



**VILLAGE OF PAYNE
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF PAYNE
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type – For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type – For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Payne
Paulding County
131 South Main Street
PO Box 58
Payne, Ohio 45880-0058

To the Village Council:

We have audited the accompanying financial statements of the Village of Payne, Paulding County, Ohio, (the Village) as of and for the years ended December 31, 1999, and 1998. 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 generally accepted auditing standards 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, 1999, and 1998, 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 12, 2000 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.

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

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

Jim Petro
Auditor of State

June 12, 2000

**VILLAGE OF PAYNE
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property Tax and Other Local Taxes	\$20,378	\$87,706		\$108,084
Intergovernmental Receipts	58,879	58,277	\$10,021	127,177
Charges for Services		46,829		46,829
Fines, Licenses, and Permits	4,854	25		4,879
Miscellaneous	21,492	10,376	125	31,993
	<u>105,603</u>	<u>203,213</u>	<u>10,146</u>	<u>318,962</u>
Cash Disbursements:				
Current:				
Security of Persons and Property		128,875		128,875
Public Health Services	2,338			2,338
Leisure Time Activities	20,635			20,635
Basic Utility Services	433			433
Transportation	47	40,399		40,446
General Government	62,521	752		63,273
Debt Service:				
Principal Payments		10,000		10,000
Interest Payments		580		580
Capital Outlay	11,583	64,578	12,963	89,124
	<u>97,557</u>	<u>245,184</u>	<u>12,963</u>	<u>355,704</u>
Total Cash Disbursements	<u>97,557</u>	<u>245,184</u>	<u>12,963</u>	<u>355,704</u>
Total Receipts Over/(Under) Disbursements	<u>8,046</u>	<u>(41,971)</u>	<u>(2,817)</u>	<u>(36,742)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		11,400	1,114	12,514
Transfers-Out	(11,400)	(1,114)		(12,514)
	<u>(11,400)</u>	<u>10,286</u>	<u>1,114</u>	<u></u>
Total Other Financing Receipts/(Disbursements)	<u>(11,400)</u>	<u>10,286</u>	<u>1,114</u>	<u></u>
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(3,354)	(31,685)	(1,703)	(36,742)
Fund Cash Balances, January 1	194,618	173,446		368,064
Fund Cash Balances, December 31	<u>\$191,264</u>	<u>\$141,761</u>	<u>(\$1,703)</u>	<u>\$331,322</u>
Reserves for Encumbrances, December 31	<u>\$847</u>	<u>\$2,319</u>		<u>\$3,166</u>

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

**VILLAGE OF PAYNE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$262,312
Miscellaneous	<u>720</u>
Total Operating Cash Receipts	<u>263,032</u>
Operating Cash Disbursements:	
Personal Services	56,201
Contractual Services	80,969
Supplies and Materials	61,764
Capital Outlay	<u>311,618</u>
Total Operating Cash Disbursements	<u>510,552</u>
Operating Loss	<u>(247,520)</u>
Non-Operating Cash Receipts:	
Proceeds from Notes	<u>300,000</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>32,600</u>
Net Receipts Over Disbursements	19,880
Fund Cash Balances, January 1	<u>33,943</u>
Fund Cash Balances, December 31	<u><u>\$53,823</u></u>
Reserve for Encumbrances, December 31	<u><u>\$2,827</u></u>

