



**VILLAGE OF MURRAY CITY
HOCKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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 and Similar Fiduciary Fund – 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 and Similar Fiduciary Fund – 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

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Murray City
Hocking County
13964 Locust Street
P.O. Box 241
Murray City, Ohio 43144

To the Village Council:

We have audited the accompanying financial statements of the Village of Murray City, Hocking 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 audit.

We conducted our audit 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 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 Murray City, Hocking County, 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 March 24, 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 management and 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".

Jim Petro
Auditor of State

March 24, 2000

Village of Murray City

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$22,263	\$7,440	\$0	\$29,703
Intergovernmental Receipts	16,735	20,217		36,952
Charges for Services	2,500			2,500
Fines, Licenses, and Permits	10,238			10,238
Earnings on Investments	1,244	272		1,516
Miscellaneous	1,892	314		2,206
Total Cash Receipts	<u>54,872</u>	<u>28,243</u>	<u>0</u>	<u>83,115</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	29,652			29,652
Transportation		22,151		22,151
General Government	31,337	246		31,583
Capital Outlay		36,929		36,929
Debt Service		6,529	1,941	8,470
Total Cash Disbursements	<u>60,989</u>	<u>65,855</u>	<u>1,941</u>	<u>128,785</u>
Total Receipts Over/(Under) Disbursements	<u>(6,117)</u>	<u>(37,612)</u>	<u>(1,941)</u>	<u>(45,670)</u>
Other Financing Receipts/(Disbursements):				
Proceeds of Notes		30,929		30,929
Transfers-In			1,941	1,941
Transfers-Out	(1,941)			(1,941)
Total Other Financing Receipts/(Disbursements)	<u>(1,941)</u>	<u>30,929</u>	<u>1,941</u>	<u>30,929</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(8,058)</u>	<u>(6,683)</u>	<u>0</u>	<u>(14,741)</u>
Fund Cash Balances, January 1	<u>8,333</u>	<u>14,225</u>		<u>22,558</u>
Fund Cash Balances, December 31	<u>\$275</u>	<u>\$7,542</u>	<u>\$0</u>	<u>\$7,817</u>

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

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$64,567	\$0	\$64,567
Miscellaneous	820		820
Total Operating Cash Receipts	<u>65,387</u>	<u>0</u>	<u>65,387</u>
Operating Cash Disbursements:			
Personal Services	8,927		8,927
Travel Transportation	2,171		2,171
Contractual Services	800		800
Supplies and Materials	6,525		6,525
Miscellaneous	50		50
Capital Outlay	42,996		42,996
Total Operating Cash Disbursements	<u>61,469</u>	<u>0</u>	<u>61,469</u>
Operating Income/(Loss)	<u>3,918</u>	<u>0</u>	<u>3,918</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		11,772	11,772
Total Non-Operating Cash Receipts	<u>0</u>	<u>11,772</u>	<u>11,772</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements		11,756	11,756
Total Non-Operating Cash Disbursements	<u>0</u>	<u>11,756</u>	<u>11,756</u>
Net Receipts Over/(Under) Disbursements	3,918	16	3,934
Fund Cash Balances, January 1	<u>25,104</u>	<u>0</u>	<u>25,104</u>
Fund Cash Balances, December 31	<u>\$29,022</u>	<u>\$16</u>	<u>\$29,038</u>

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

**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>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$21,857	\$7,575		\$29,432
Intergovernmental Receipts	32,086	15,248	\$1,618	48,952
Charges for Services	3,550			3,550
Fines, Licenses, and Permits	7,705			7,705
Earnings on Investments	1,162	259		1,421
Miscellaneous	6,701			6,701
Total Cash Receipts	<u>73,061</u>	<u>23,082</u>	<u>1,618</u>	<u>97,761</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	45,703			45,703
Transportation		19,343		19,343
General Government	27,129	284		27,413
Debt Service		6,529	1,618	8,147
Total Cash Disbursements	<u>72,832</u>	<u>26,156</u>	<u>1,618</u>	<u>100,606</u>
Total Receipts Over/(Under) Disbursements	<u>229</u>	<u>(3,074)</u>	<u>0</u>	<u>(2,845)</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes	8,000			8,000
Advances-In	2,000			2,000
Advances-Out		(2,000)		(2,000)
Other Financing Uses		(4,000)		(4,000)
Total Other Financing Receipts/(Disbursements)	<u>10,000</u>	<u>(6,000)</u>	<u>0</u>	<u>4,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>10,229</u>	<u>(9,074)</u>	<u>0</u>	<u>1,155</u>
Fund Cash Balances, January 1	<u>(1,896)</u>	<u>23,299</u>	<u>0</u>	<u>21,403</u>
Fund Cash Balances, December 31	<u><u>\$8,333</u></u>	<u><u>\$14,225</u></u>	<u><u>\$0</u></u>	<u><u>\$22,558</u></u>

