



**Auditor of State  
Betty Montgomery**



VILLAGE OF VAN BUREN  
HANCOCK COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Van Buren  
Hancock County  
103 South Main Street  
P.O. Box 275  
Van Buren, OH 45889-0275

To the Village Council:

We have audited the accompanying financial statements of the Village of Van Buren, Hancock 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 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, 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 March 6, 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 audits.

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

March 6, 2003

**VILLAGE OF VAN BUREN  
HANCOCK 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>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$17,598				\$17,598
Special Assessments		\$6,452	\$43,263		49,715
Intergovernmental Receipts	58,251	13,051	27,942	\$78,058	177,302
Fines, Licenses, and Permits	700				700
Earnings on Investments	2,457	736			3,193
Miscellaneous	904				904
<b>Total Cash Receipts</b>	<u>79,910</u>	<u>20,239</u>	<u>71,205</u>	<u>78,058</u>	<u>249,412</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	5,282	5,238			10,520
Public Health Services	1,151				1,151
Leisure Time Activities	621				621
Community Environment	3,410				3,410
Basic Utility Services	600				600
Transportation	22,831	6,058			28,889
General Government	18,349	2			18,351
Debt Service:					
Principal Payments	13,268		44,256		57,524
Interest Payments	6,914		26,949		33,863
Capital Outlay	24,852			187,201	212,053
<b>Total Cash Disbursements</b>	<u>97,278</u>	<u>11,298</u>	<u>71,205</u>	<u>187,201</u>	<u>366,982</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(17,368)</u>	<u>8,941</u>		<u>(109,143)</u>	<u>(117,570)</u>
<b>Other Financing Receipts:</b>					
Other Debt Proceeds				75,168	75,168
Other Financing Sources	288				288
<b>Total Other Financing Receipts</b>	<u>288</u>			<u>75,168</u>	<u>75,456</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	<u>(17,080)</u>	<u>8,941</u>		<u>(33,975)</u>	<u>(42,114)</u>
<b>Fund Cash Balances, January 1</b>	<u>147,671</u>	<u>50,681</u>		<u>83,084</u>	<u>281,436</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$130,591</u></u>	<u><u>\$59,622</u></u>		<u><u>\$49,109</u></u>	<u><u>\$239,322</u></u>
<b>Reserves for Encumbrances, December 31</b>	<u><u>\$2,523</u></u>			<u><u>\$16,463</u></u>	<u><u>\$18,986</u></u>

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

VILLAGE OF VAN BUREN  
HANCOCK COUNTY

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

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$2,760</u>
<b>Operating Cash Disbursements:</b>	
Supplies and Materials	<u>739</u>
Operating Income	2,021
Fund Cash Balances, January 1	<u>5,815</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$7,836</u></u></b>
Reserve for Encumbrances, December 31	<u><u>          </u></u>

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



**VILLAGE OF VAN BUREN  
HANCOCK 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>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$15,504				\$15,504
Special Assessments		\$4,872	\$43,324		48,196
Intergovernmental Receipts	49,774	13,016	27,942	\$130,077	220,809
Fines, Licenses, and Permits	500				500
Earnings on Investments	4,280	972			5,252
Miscellaneous	986				986
	<u>71,044</u>	<u>18,860</u>	<u>71,266</u>	<u>130,077</u>	<u>291,247</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	4,292	4,739			9,031
Public Health Services	1,115				1,115
Leisure Time Activities	1,080				1,080
Community Environment	3,254				3,254
Basic Utility Services	3,310				3,310
Transportation	19,462	6,657			26,119
General Government	20,246	20			20,266
Debt Service:					
Principal Payments	12,994		43,438		56,432
Interest Payments	7,104		27,828		34,932
Capital Outlay				287,423	287,423
	<u>72,857</u>	<u>11,416</u>	<u>71,266</u>	<u>287,423</u>	<u>442,962</u>
<b>Total Cash Disbursements</b>					
Total Receipts Over/(Under) Disbursements	<u>(1,813)</u>	<u>7,444</u>		<u>(157,346)</u>	<u>(151,715)</u>
<b>Other Financing Receipts:</b>					
Other Debt Proceeds	<u>8,249</u>			<u>38,886</u>	<u>47,135</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	6,436	7,444		(118,460)	(104,580)
Fund Cash Balances, January 1	<u>141,235</u>	<u>43,237</u>		<u>201,544</u>	<u>386,016</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$147,671</b></u>	<u><b>\$50,681</b></u>		<u><b>\$83,084</b></u>	<u><b>\$281,436</b></u>
Reserves for Encumbrances, December 31	<u>\$300</u>	<u>\$465</u>		<u>\$28,300</u>	<u>\$29,065</u>

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

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$2,760
<b>Operating Cash Disbursements:</b>	
Contractual Services	5,005
Operating Loss	(2,245)
Fund Cash Balances, January 1	8,060
<b>Fund Cash Balances, December 31</b>	<b>\$5,815</b>
Reserve for Encumbrances, December 31	

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

**VILLAGE OF VAN BUREN  
HANCOCK 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 Van Buren, Hancock 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 contracts with the Hancock County Sheriff's department to provide security of persons and property. 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**

Investments are reported as assets. 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 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.

*Street Lighting Fund* - This fund receives assessments to provide street lighting for the Village.

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

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

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

*General Obligation Debt Services* – This fund receives assessments from the County and the Township to pay for the water line project.

*Special Assessments Debt Services* – This fund receives assessments to pay for the water line project.

