



**VILLAGE OF MOGADORE
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF MOGADORE
SUMMIT COUNTY
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Mogadore
Summit County
135 South Cleveland Avenue
Mogadore, Ohio 44260

To the Village Council:

We have audited the accompanying financial statements of the Village of Mogadore, Summit 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 July 7, 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 management, and 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".

Jim Petro
Auditor of State

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**VILLAGE OF MOGADORE
SUMMIT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$144,844	\$1,343,201			\$23,144	\$1,511,189
Intergovernmental	288,270	253,697		\$50,880		592,847
Charges for Services		24,460				24,460
Fines, Licenses, and Permits	38,420	3,334				41,754
Earnings on Investments	3,860					3,860
Miscellaneous	41,984	13,038				55,022
Total Cash Receipts	517,378	1,637,730	\$0	50,880	23,144	2,229,132
Cash Disbursements:						
Current:						
Security of Persons and Property	803,945	51,133			70,258	925,336
Public Health Services	23,467	19,612				43,079
Leisure Time Activities		107,834				107,834
Community Environment	2,397	1,880				4,277
Transportation		402,362				402,362
General Government	350,802	26,574		39,010		416,386
Capital Outlay	143,178	105,482				248,660
Total Cash Disbursements	1,323,789	714,877	0	39,010	70,258	2,147,934
Total Cash Receipts Over (Under) Cash Disbursement:	(806,411)	922,853	0	11,870	(47,114)	81,198
Other Financing Receipts/(Disbursements):						
Proceeds of Notes	181,800					181,800
Transfers-In	903,300	457,830		970	44,000	1,406,100
Transfers-Out	(19,080)	(1,387,020)				(1,406,100)
Other Uses		(1,000)		(14,380)		(15,380)
Total Other Financing Receipts/(Disbursements)	1,066,020	(930,190)	0	(13,410)	44,000	166,420
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	259,609	(7,337)	0	(1,540)	(3,114)	247,618
Fund Cash Balances, January 1	55,682	196,259	367	27,918	6,995	287,221
Fund Cash Balances, December 31	\$315,291	\$188,922	\$367	\$26,378	\$3,881	\$534,839
Reserves for Encumbrances, December 31	\$269,855	\$86,318	\$0	\$0	\$0	\$356,173

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

**VILLAGE OF MOGADORE
SUMMIT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$141,549	\$1,309,964			\$24,226	\$1,475,739
Intergovernmental	227,649	230,993		\$805,000		1,263,642
Charges for Services	80	23,196				23,276
Fines, Licenses, and Permits	34,122	2,880				37,002
Earnings on Investments	5,457					5,457
Miscellaneous	75,246	17,771				93,017
Total Cash Receipts	484,103	1,584,804	\$0	805,000	24,226	2,898,133
Cash Disbursements:						
Current:						
Security of Persons and Property	766,224	67,789			72,833	906,846
Public Health Services	22,105	21,418				43,523
Leisure Time Activities		112,326				112,326
Community Environment	3,603	6,000				9,603
Transportation		374,540				374,540
General Government	298,762	25,921				324,683
Capital Outlay	90,007	143,769		783,356		1,017,132
Debt Service:						
Principal Payments				186,400		186,400
Interest Payments				9,655		9,655
Total Cash Disbursements	1,180,701	751,763	196,055	783,356	72,833	2,984,708
Total Cash Receipts Over/(Under) Cash Disbursements	(696,598)	833,041	(196,055)	21,644	(48,607)	(86,575)
Other Financing Receipts/(Disbursements):						
Transfers-In	794,090	426,913	82,327		38,000	1,341,330
Transfers-Out	(113,290)	(1,228,040)				(1,341,330)
Total Other Financing Receipts/(Disbursements)	680,800	(801,127)	82,327	0	38,000	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(15,798)	31,914	(113,728)	21,644	(10,607)	(86,575)
Fund Cash Balances, January 1	71,480	164,345	114,095	6,274	17,602	373,796
Fund Cash Balances, December 31	\$55,682	\$196,259	\$367	\$27,918	\$6,995	\$287,221
Reserves for Encumbrances, December 31	\$34,463	\$2,697	\$0	\$0	\$0	\$37,160