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

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$62,507	\$0	\$62,507
Miscellaneous	525		525
Total Operating Cash Receipts	<u>63,032</u>	<u>0</u>	<u>63,032</u>
Operating Cash Disbursements:			
Personal Services	6,338		6,338
Travel Transportation	1,474		1,474
Contractual Services	1,555		1,555
Supplies and Materials	5,633		5,633
Miscellaneous	650		650
Capital Outlay	50,040		50,040
Total Operating Cash Disbursements	<u>65,690</u>	<u>0</u>	<u>65,690</u>
Operating Income/(Loss)	<u>(2,658)</u>	<u>0</u>	<u>(2,658)</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		9,090	9,090
Total Non-Operating Cash Receipts	<u>0</u>	<u>9,090</u>	<u>9,090</u>
Non-Operating Cash Disbursements:			
Debt Service	6,669		6,669
Other Non-Operating Cash Disbursements		9,100	9,100
Total Non-Operating Cash Disbursements	<u>6,669</u>	<u>9,100</u>	<u>15,769</u>
Net Receipts Over/(Under) Disbursements	(9,327)	(10)	(9,337)
Fund Cash Balances, January 1	<u>34,431</u>	<u>10</u>	<u>34,441</u>
Fund Cash Balances, December 31	<u>\$25,104</u>	<u>\$0</u>	<u>\$25,104</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Murray City, Hocking 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, Mayor and Clerk. The Village provides general governmental services, including water utilities, park operations, street maintenance and repair, 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.

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 Funds

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 license tax money for constructing, maintaining and repairing Village streets.

State Highway Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

FEMA Fund - This fund receives federal financial assistance to aid in the reconstruction of infrastructure damaged by flooding.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following Debt Service Fund:

Cruiser Debt Service Fund - This fund receives monies transferred from the General Fund to pay the principal and interest on a loan for a police cruiser.

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 Funds:

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

Utility Deposit Fund - This fund receives deposits made by customers for water service.

5. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following Fiduciary Fund:

Mayor's Court Fund - This fund accounts for the financial activity of the Mayor's Court and is classified as an Agency Fund.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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. 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.

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	\$ 26,855	\$ 37,662
Certificates of deposit	10,000	10,000
Total deposits	\$ 36,855	\$ 47,662

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

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	\$ 54,586	\$ 54,872	\$ 286
Special Revenue	24,335	59,172	34,837
Debt Service	1,941	1,941	0
Enterprise	56,500	65,387	8,887
Total	\$ 137,362	\$ 181,372	\$ 44,010

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 55,680	\$ 62,930	\$ (7,250)
Special Revenue	35,737	65,855	(30,118)
Debt Service	1,941	1,941	0
Enterprise	65,000	61,469	3,531
Total	<u>\$ 158,358</u>	<u>\$ 192,195</u>	<u>\$ (33,837)</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 72,420	\$ 83,061	\$ 10,641
Special Revenue	23,195	23,082	(113)
Debt Service	1,618	1,618	0
Enterprise	42,500	63,032	20,532
Total	<u>\$ 139,733</u>	<u>\$ 170,793</u>	<u>\$ 31,060</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 62,511	\$ 72,832	\$ (10,321)
Special Revenue	41,929	32,156	9,773
Debt Service	0	1,618	(1,618)
Enterprise	70,973	72,359	(1,386)
Total	<u>\$ 175,413</u>	<u>\$ 178,965</u>	<u>\$ (3,552)</u>

During 1998 and 1999, expenditures exceeded appropriations in several funds, which is contrary to Ohio law.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual 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.

