



**Auditor of State
Betty Montgomery**

VILLAGE OF MONTPELIER
WILLIAMS COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Montpelier
Williams County
211 N. Jonesville St.
P.O. Box 148
Montpelier, OH 43543-0148

To the Village Council:

We have audited the accompanying financial statements of the Village of Montpelier, Williams County, (the Village) as of and for the year ended December 31, 2002. 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 Montpelier, Williams County as of December 31, 2002, and its combined cash receipts and disbursements for the year 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 10, 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.

Village of Montpelier
Williams County
Independent Accountants' Report
Page 2

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

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

Betty Montgomery
Auditor of State

April 10, 2003

**VILLAGE OF MONTPELIER
WILLIAMS 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>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$592,115	\$193,264	\$929,453	\$1,714,832
Special Assessments			21,681	21,681
Intergovernmental Receipts	347,859	153,770		501,629
Charges for Services	328,482	27,205		355,687
Fines, Licenses, and Permits	62,032	942		62,974
Miscellaneous	176,513	19,369	4,915	200,797
	<u>1,507,001</u>	<u>394,550</u>	<u>956,049</u>	<u>2,857,600</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	611,116	59,678		670,794
Public Health Services	33,938			33,938
Leisure Time Activities		140,168		140,168
Basic Utility Services	284,108			284,108
Transportation	172,829	143,924		316,753
General Government	252,315	341		252,656
Debt Service:				
Principal Payments	150,000	125,000	542,000	817,000
Interest Payments	2,740	2,631	51,570	56,941
Capital Outlay	1,496	20,875	644,460	666,831
	<u>1,508,542</u>	<u>492,617</u>	<u>1,238,030</u>	<u>3,239,189</u>
Total Cash Disbursements				
Total Cash Receipts Under Cash Disbursements	<u>(1,541)</u>	<u>(98,067)</u>	<u>(281,981)</u>	<u>(381,589)</u>
Other Financing Receipts and (Disbursements):				
Sale of Bonds or Notes	100,000	75,000	275,000	450,000
Transfers-In		41,160		41,160
Advances-In			300,000	300,000
Advances-Out			(30,000)	(30,000)
Transfers-Out	<u>(213,385)</u>			<u>(213,385)</u>
	<u>(113,385)</u>	<u>116,160</u>	<u>545,000</u>	<u>547,775</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(114,926)	18,093	263,019	166,186
Fund Cash Balances, January 1	<u>327,464</u>	<u>316,950</u>	<u>498,568</u>	<u>1,142,982</u>
Fund Cash Balances, December 31	<u>\$212,538</u>	<u>\$335,043</u>	<u>\$761,587</u>	<u>\$1,309,168</u>

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

**VILLAGE OF MONTPELIER
WILLIAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$7,128,583
Miscellaneous	72,930
	7,201,513
Total Operating Cash Receipts	7,201,513
Operating Cash Disbursements:	
Personal Services	1,237,734
Fringe Benefits	25,933
Contractual Services	4,185,379
Supplies and Materials	236,366
Capital Outlay	527,446
	6,212,858
Total Operating Cash Disbursements	6,212,858
Operating Income	988,655
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	75,000
Other Non-Operating Receipts	26,571
	101,571
Total Non-Operating Cash Receipts	101,571
Non-Operating Cash Disbursements:	
Debt Service	578,964
Other Non-Operating Cash Disbursements	156,660
	735,624
Total Non-Operating Cash Disbursements	735,624
Excess of Cash Receipts Over Cash Disbursements Before Interfund Transfers and Advances	354,602
Transfers-In	172,225
Advances-In	396,000
Advances-Out	(666,000)
	256,827
Net Receipts Over Disbursements	256,827
Fund Cash Balances, January 1	2,949,148
Fund Cash Balances, December 31	\$3,205,975

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

**VILLAGE OF MONTPELIER
WILLIAMS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Montpelier, Williams 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 electric, water and sewer utilities, park operations, fire protection, 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

Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

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.

Parks and Recreation Fund - This fund receives 13.33% of the 1.5% income tax money collected. The money is used for recreational activities for the citizens of the Village.

**VILLAGE OF MONTPELIER
WILLIAMS COUNTY**

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

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 funds:

Income Tax Capital Improvement Fund - This fund receives 50% of the 1.5% Village income tax. These funds are used for capital improvements in the Village.