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

**VILLAGE OF MOGADORE
SUMMIT COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES – FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
Operating Cash Receipts:	\$0	\$0
Non-Operating Cash Receipts:		
Miscellaneous	7,200	910
Other Non-Operating Cash Receipts	38,147	33,527
Total Non-Operating Cash Receipts	45,347	34,437
Non-Operating Cash Disbursements:		
Other Non-Operating Cash Disbursements	43,347	33,627
Excess of Receipts Over Disbursements	2,000	810
Fund Cash Balances, January 1	6,060	5,250
Fund Cash Balances, December 31	\$8,060	\$6,060
Reserves for Encumbrances, December 31	\$0	\$0

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

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**VILLAGE OF MOGADORE
SUMMIT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Mogadore, Summit 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 seven-member Council. The Village provides general governmental services, including park operations (leisure time activities) police, fire and emergency medical services to the residences of the Village.

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

The Village invests in certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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 Fund - This fund receives revenue generated from gasoline taxes and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Income Tax Fund - This fund is used to record the collection of self assessed taxes, the cost of the collecting such taxes and the distribution of the taxes to various other funds in accordance with the Village ordinance.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

This fund is used to accumulate resources for the payment of note indebtedness. The Village's only Debt Service Fund is the General Obligation Fund which is use to accumulate resources for, the payment of, principal and interest on the Village's Emergency Rescue Vehicle Note and Building Improvement Bond.

4. Capital Projects 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 Projects Fund:

Capital Improvement Fund - This fund is used to account for the portion of tax revenue used for capital improvements in the Village.

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Police Disability and Pension Fund - This fund receives real estate tax proceeds and is used to account for police disability and pension contributions.

Street Deposit Trust Fund - This fund receives monies collected from property owners and contractors held as deposits until the tap-ins are completed. Deposits are refunded upon completion of construction and proof of inspection.

Mayor's Court Fund - This fund is used to account for fine monies from traffic violations and other Mayor's Court activities.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursement and encumbrances) may not exceed 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 carried over, and need not be reappropriated. 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

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

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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 460,644	\$ 213,430
Certificate of deposits	82,255	79,851
Total deposits	<u>\$ 542,899</u>	<u>\$ 293,281</u>

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

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

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	\$ 1,419,730	\$ 1,602,478	\$ 182,748
Special Revenue	2,299,662	2,095,560	(204,102)
Capital Projects	245,450	51,850	(193,600)
Fiduciary	77,439	74,344	(3,095)
Total	\$ 4,042,281	\$ 3,824,232	\$ (218,049)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,491,096	\$ 1,612,724	\$ (121,628)
Special Revenue	2,320,852	2,189,215	131,637
Capital Projects	245,450	53,390	192,060
Fiduciary	96,170	75,458	20,712
Total	\$ 4,153,568	\$ 3,930,787	\$ 222,781

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,326,367	\$ 1,278,193	\$ (48,174)
Special Revenue	2,183,313	2,011,717	(171,596)
Debt Service	82,327	82,327	0
Capital Projects	55,000	805,000	750,000
Fiduciary	86,388	63,136	(23,252)
Total	\$ 3,733,395	\$ 4,240,373	\$ 506,978

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,348,988	\$ 1,328,454	\$ 20,534
Special Revenue	2,216,865	1,982,500	234,365
Debt Service	196,056	196,055	1
Capital Projects	34,399	783,356	(748,957)
Fiduciary	106,000	72,933	33,067
Total	\$ 3,902,308	\$ 4,363,298	\$ (460,990)

Throughout 1999, expenditures in the General Fund and Special Revenue CDBG Fund exceeded appropriations ranging from approximately \$21,000 to \$73,000. In addition, at year end 1999 and 1998, expenditures exceeded appropriations within the General Fund and the Capital Projects Issue 2 Fund by \$121,628 and \$775,000, respectively, both are contrary to Ohio Rev. Code Section 5705.41 (B).

For 1998, Issue II monies received on behalf of the Village were not recorded on the Village's ledgers, contrary to Ohio Rev. Code Section 5705.42.

For year ended 1998, the Debt Service General Obligation Fund had total appropriations (\$196,056) that exceeded the total estimated resources (\$82,327) by \$113,729 contrary to Ohio Rev. Code Section 5705.39.

Throughout 1999 and 1998, the Clerk/Treasurer did not always certify the availability of funds for all of the Village purchases prior to the commitment, contrary to the Ohio Rev. Code Section 5705.41 (D).

