



**VILLAGE OF SPENCER
MEDINA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SPENCER
MEDINA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Spencer
Medina County
109 North Main Street
Spencer, Ohio 44275

To the Village Council:

We have audited the accompanying financial statements of the Village of Spencer, Medina 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 audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, 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 April 15, 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 audits.

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

April 15, 2002

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**VILLAGE OF SPENCER
MEDINA 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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$27,389	\$31,072			\$58,461
Special Assessments	3,166	15,498			18,664
Intergovernmental Receipts	46,541	48,305			94,846
Fines, Licenses, and Permits	10,720	85			10,805
Firestone Trust Donations	362,673				362,673
Miscellaneous	4,674	37			4,711
	<u>455,163</u>	<u>94,997</u>			<u>550,160</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	60,189	50,521			110,710
Leisure Time Activities	13,397				13,397
Community Environment	110				110
Basic Utility Services	1,229				1,229
Transportation	27,170	25,968			53,138
General Government	335,175	269		\$37	335,481
	<u>437,270</u>	<u>76,758</u>		<u>37</u>	<u>514,065</u>
Total Receipts Over/(Under) Disbursements	17,893	18,239		(37)	36,095
Other Financing Receipts/(Disbursements):					
Other Financing Sources	12,363				12,363
Transfers-In	13,600				13,600
Transfers-Out				(13,600)	(13,600)
	<u>25,963</u>			<u>(13,600)</u>	<u>12,363</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	43,856	18,239		(13,637)	48,458
Fund Cash Balances, January 1	38,860	26,831	\$1,339	13,637	80,667
Fund Cash Balances, December 31	<u>\$82,716</u>	<u>\$45,070</u>	<u>\$1,339</u>	<u>\$0</u>	<u>\$129,125</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF SPENCER
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$259,179
Operating Cash Disbursements:	
Personal Services	62,905
Fringe Benefits	15,337
Contractual Services	23,480
Supplies and Materials	38,856
Capital Outlay	916
Miscellaneous	12,035
Total Operating Cash Disbursements	153,529
Operating Income	105,650
Non-Operating Cash Receipts:	
Interest	873
Non-Operating Cash Disbursements:	
Debt Service	71,393
Net Receipts Over Disbursements	35,130
Fund Cash Balances, January 1	124,687
Fund Cash Balances, December 31	\$159,817
Reserve for Encumbrances, December 31	\$0

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

**VILLAGE OF SPENCER
MEDINA 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>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$30,096	\$34,107			\$64,203
Special Assessments		16,031			16,031
Intergovernmental Receipts	32,598	34,635			67,233
Fines, Licenses, and Permits	8,889	198			9,087
Earnings on Investments	151				151
Firestone Trust Donations	248,084				248,084
Miscellaneous	3,187	532			3,719
	<u>323,005</u>	<u>85,503</u>			<u>408,508</u>
Total Cash Receipts					
	<u>323,005</u>	<u>85,503</u>			<u>408,508</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	52,379	46,660			99,039
Leisure Time Activities	11,999				11,999
Community Environment	195				195
Basic Utility Services	1,470				1,470
Transportation	40,404	23,682			64,086
General Government	271,058	187			271,245
	<u>377,505</u>	<u>70,529</u>			<u>448,034</u>
Total Cash Disbursements					
	<u>377,505</u>	<u>70,529</u>			<u>448,034</u>
Total Receipts (Under)/Over Disbursements	(54,500)	14,974			(39,526)
Fund Cash Balances, January 1	93,360	11,857	\$1,339	\$13,637	120,193
Fund Cash Balances, December 31	<u>\$38,860</u>	<u>\$26,831</u>	<u>\$1,339</u>	<u>\$13,637</u>	<u>\$80,667</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF SPENCER
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$260,543
Operating Cash Disbursements:	
Personal Services	61,450
Fringe Benefits	11,492
Contractual Services	8,728
Supplies and Materials	43,713
Capital Outlay	1,006
Miscellaneous	27,442
Total Operating Cash Disbursements	153,831
Operating Income	106,712
Non-Operating Cash Receipts:	
Interest	863
Non-Operating Cash Disbursements:	
Debt Service	67,660
Net Receipts Over Disbursements	39,915
Fund Cash Balances, January 1	84,772
Fund Cash Balances, December 31	\$124,687
Reserve for Encumbrances, December 31	\$0

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

**VILLAGE OF SPENCER
MEDINA 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 Spencer, Medina County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are included in the cash fund 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.

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

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 has 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 SPENCER
MEDINA 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)

Police Levy Fund - This fund receives property tax revenue for the purpose of funding the Village police department.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bond and note indebtedness.

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds).

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village has the following significant Enterprise Funds:

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

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

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 object level of control, and appropriations may not exceed estimated resources. Village 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 SPENCER
MEDINA 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. The Village did not encumber all commitments required by Ohio law.