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

**VILLAGE OF PAYNE
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property Tax and Other Local Taxes	\$16,126	\$79,921	\$96,047
Intergovernmental Receipts	162,123	47,656	209,779
Charges for Services		35,766	35,766
Fines, Licenses, and Permits	8,521		8,521
Miscellaneous	23,542	13,347	36,889
	<u>210,312</u>	<u>176,690</u>	<u>387,002</u>
Cash Disbursements:			
Current:			
Security of Persons and Property		115,513	115,513
Public Health Services	3,592		3,592
Leisure Time Activities	4,934		4,934
Transportation		39,480	39,480
General Government	50,995	641	51,636
Debt Service:			
Principal Payments		10,000	10,000
Interest Payments		1,160	1,160
Capital Outlay	130	33,679	33,809
	<u>59,651</u>	<u>200,473</u>	<u>260,124</u>
Total Cash Disbursements	<u>59,651</u>	<u>200,473</u>	<u>260,124</u>
Total Receipts Over/(Under) Disbursements	<u>150,661</u>	<u>(23,783)</u>	<u>126,878</u>
Other Financing Receipts/(Disbursements):			
Transfers-In		29,426	29,426
Transfers-Out	(29,426)		(29,426)
	<u>(29,426)</u>	<u>29,426</u>	<u></u>
Total Other Financing Receipts/(Disbursements)	<u>(29,426)</u>	<u>29,426</u>	<u></u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	121,235	5,643	126,878
Fund Cash Balances January 1	<u>73,383</u>	<u>167,803</u>	<u>241,186</u>
Fund Cash Balances, December 31	<u>\$194,618</u>	<u>\$173,446</u>	<u>\$368,064</u>
Reserves for Encumbrances, December 31	<u>\$60</u>	<u>\$1,645</u>	<u>\$1,705</u>

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

**VILLAGE OF PAYNE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$224,411
Miscellaneous	<u>910</u>
Total Operating Cash Receipts	<u>225,321</u>
Operating Cash Disbursements:	
Personal Services	53,826
Contractual Services	82,564
Supplies and Materials	72,305
Capital Outlay	<u>3,846</u>
Total Operating Cash Disbursements	<u>212,541</u>
Operating Income	<u>12,780</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>15,000</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>28,183</u>
Net Disbursements Over Receipts	(403)
Fund Cash Balances, January 1	<u>34,346</u>
Fund Cash Balances, December 31	<u><u>\$33,943</u></u>
Reserve for Encumbrances, December 31	<u><u>\$2,651</u></u>

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

**VILLAGE OF PAYNE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Payne, Paulding County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including 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, except debt service funds maintained by outside custodians are not included in these financial statements. Assets held by custodians are described in Note 9 to the financial statements.

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

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.

VILLAGE OF PAYNE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

EMS Levy Fund - This fund receives revenue from property taxes to provide EMS services to Village residents. Additional revenues are derived from EMS runs and EMS contracts with surrounding Townships to provide EMS services to their residents, as well.

Police Levy Fund - This fund receives revenue from property taxes to provide police protection to residents of the Village. The Police Levy Fund is not self-supporting and is supplemented by the General Fund.

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 fund:

LTIP Fund - This fund accounts for Local Transportation Improvement Program project receipts and expenditures. These projects are funded by local and Ohio Public Works Commission monies.

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 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.

Refuse Fund - This fund receives charges for services from residents to cover the cost of providing refuse service.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

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.

**VILLAGE OF PAYNE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

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 in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 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.

G. Unpaid Vacation and Sick 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 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$112,597	\$127,007
Certificates of deposit	272,548	275,000
Total deposits	<u>\$385,145</u>	<u>\$402,007</u>

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, 1999, and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$105,603	\$105,603	
Special Revenue	214,613	214,613	
Capital Project	11,260	11,260	
Enterprise	563,032	563,032	
Total	<u>\$894,508</u>	<u>\$894,508</u>	

**VILLAGE OF PAYNE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$117,460	\$109,804	\$7,656
Special Revenue	280,170	248,617	31,553
Capital Projects	27,369	12,963	14,406
Enterprise	672,576	545,979	126,597
Total	<u>\$1,097,575</u>	<u>\$917,363</u>	<u>\$180,212</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$210,312	\$210,312	
Special Revenue	206,116	206,116	
Enterprise	225,321	240,321	\$15,000
Total	<u>\$641,749</u>	<u>\$656,749</u>	<u>\$15,000</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,710	\$89,137	\$6,573
Special Revenue	226,575	202,118	24,457
Capital Projects	2,200		2,200
Enterprise	246,875	243,375	3,500
Total	<u>\$571,360</u>	<u>\$534,630</u>	<u>\$36,730</u>

4. COMPLIANCE

During 1999 and 1998, the Village Clerk did not consistently certify the availability of funds, as required by Ohio Revised Code Section 5705.41(D).

Contrary to Ohio Revised Code Section 5705.39, appropriations exceeded estimated resources in several funds during 1999 and 1998.

The Police and Issue II funds had deficit balances throughout 1998 and 1999 and the Issue II Fund had a deficit balance of \$1,703 as of December 31, 1999.