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.

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

5. DEBT

The Village has a \$181,800, 4% interest rate, General Obligation Note outstanding at December 31, 1999.

The Village obtained the Note for the purpose of purchasing a parking lot and necessary appurtenances. This note will be repaid with interest on December 20, 2000.

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Fund (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 post-retirement 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.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Commercial Inland Marine
- General liability
- Public officials' liability
- Employer's liability
- Employee benefits liability
- Cemetery liability

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

8. CONTINGENT LIABILITY

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



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

Village of Mogadore
Summit County
135 South Cleveland Avenue
Mogadore, Ohio 44260

To the Village Council:

We have audited the accompanying financial statements of the Village of Mogadore, Summit County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 7, 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 1999-30977-001 through 1999-30977-004.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 July 7, 2000.

Village of Mogadore
Summit 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 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 fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

July 7, 2000

**VILLAGE OF MOGADORE
SUMMIT COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

Noncompliance Citations

FINDING NUMBER 1999-30977-001

Ohio Rev. Code Section 5705.41 (B), requires that no subdivision or taxing unit make any expenditure of money unless it has been appropriated.

Test of the 1999 appropriations versus total expenditures plus encumbrances throughout the year (at the Village's legal level of controls) revealed that expenditures exceeded appropriations in the following funds:

<u>Function/Fund</u>	<u>Date</u>	<u>Appropriations</u>	<u>Expenditure Plus Encumbrances</u>	<u>Excess</u>
Capital Improvement/ General Fund	5/99	\$21,000	\$86,466	(\$65,466)
Capital Improvement/ General Fund	6/99	21,000	93,368	(72,368)
Capital Improvement/ General Fund	7/99	36,000	98,038	(62,038)
Capital Improvements/ General Fund	10/99	36,000	102,382	(66,382)
Capital Improvements/ Special Revenue CDBG Fund	10/99	30,000	51,162	(21,162)

In addition, at year end 1999 and 1998, the General Fund had expenditures plus encumbrances in excess of appropriations by \$121,628 in 1999 and the Capital Projects expenditures plus encumbrances in excess of appropriations by \$775,000 in 1998.

The above could have resulted in the Village spending in excess of available funds. The Village should establish procedures to ensure that expenditures do not exceed appropriations.

FINDING NUMBER 1999-30977-002

Ohio Rev. Code Section 5705.42 requires that a subdivision record all grant or loan of money as appropriated when an agreement is entered.

For 1998, Issue II monies received on behalf of the Village were not recorded on the Village's ledgers. To enable the Village to monitor Issue II activity, Issue II receipts and disbursements should be recorded on the Village's ledgers.

Noncompliance Citations (Continued)

FINDING NUMBER 1999-30977-003

Ohio Rev. Code Section 5705.39 provides that total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. For year ended 1998, the Debt Service General Obligation Fund had total appropriations (\$196,056) that exceeded the total estimated resources (\$82,327) by \$113,729.

Failure to comply with the above requirement could result in the overspending of funds and deficit fund balances. The Village should monitor appropriations versus estimated resources to ensure this condition does not occur, as well as, obtaining amended certificates from the County Auditor prior to appropriating anticipated increased resources, to ensure appropriations do not exceed estimated resources.

FINDING NUMBER 1999-30977-004

Ohio Rev. Code Section 5705.41 (D) requires that no subdivision shall make any contract or order any expenditures 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 is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and other orders or expenditure lacking prior certification should be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides for two "exceptions" to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the execution of the certificate, 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.
- B. If the amount involved is less than \$1,000, the Clerk/Treasurer may authorize payment through the Then and Now Certificate without affirmation of Council, if such expenditure is otherwise valid.

For 38% expenditures tested, the Clerk/Treasurer did not certify the availability of funds prior to entering into the commitment. In addition, neither of the two exceptions noted above were utilized. As a result of the above, the Village could inadvertently over expend certain appropriations. Prior to entering into commitments, the Clerk/Treasurer should certify that funds are available for expenditure. The Clerk/Treasurer should inform all Village employees of the requirements of the above code section. The Village should implement the use of so called Then and Now Certificates and Blanket Certificates as further permitted by the above code section. However, such certificates should only be used for reoccurring and reasonably predictable matters or emergency matters which may arise from time to time.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF MOGADORE

SUMMIT 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
AUGUST 22, 2000**