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 capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment 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	\$ 272,442	\$ 188,854
Certificates of deposit	16,500	16,500
Total deposits	288,942	205,354

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF SPENCER
MEDINA COUNTY**

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$425,400	\$481,126	\$55,726
Special Revenue	61,806	94,997	33,191
Debt Service	0	0	0
Capital Projects	21,142	0	(21,142)
Enterprise	244,500	260,052	15,552
Total	\$752,848	\$836,175	\$83,327

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$490,159	\$437,270	\$52,889
Special Revenue	86,749	76,758	9,991
Debt Service	0	0	0
Capital Projects	18,000	13,637	4,363
Enterprise	368,774	224,922	143,852
Total	\$963,682	\$752,587	\$211,095

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$331,788	\$323,005	(\$8,783)
Special Revenue	91,158	85,503	(5,655)
Debt Service	0	0	0
Capital Projects	4,998	0	(4,998)
Enterprise	244,500	261,406	16,906
Total	\$672,444	\$669,914	(\$2,530)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$420,000	\$377,505	\$42,495
Special Revenue	120,660	70,529	50,131
Debt Service	0	0	0
Capital Projects	18,000	0	18,000
Enterprise	313,900	221,491	92,409
Total	\$872,560	\$669,525	\$203,035

**VILLAGE OF SPENCER
MEDINA COUNTY**

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

4. NON-COMPLIANCE

Contrary to Ohio Rev. Code Section 5705.41(D), the Village did not certify the availability of funds for the majority of its expenditures during 2001 and 2000.

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.

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.

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$137,100	0%
Ohio Public Works Commission Loan C1805	292,811	0%
Ohio Public Works Commission Loan C1623	58,497	0%
Mortgage Revenue Bonds	<u>104,000</u>	5%
Total	<u><u>\$592,408</u></u>	

The Ohio Water Development Authority (OWDA) loan relates to a wastewater treatment plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$298,500 in loans to the Village for this project. The loans will be repaid in annual installments of \$26,900, with no interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan C1805 relates to wastewater treatment plant improvements mandated by the Ohio Environmental Protection Agency. The OPWC has approved up to \$403,878 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$10,097, with no interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF SPENCER
MEDINA COUNTY**

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

6. DEBT (Continued)

The Ohio Public Works Commission (OPWC) loan C1623 relates to wastewater treatment system improvements mandated by the Ohio Environmental Protection Agency. The OPWC has approved up to \$100,000 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$2,167, with no interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Mortgage Revenue Bonds relate to the construction of a municipal sewer system for the Village. The Village borrowed a total of \$293,000 to be repaid in annual varying installments over 37 years. The Mortgage Revenue Bonds are collateralized by the Village's water and sewer receipts.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>OWDA Loan</u>	<u>OPWC Loan C1805</u>	<u>OPWC Loan C1623</u>	<u>Mortgage Revenue Bonds</u>
2002	\$26,900	\$20,194	\$4,333	\$17,200
2003	26,900	20,194	4,333	19,600
2004	26,900	20,194	4,333	18,850
2005	26,900	20,194	4,333	18,100
Subsequent	<u>29,500</u>	<u>212,035</u>	<u>41,165</u>	<u>51,800</u>
Total	<u><u>\$137,100</u></u>	<u><u>\$292,811</u></u>	<u><u>\$58,497</u></u>	<u><u>\$125,550</u></u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries through June 30, 2000. Commencing July 1, 2000 through December 31, 2000, PERS temporarily reduced employer contributions to 8.13%. The Village has paid all contributions required through December 31, 2001.

**VILLAGE OF SPENCER
MEDINA COUNTY**

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

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and dental coverage to full-time employees through a private carrier.

9. CONTINGENT LIABILITIES

The Village is a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

Village of Spencer
Medina County
109 North Main Street
Spencer, Ohio 44275

To the Village Council:

We have audited the accompanying financial statements of the Village of Spencer, Medina County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 15, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-30952-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 15, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 April 15, 2002.

Village of Spencer
Medina County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, 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

April 15, 2002

**VILLAGE OF SPENCER
MEDINA COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-30952-001

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

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

- a. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- b. If the amount involved is less than \$1,000, the Clerk/Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, is such expenditure is otherwise valid.

During 2001 and 2000, 67% expenditures tested were not certified by the Clerk/Treasurer prior to incurring the obligation. It was also found that neither of the two exceptions above were utilized for the items found to be in noncompliance. The Village should inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Village should also implement the use of Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41.

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**VILLAGE OF SPENCER
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30952-001	Ohio Rev. Code Section 5705.41 (D) - Certification of available resources for expenditures	No	Not Corrected; See Finding Number 2001-30952-001.
1999-30952-002	Ohio Rev. Code Section 5705.41(B) - Expenditures in excess of appropriations	Yes	
1999-30952-003	Ohio Rev. Code Section 5705.39 - Total appropriations in excess of estimated resources	No	Partially corrected. Appropriations exceeded estimated resources by insignificant amounts in one fund at December 31, 2001 and one fund at December 31, 2000.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF SPENCER

MEDINA 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
MAY 14, 2002**