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

**VILLAGE OF PAYNE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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, 1999 was as follows:

	Principal	Interest Rate
Water Tower Note	\$287,826	5.25%

The Water Tower Note was issued as a \$400,000 line of credit to construct a new water tower and remove the old water tower. As of December 31, 1999, \$300,000 had been drawn, the old water tower had been removed, and the new tower constructed with some minor work yet to be completed. An amortization schedule will be prepared when all work is finished and the line of credit is closed. The note is to be repaid over 25 years with the 5.25% interest rate adjusted every 5 years. The Village is making monthly payments of \$2,399 until the line of credit is closed and the amortization schedule is prepared.

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

Year ending December 31:	Water Tower Note
2000	\$28,788
2001	28,788
2002	28,788
2003	28,788
2004	28,788
Subsequent	143,886
Total	\$287,826

In addition to the debt described above, the Village has defeased certain debt issues from prior years. Debt principal outstanding at December 31, 1999 was \$0. Assets accumulated to retire this debt are held by a trustee. Final payment on the bond issue was due December 1, 1999.

VILLAGE OF PAYNE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. 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 contributions required through December 31, 1999.

8. RISK MANAGEMENT

The Village is a member of the Ohio Government Risk Management Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Village's policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- Comprehensive liability
- Vehicles
- Building and contents
- Law Enforcement
- Employee blanket bond
- Crime Coverage
- Inland Marine
- Electronic Equipment

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

9. DEBT SERVICE FUNDS HELD BY TRUSTEES

As disclosed in Note 6, the Village has defeased the 1964 Waterworks Improvement Revenue Bond Issue. At December 31, 1999, the custodian held \$120 in Village assets to retire the 1964 bonds. There was also a balance of \$4,127 in the Sinking Fund at December 31, 1999.

10. CONTRACTUAL COMMITMENTS

The Village had outstanding commitments at December 31, 1999 in the amount of \$33,618 for the water tower project to be paid from the Water Fund with debt proceeds.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

Village of Payne
Paulding County
131 South Main Street
PO Box 58
Payne, Ohio 45880-0058

To the Village Council:

We have audited the accompanying financial statements of the Village of Payne, Paulding County, Ohio, (the Village) as of and for the years ended December 31, 1999, and 1998, and have issued our report thereon dated June 12, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30263-001 through 1999-30263-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 12, 2000.

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 June 12, 2000.

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

This report is intended for the information and use of the finance committee, 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, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 12, 2000

**VILLAGE OF PAYNE
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30263-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that 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 certification should 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, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, Council may authorize the issuance of a check 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 \$1000, the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

Twenty-seven percent of the transactions tested were not certified prior to the commitment being incurred nor were they certified using a then-and-now certification. Certification is not only required by Ohio law but is a key control in the disbursement process to assure that 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 Council.

To improve controls over disbursements, it is recommended that all Village disbursements receive prior certification of the Clerk/Treasurer and that Council periodically review the expenditures made to ensure they are within the appropriations adopted by Council, certified by the Clerk/Treasurer and recorded against appropriations.

FINDING NUMBER 1999-30263-002

Noncompliance Citation

Ohio Revised Code § 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue.

Appropriations exceeded total estimated revenue at December 31, 1998 by \$1,759, \$2,200, and \$2,410 in the Police, LTIP, and Water Funds, respectively. Appropriations exceeded total estimated revenue at December 31, 1999 by \$8,840, \$159, \$15,950 and \$95,671 in the Permissive Tax, LTIP, Issue II, and Water Funds, respectively.

Appropriations should be reviewed prior to approval to ensure they do not exceed estimated resources.

FINDING NUMBER 1999-30263-003

Noncompliance Citation

Ohio Revised Code § 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established.

The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay the obligation of the fund or funds carrying the deficit balance. Deficit balances were noted in the Police and Issue II funds at various times throughout 1998 and 1999 and the Issue II fund had a deficit fund balance of \$1,703 at December 31, 1999.

Fund balances and activity should be monitored and transfers or advances made as needed to ensure that sufficient funds exist for all planned expenditures.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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 PAYNE

PAULDING 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
JULY 13, 2000**