auditor by the same date. The Clerk should deny any payment that would cause expenditures to exceed appropriations.

**VILLAGE OF OLD WASHINGTON
GUERSNEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2001-31030-005

Noncompliance Citation

*Ohio Rev. Code § 5705.34 states, in part, that each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before October 1st of each year, unless a later date is approved by the tax commissioner.

There was no indication in the minutes of the Village Council that these resolutions were adopted prior to the required date. Additionally, there was no evidence presented for audit that certification of tax rates for either year were submitted to the County Auditor.

We recommend the Village Council pass an ordinance or resolution to authorize the necessary tax levies and submit a certification to the County Auditor on or before October 1st of each year to the County Auditor.

FINDING NUMBER 2001-31030-006

Noncompliance Citation

26 U.S.C. Section 3403 states, in part, that employers are liable for payment of the taxes deducted and withheld.

The Village withheld federal withholding, Medicare and social security taxes from employees but did not remit the employee's or employers share, if applicable, of these taxes to the Internal Revenue Service.

We recommend the Village remit the employee and, if applicable, employer share of federal withholding, Medicare and social security taxes quarterly on IRS Form 941. If the Village does not have a Employer Identification Number (EIN), they should submit Form SS-4 to the Internal Revenue Service to obtain a EIN number. For more information, the Village should consult Circular E, Employer's Tax Guide. If not corrected by the next audit, this matter will be referred to the Internal Revenue Service. We considered the effect of this matter in forming our opinion on the Village's financial statements.

FINDING NUMBER 2001-31030-007

Finding for Adjustment

Ohio Rev. Code Section 5705.14, 5705.15 and 5705.16 states that no transfer can be made from one fund of a subdivision to any other fund, except money may be transferred from the general fund to any other fund of the subdivision by resolution of the taxing authority or from one fund to another as is specifically authorized in Ohio Rev. Code Section 5705.14.

Transfers from the general fund require a resolution passed by a simple majority of the board members (i.e. two thirds vote is not required for general fund transfers though a resolution is required).

**VILLAGE OF OLD WASHINGTON
GUERSNEY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

FINDING NUMBER 2001-31030-007 (Continued)

Finding for Adjustment (Continued)

The Village Clerk transferred \$19,273 from the General Fund resulting in \$7,800 going to the Street Construction, Maintenance and Repair Fund, 4,000 to the Cemetery Fund, and \$7,473 to the Parks and Recreation Fund during 2000. The Village Clerk did not obtain Council's approval in Resolution form nor did the minutes reflect Council's approval to transfer monies from the General Fund.

A finding for adjustment is hereby issued against the Street Construction, Maintenance and Repair Fund, Special Revenue Fund type, in the amount of \$7,800, against the Cemetery Fund, Special Revenue Fund type, in the amount of \$4,000, and against the Parks and Recreation Fund, Special Revenue Fund type, in the amount of \$7,473, and in favor of the General Fund of Village of Old Washington, Guernsey County in the amount of \$19,273. This adjustment was not recorded on the books of the Village.

FINDING NUMBER 2001-31030-008

Reportable Condition

The Village should maintain adequate financial and budgetary records to provide ongoing and timely information. Our review of Village records indicated that the Clerk/Treasurer did maintain a cashbook, receipt ledger, and appropriation ledger as required. However, these accounting records were not maintained in such a way to provide up-to-date information throughout the year. In addition, the cashbook was not reconciled to the bank account.

Transactions were not consistently and accurately posted to the accounting records. The bank account contained deposits and checks that were not recorded in the cashbook, receipt ledger, and appropriation ledger. Additionally, receipt and expenditure amounts posted to the Village's annual financial report did not agree to the Village's accounting records. We charged the Village an additional \$1,200 to reconcile the cashbook to the bank account and to prepare an accurate annual financial report. The result of our proof-of-cash reflected that during 2000 the General Fund receipts were understated by \$743 and during 2001 the General Fund receipts were understated by \$410.

We recommend the Village Clerk/Treasurer exert extreme care when posting receipts and expenditure transactions to the Village's accounting system. Receipt and expenditure ledgers should correspond with entries in the cashbook. The Village's cashbook should be reconciled on a monthly basis to the bank account. Additionally, the Village's annual financial report should be completed directly from the Village's receipt and expenditure ledgers.

**VILLAGE OF OLD WASHINGTON
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-31030-001	Ohio Rev. Code Section 5705.41(D) failure to certify funds.	No	Not Corrected; Reissued as Finding 2001-31030-002 in the GAGAS letter
1999-31030-002	Ohio Rev. Code Section 5705.10 negative fund balances.	No	Partially Corrected; Reissued as a Management letter comment.
1999-31030-003	Ohio Rev. Code Section 5705.36 failure to amend available resources	No	Partially Corrected; Reissued as a Management letter comment
1999-31030-004	Ohio Rev. Code Section 5705.38 and 5705.41(B) failure to pass an appropriation measure or certify funds.	No	Not Corrected; Reissued as Findings 2001-31030-003 and 2001-31030-004 in the GAGAS letter
1999-31030-005	26 U.S.C Section 3403 failure to remit employee payroll withholdings	No	Not Corrected; Reissued as Finding 2001-31030-006 in the GAGAS letter
1999-31030-006	Reportable Condition for maintenance of financial and budgetary records	No	Partially Corrected; Reissued as Finding 2001-31030-008 in the GAGAS letter



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OFFICE OF THE AUDITOR

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VILLAGE OF OLD WASHINGTON

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
DECEMBER 3, 2002**