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

4. PROPERTY TAX (Continued)

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

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Cruiser Loan	\$ 5,423	7.86%
Backhoe Lease/Purchase	30,383	5.75%
Dump Truck Lease/Purchase	6,498	7.00%
Total	\$ 42,304	

The Cruiser Loan relates to the purchase of a police cruiser for the Village. The loan will be repaid in monthly installments of \$162, including interest. The Backhoe lease/purchase relates to the purchase of a backhoe. The loan will be paid in annual installments of \$7,151, including interest, over 5 years. The Dump Truck lease/purchase relates to the purchase of a dump truck. The loan will be paid in annual installments of \$6,525, including interest.

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

Year ending December 31:	Cruiser Loan	Backhoe	Dump Truck
2000	\$ 1,941	\$ 7,151	\$ 6,525
2001	1,941	7,151	0
2002	1,778	7,151	0
2003	485	7,151	0
2004	0	7,151	0
Total	\$ 6,145	\$ 35,755	\$ 6,525

6. RETIREMENT SYSTEM

All of the Village's employees, as well as the elected officials, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, 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.

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

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public official's liability
- Vehicle

8. CONTINGENT LIABILITIES

The Village is currently a defendant in a lawsuit. Although the outcome of this suit is not presently determinable, in the opinion of management, the financial impact, if any, would not be material to the financial statements of the Village.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Village of Murray City
Hocking County
13964 Locust Street
P.O. Box 241
Murray City, Ohio 43144

To the Village Council:

We have audited the accompanying financial statements of the Village of Murray City, Hocking County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 24, 2000. We conducted our audit 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 1999-30737-001 to 1999-30737-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 24, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 March 24, 2000.

This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

Jim Petro
Auditor of State

March 24, 2000

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

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

FINDING NUMBER 1999-30737-001

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This Section 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 appropriated and free of any previous encumbrances, 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 one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Council.

Certain liabilities, contracts and open purchase commitments were not certified by the Clerk nor encumbered until the time of payment, and a "then and now" certificate was not prepared.

We recommend the Clerk certify and encumber all expenditures prior to incurring the obligation and, when needed, obtain the appropriate "then and now" certificate. Consideration should be given to using blanket purchase orders for recurring monthly expenses.

FINDING NUMBER 1999-30737-002

Ohio Rev. Code § 5705.41(B) states that expenditures cannot exceed appropriations at the fund level or at the legal level of control. The legal level of control is the level at which the permanent appropriation measure was passed. Failure to comply with this Code section could result in deficit spending by the Village.

At December 31, 1999, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General	\$55,680	\$62,930	(\$7,250)
Street Construction	27,900	59,565	(31,665)

At December 31, 1998, expenditures exceeded appropriations in the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General	\$62,511	\$72,832	(\$10,321)
Cruiser Debt Service	0	1,618	(1,618)
Water	59,994	64,666	(4,672)

We recommend the Village monitor actual expenditures as compared to appropriations at the fund and legal level of control, amending the appropriation measure when necessary. Any amended appropriations must be formally approved by Council in the minutes.

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

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

FINDING NUMBER 1999-30737-003

Ohio Rev. Code § 149.351 establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be mutilated, transferred, or otherwise disposed of, in whole or in part, except as provided by law or under the rules adopted by the Records Commission provided under §§ 149.38 to 149.42 of the Ohio Revised Code.

Canceled checks were not returned from the bank. Electronic images of checks were sent to the Village along with their monthly statements; however the back of the check was not imaged and the size of the image was not adequate to determine if alterations had been made. Further, the canceled checks were destroyed by the bank after ninety days, without the approval of the Village Records Commission, the Ohio Historical Society or the Auditor of State.

We recommend the Village Records Commission adopt a policy that allows for the destruction of the canceled checks after a reasonable time period. We further recommend that the Village Records Commission revise its public records retention policy to require the Village to maintain the electronic images of the canceled checks as a permanent record of the Village. Additionally, the Village Records Commission should review the requirements of Auditor of State Bulletin 96-006 for additional information.



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 MURRAY CITY

HOCKING 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 2, 2000