Sewer Capital Improvement Fund - This fund receives 20% of the 1.5% Village income tax. These funds are used to improve the sewer system of the Village.

4. Enterprise Funds

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

Electric 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 (except certain agency funds) 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2002 budgetary activity appears in Note 3.

**VILLAGE OF MONTPELIER
WILLIAMS COUNTY**

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

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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

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:

	2002
Cash on Hand	1,850
Demand deposits	\$1,963,814
Total deposits	1,965,664
 STAR Ohio	 2,549,479
Total deposits and investments	\$4,515,143

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village. The investment in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2002 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,618,431	\$1,607,001	(\$11,430)
Special Revenue	505,851	510,710	4,859
Capital Projects	1,512,153	1,231,049	(281,104)
Enterprise	7,794,240	7,475,309	(318,931)
Total	\$11,430,675	\$10,824,069	(\$606,606)

**VILLAGE OF MONTPELIER
WILLIAMS COUNTY**

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,946,667	\$1,721,927	\$224,740
Special Revenue	813,530	492,617	320,913
Capital Projects	2,010,721	1,238,030	772,691
Enterprise	10,743,388	6,948,482	3,794,906
Total	\$15,514,306	\$10,401,056	\$5,113,250

The Village did not certify all commitments required by 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.

Public utilities are also taxed on personal and real property located within the Village.

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

**VILLAGE OF MONTPELIER
WILLIAMS COUNTY**

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

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Waterworks System Mortgage Revenue Bonds	\$532,000	4.56%
Ohio Water Development Authority Loan 2160	491,474	5.25%
Ohio Water Development Authority Loan 2161	414,793	5.56%
Ohio Water Development Authority Loan 3261	1,564,814	6.41%
AMP Ohio Loan	3,250,000	1.85%
Fire Truck Acquisition General Obligation Bonds	75,000	5.00%
Various Purpose Improvement Note Series 2002	325,000	2.75%
Sewage and Drainage System Improvement Note	200,000	3.24%
Total	<u><u>\$6,853,081</u></u>	

The Ohio Waterworks System Bonds relate to improvements to the Village's waterworks system. The bonds will be paid back over 21 years with the final payment due in 2021. Property and revenue of the Village's waterworks utility have been pledged to retire the debt.

The Ohio Water Development Authority (OWDA) Loan 2160 relates to a sewer line project. The sewer line was run to the Village of Holiday City. This loan will be paid back over 20 years with revenues from user fees charged to the residents of the Village of Holiday City.

The Ohio Water Development Authority (OWDA) Loan 2161 relates to a water line project. The water line was run the Village of Holiday City. The loan will be paid back over 20 years with revenues from user fees charged to the residents of the Village of Holiday City.

The Ohio Water Development Authority (OWDA) Loan 3261 is for the improvement of the wastewater treatment plant. The loan will be paid back over 20 years with revenues from user fees charged.

The General Obligation Bonds were issued for the acquisition of fire trucks. General obligations are direct obligations for the Village for which its full faith, credit, and resources are pledged and are payable from tax levies on all taxable property in the Village. The bonds will be paid back over 5 years with the final payment in 2003.

The Various Purpose Improvement Note, Series 2002 was issued in anticipation of the issuance of bonds for the purpose of improving the municipal sewage system, improving the municipal park, and improving the municipal sewage system by acquiring real estate for the construction of additional wastewater facilities. The note matures one year after issuance.

The Sewage and Drainage System Improvement Note was issued in anticipation of the issuance of bonds for the purpose of improving the municipal sewage and drainage system by constructing storm sewers, sanitary sewers, retention basins, catch basins and drains. The note matures one year after issuance.

The Village entered into a loan agreement with American Municipal Power – Ohio, Inc. (AMP-Ohio) for an amount of \$3,250,000 for the purpose of providing financing for the acquisition and installation of electric system improvements.

The Electric Operating Fund is to pay the loan made by AMP-Ohio together with interest thereon equal to the rate(s) of interest on the Electric System Improvement Bond Anticipation Notes (the Notes) to be issued by AMP-Ohio in one or more series, or on notes issued to refund the Notes, or

**VILLAGE OF MONTPELIER
WILLIAMS COUNTY**

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

on the Electric System Improvement Bonds to be issued by AMP-Ohio in anticipation of which Bonds the Notes are issued.