**4. 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:

*OWDA Water Fund* – This fund receives loan proceeds from the Ohio Water Development Authority. The proceeds are being used for installation of water lines within the Village

*OWDA Sanitary Sewer Fund* - This fund receives loan proceeds from the Ohio Water Development Authority. The proceeds are being used for installation of sanitary sewer lines within the Village

**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 had the following significant Enterprise Fund:

*Post Office Fund* - This fund receives rent from the United States Postal Service to cover the cost of providing this facility.

**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, 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. Unencumbered appropriations lapse at year end.

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2002 and 2001 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**

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	\$197,158	\$237,251
Certificates of deposit	50,000	50,000
Total deposits	\$247,158	\$287,251

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

**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	\$72,764	\$80,198	\$7,434
Special Revenue	19,200	20,239	1,039
Debt Service	92,722	71,205	(21,517)
Capital Projects	256,313	153,226	(103,087)
Enterprise	2,760	2,760	
Total	\$443,759	\$327,628	(\$116,131)

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

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

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$220,666	\$99,801	\$120,865
Special Revenue	69,880	11,298	58,582
Debt Service	92,722	71,205	21,517
Capital Projects	339,398	203,664	135,734
Enterprise	7,945	739	7,206
Total	<u>\$730,611</u>	<u>\$386,707</u>	<u>\$343,904</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,289	\$79,293	\$11,004
Special Revenue	19,000	18,860	(140)
Debt Service	65,000	71,266	6,266
Capital Projects	435,277	168,963	(266,314)
Enterprise	2,760	2,760	
Total	<u>\$590,326</u>	<u>\$341,142</u>	<u>(\$249,184)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$209,524	\$73,157	\$136,367
Special Revenue	62,237	11,881	50,356
Debt Service	65,000	71,266	(6,266)
Capital Projects	539,621	315,723	223,898
Enterprise	10,820	5,005	5,815
Total	<u>\$887,202</u>	<u>\$477,032</u>	<u>\$410,170</u>

The Village had outstanding purchase commitments at December 31, 2002, of \$16,463 in the OWDA Sanitary Sewer Capital Projects Fund that were not certified until 2003 and as a result were inappropriately charged against 2003 appropriations.

**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.

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

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

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 0264	\$1,636,450	2.00%
Ohio Water Development Authority Loan 3470	127,546	5.65%
Total	\$1,763,996	

The Ohio Water Development Authority (OWDA) loan 0264 relates to a water distribution system and trunk line construction. The OWDA has approved a loan of \$1,746,599 to the Village for this project. The loans will be repaid in semiannual installments of \$44,730 including interest, over 25 years.

The Ohio Water Development Authority (OWDA) loan 3470 relates to sanitary sewer system design mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$198,243 in loans to the Village for this project. This loan will be repaid by the loan that will be taken out through the United States Department of Agriculture-Rural Development. Since the loan has not yet disbursed all available funds and has not been finalized, it has been excluded from the amortization schedule below.

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

Year ending December 31:	OWDA Loan
2003	\$89,461
2004	89,461
2005	89,461
2006	89,461
2007	89,461
2008-2012	447,305
2013-2017	447,305
2018-2022	447,305
2023-2025	268,383
Total	\$2,057,603

**6. RETIREMENT SYSTEMS**

The Village's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

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

participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Government belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-occurrence limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$19,358,458	\$17,112,129
Liabilities	(8,827,588)	(7,715,035)
Retained earnings	<u>\$10,532,871</u>	<u>\$9,399,094</u>
 <u>Property Coverage</u>	 <u>2001</u>	 <u>2000</u>
Assets	\$1,890,323	\$1,575,614
Liabilities	(469,100)	(281,561)
Retained earnings	<u>\$1,423,224</u>	<u>\$1,296,053</u>





**Auditor of State  
Betty Montgomery**

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

Village of Van Buren  
Hancock County  
103 South Main Street  
P.O. Box 275  
Van Buren, OH 45889-0275

To the Village Council:

We have audited the accompanying financial statements of the Village of Van Buren, Hancock County, Ohio (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 6, 2003. 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 2002-30232-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated March 6, 2003.

**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 another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 6, 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

March 6, 2003

VILLAGE OF VAN BUREN  
HANCOCK COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001

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

**FINDING NUMBER 2002-30232-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Further, contracts and orders for expenditures lacking prior certifications are to be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, at the time of the contract or purchase order, and at the time of the certificate, appropriated and free of any previous encumbrance, 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, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

Thirty percent of the transactions tested were not certified before the invoice date or with a then-and-now certification. In addition, the Village had \$16,463 in outstanding purchase commitments as of December 31, 2002 that were not certified until 2003, and as a result were inappropriately charged against fiscal year 2003 appropriations. The accompanying financial statements have been adjusted to reflect this amount as an outstanding encumbrance in the Capital Project fund as of December 31, 2002.

Certification is not only required by Ohio law but is a key control in the disbursement process to help assure purchase commitments receive prior approval and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by the Village Council. To improve controls over disbursements, we recommend all Village disbursements receive prior certification of the Clerk/Treasurer and that Council periodically review the expenditures made to ensure they are certified by the Clerk/Treasurer and recorded against appropriations.

**VILLAGE OF VAN BUREN  
HANCOCK 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; <b><i>Explain:</i></b>
2000-30232-001	Ohio Revised Code § 5705.41(D) - failure to certify funds	No	This finding has not been corrected and is repeated in this report as item 2002-30232-001.
2000-30232-002	Ohio Revised Code § 5705.41(B) - expenditures exceeding appropriations	No	Improvement has been made reducing this finding to a management letter comment.



**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**VILLAGE OF VAN BUREN**

**HANCOCK 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  
APRIL 1, 2003**