



**Auditor of State
Betty Montgomery**

VILLAGE OF MACKSBURG
WASHINGTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	9
Schedule of Findings.....	11
Schedule of Prior Audit Findings.....	13

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Macksburg
Washington County
P.O. Box 166
Macksburg, Ohio 45746

To the Village Council:

We have audited the accompanying financial statements of the Village of Macksburg, Washington County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Macksburg, Washington County, as of December 31, 2002 and 2001, 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 June 27, 2003 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 Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 27, 2003

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 1,318	\$	\$ 1,318
Special Assessments		403	403
Intergovernmental Receipts	37,719	6,000	43,719
Fines, Licenses, and Permits		40	40
Earnings on Investments	777		777
Miscellaneous	197	6,720	6,917
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	40,011	13,163	53,174
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	6,217		6,217
Public Health Services	232		232
Community Environment	2,008		2,008
Transportation	81,846	13,190	95,036
General Government	11,199	5	11,204
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	101,502	13,195	114,697
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(61,491)	(32)	(61,523)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	82,781	9,542	92,323
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 21,290</u>	<u>\$ 9,510</u>	<u>\$ 30,800</u>

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

**VILLAGE OF MACKSBURG
WASHINGTON 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>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 1,708	\$	\$ 1,708
Special Assessments		521	521
Intergovernmental Receipts	106,757	5,986	112,743
Earnings on Investments	1,081		1,081
Miscellaneous	1,167		1,167
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	110,713	6,507	117,220
Cash Disbursements:			
Current:			
Security of Persons and Property	5,168		5,168
Public Health Services	221		221
Basic Utility Services	2,705	9,593	12,298
Transportation	6,702	5	6,707
General Government	14,090	800	14,890
Capital Outlay	12,905		12,905
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	41,791	10,398	52,189
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	68,922	(3,891)	65,031
Other Financing Receipts/(Disbursements):			
Transfers-In		10,000	10,000
Transfers-Out	(10,000)		(10,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(10,000)	10,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	58,922	6,109	65,031
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	23,859	3,433	27,292
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$ 82,781	\$ 9,542	\$ 92,323

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

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Macksburg, Washington 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, and an elected Mayor and Clerk. The Village provides maintenance of streets and street lighting services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. 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 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 license tax money to construct, maintain and repair Village streets.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

VILLAGE OF MACKSBURG
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of, 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 encumber all commitments required by Ohio law.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

E. 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

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	2002	2001
Demand deposits	<u>\$ 30,800</u>	<u>\$ 92,323</u>

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 40,782	\$ 40,011	\$ (771)
Special Revenue	6,486	13,163	6,677
Total	\$ 47,268	\$ 53,174	\$ 5,906

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 65,090	\$ 101,502	\$ (36,412)
Special Revenue	11,690	13,195	(1,505)
Total	\$ 76,780	\$ 114,697	\$ (37,917)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 42,135	\$ 110,713	\$ 68,578
Special Revenue	7,710	16,507	8,797
Total	\$ 49,845	\$ 127,220	\$ 77,375

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 72,823	\$ 51,791	\$ 21,032
Special Revenue	0	10,398	(10,398)
Total	\$ 72,823	\$ 62,189	\$ 10,634

Expenditures exceeded appropriations at the fund level in the General Fund by \$36,412 and in the Street Construction, Maintenance and Repair Fund by \$1,500 at December 31, 2002, contrary to Ohio law. Expenditures exceeded appropriations by \$10,394 in the Street Maintenance, Construction and Repair Fund by \$10,394 at December 31, 2001, contrary to Ohio law.

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.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

4. PROPERTY TAX (Continued)

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. RETIREMENT SYSTEM

The Village's elected officials and employees 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 2002 and 2001, members of PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all employer contributions required through December 31, 2002.

6. RISK MANAGEMENT

The Village has obtained commercial insurance coverage for the following risks:

- Comprehensive property and general liability;
- Vehicles; and,
- Public officials' liability.



**Auditor of State
Betty Montgomery**

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

Village of Macksburg
Washington County
P.O. Box 166
Macksburg, Ohio 45746

To the Village Council:

We have audited the financial statements of the Village of Macksburg, Washington County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 27, 2003. 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 2002-001 and 2002-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 27, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 27, 2003.

Village of Macksburg
Washington County
Independent Accountants' Report on Compliance and on Internal Control
Required By *Government Auditing Standards*
Page 2

This report is intended 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 27, 2003

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY
SCHEDULE OF FINDINGS
DECMEBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing authority shall make any contract or order an expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section provides two "exceptions" to the above requirement:

- A. "Then and Now" Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that both at the time that the contract or order was made and at the time that the fiscal officer (the Village Clerk) is completing the certification, a sufficient sum was appropriated and free from any previous encumbrances, the Village Council (the taxing authority) 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, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000 (which was increased to \$3,000 on April 7, 2003) the fiscal officer may authorize it to be paid without the affirmation of the taxing authority, upon completion of the then and now certificate, provided that the expenditure is otherwise lawful.

None of the non-payroll transactions issued in 2002 or 2001 had the prior certification of the Village Clerk.

We recommend the Village obtain the Village Clerk's certification of the availability of funds prior to the commitment being incurred.

FINDING NUMBER 2002-002

Noncompliance Citation

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

Total expenditures exceeded total appropriations at the fund level at December 31, 2002 as follows:

Fund	Appropriation Authority	Actual Expenditures	Variance
General	\$ 65,090	\$ 101,502	\$ (36,412)
Street Construction, Maintenance and Repair	11,690	13,190	(1,500)

VILLAGE OF MACKSBURG
WASHINGTON COUNTY

SCHEDULE OF FINDINGS
DECMEBER 31, 2002 AND 2001
(Continued)

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

FINDING NUMBER 2002-002 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41 (B) (Continued)

Total expenditures exceeded total appropriations at the fund level at December 31, 2001 as follows:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Street Construction, Maintenance and Repair	\$ 0	\$ 10,394	\$ (10,394)

The Clerk should deny payment requests exceeding appropriations. The Clerk may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-31084-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not properly encumbering.	No	This noncompliance citation is repeated in the Schedule of Findings as item 2002-001.
2000-31064-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for actual disbursement exceeding appropriations.	No	This noncompliance citation is repeated in the Schedule of Findings as item 2002-002.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF MACKSBURG

WASHINGTON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 28, 2003**