On the maturity date of each series of the Notes the Village will pay to AMP-Ohio all interest due on the Notes plus any amount of principal up to the original principal amount of such series, and on the maturity date of such series of the Notes plus an amount of principal equal to the amount of principal amount which would be due in the corresponding year on a loan in the original amount of such series, for a term of 20 years, at the interest rate borne by such series of the Notes.

AMP-Ohio will use its best efforts to refinance any remaining principal of any series of the Notes; provided, however, that if AMP-Ohio is unable to refinance any series of the Notes, it shall give the Village and the original purchaser of the Notes 60 days notice of such inability, and the Village shall pay to AMP Ohio all amounts necessary to retire such series of the Notes at maturity.

As required by the mortgage revenue bond covenant, the Village has established and funded a reserve fund, included as an enterprise fund. The balance at December 31, 2002 was \$81,668.

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

Year Ending December 31:	Ohio Waterworks System Bonds	OWDA Loans	Sewage and Drainage Anticipation Note	Fire Truck Acquisition Bonds	Various Purpose Improvement Anticipation Note
2003	\$44,600	\$228,728	\$206,480	\$77,955	\$333,938
2004	43,700	228,728			
2005	43,800	228,728			
2006	43,850	228,728			
2007	43,850	228,728			
Subsequent	616,750	3,672,297			
Total	<u>\$836,550</u>	<u>\$4,815,937</u>	<u>\$206,480</u>	<u>\$77,955</u>	<u>\$333,938</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers and the fire chief belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS 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 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002. The Village has paid all contributions required through December 31, 2002.

**VILLAGE OF MONTPELIER
WILLIAMS COUNTY**

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

8. RISK POOL MANAGEMENT

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 § 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, crime, surety and bond, inland marine, and other coverages. The Plan pays judgment, settlements, and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional coverages and reinsures these 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 may vary from member to member.

The Pool covers the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Errors and omissions.
- Inland marine.

9. SELF INSURANCE

The Village is also self insured for employee health and dental insurance. The General, Street Construction, Park, Water, Electric, and Sewer funds pay their respective covered claims to service providers based on actual costs per employee with a maximum cost of \$30,000 per employee

10. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Included in the services provided by the Village financed primarily by user charges are refuse collection, water treatment and distribution, wastewater collection and treatment, electric utility services. The key financial information for the year ended December 31, 2002 for these enterprise activities are indicated below:

	Water Fund	Sewer Fund	Electric Fund	Other Miscellaneous Funds	Total Enterprise Funds
Operating Cash Receipts	\$797,414	\$611,961	\$5,525,375	\$266,763	\$7,201,513
Debt Service		84,693	354,708	139,563	578,964
Operating Cash Disbursements	1,001,520	580,355	4,583,131	47,852	6,212,858
Operating Loss/Income	(204,106)	31,606	942,245	218,910	988,655
Net Receipt Over Disbursements	29,894	(53,087)	255,762	24,258	256,827
Fund Cash Balances	413,789	159,681	2,227,384	405,121	3,205,975

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**Auditor of State
Betty Montgomery**

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

Village of Montpelier
Williams County
211 N. Jonesville St.
P.O. Box 148
Montpelier, OH 43543-0148

To the Village Council:

We have audited the accompanying financial statements of the Village of Montpelier, Williams County, (the Village) as of and for the year ended December 31, 2002, and have issued our report thereon dated April 10, 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 item 2002-30186-001.

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 April 10, 2003.

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

April 10, 2003

VILLAGE OF MONTPELIER
WILLIAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002

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

FINDING NUMBER 2002-30186-001

Noncompliance Citation

Ohio Revised Code § 5705.41 (D) states that no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from an any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is not legal liability on the part of the subdivision or taxing district.
- B. Amounts less than \$1,000 may be paid by the fiscal officer without such certificate of the taxing authority 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 expenditures by the taxing authority.

Twenty three percent of the transactions tested were not certified at the time the commitment was incurred. These commitments were not subsequently approved by the Council within the aforementioned 30 day time period.

We recommend the Finance Director certify the amount required to meet a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance prior to placing an order. In instances where prior certification is not practical, we recommend issuance of a "then and now" certificate as further described in Auditor of State Bulletin 2003-001.



**Auditor of State
Betty Montgomery**

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VILLAGE OF MONTPELIER

WILLIAMS 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 13, 2003**