



**VILLAGE OF CYGNET
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CYGNET
WOOD COUNTY

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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 Cygnet
Wood County
325 Front Street
P.O. Box 190
Cygnet, Ohio 43414-0190

To the Village Council:

We have audited the accompanying financial statements of the Village of Cygnet, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. 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 of the Village as of December 31, 2000 and 1999, 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 April 17, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

April 17, 2001

**VILLAGE OF CYGNET
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$104,473				\$104,473
State Shared Taxes and Permits	46,390	\$22,015			68,405
Intergovernmental Receipts	5,586			\$12,710	18,296
Charges for Services	7,383				7,383
Fines, Licenses, and Permits	1,124				1,124
Earnings on Investments	42,612	1,599			44,211
					<hr/>
Total Cash Receipts	<u>207,568</u>	<u>23,614</u>		<u>12,710</u>	<u>243,892</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	26,893				26,893
Leisure Time Activities	14,532				14,532
Transportation		33,836			33,836
General Government	93,116				93,116
Debt Service:					
Principal Payments			\$11,000		11,000
Interest Payments			55,965		55,965
Capital Outlay				12,710	12,710
					<hr/>
Total Cash Disbursements	<u>134,541</u>	<u>33,836</u>	<u>66,965</u>	<u>12,710</u>	<u>248,052</u>
Total Receipts Over/(Under) Disbursements	<u>73,027</u>	<u>(10,222)</u>	<u>(66,965)</u>		<u>(4,160)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			78,400		78,400
Transfers-Out	(50,000)				(50,000)
					<hr/>
Total Other Financing Receipts/(Disbursements)	<u>(50,000)</u>		<u>78,400</u>		<u>28,400</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	23,027	(10,222)	11,435		24,240
Fund Cash Balances, January 1	<u>255,414</u>	<u>99,617</u>			<u>355,031</u>
Fund Cash Balances, December 31	<u>\$278,441</u>	<u>\$89,395</u>	<u>\$11,435</u>		<u>\$379,271</u>

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

**VILLAGE OF CYGNET
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$324,075
Miscellaneous	726
	324,801
Total Operating Cash Receipts	324,801
Operating Cash Disbursements:	
Personal Services	34,436
Contractual Services	105,135
Supplies and Materials	106,767
	246,338
Total Operating Cash Disbursements	246,338
Operating Income	78,463
Non-Operating Cash Receipts:	
Intergovernmental Receipts	14,900
Proceeds from Notes and Bonds	12,258
	27,158
Total Non-Operating Cash Receipts	27,158
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	2,430
Excess of Receipts Over Disbursements Before Interfund Transfers	103,191
Transfers-In	71,910
Transfers-Out	(100,310)
Net Receipts Over Disbursements	74,791
Fund Cash Balances, January 1	437,056
Fund Cash Balances, December 31	\$511,847

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

**VILLAGE OF CYGNET
WOOD COUNTY**

**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>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$94,377		\$94,377
State Shared Taxes and Permits	21,120	\$22,486	43,606
Intergovernmental Receipts	10,000		10,000
Charges for Services	8,447		8,447
Fines, Licenses, and Permits	1,280		1,280
Earnings on Investments	6,693	921	7,614
	<u>141,917</u>	<u>23,407</u>	<u>165,324</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	28,656		28,656
Leisure Time Activities	4,351		4,351
Transportation		5,193	5,193
General Government	86,182		86,182
	<u>119,189</u>	<u>5,193</u>	<u>124,382</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	<u>22,728</u>	<u>18,214</u>	<u>40,942</u>
Other Financing Receipts:			
Other Sources	<u>2,625</u>		<u>2,625</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	25,353	18,214	43,567
Fund Cash Balances, January 1	<u>230,061</u>	<u>81,403</u>	<u>311,464</u>
Fund Cash Balances, December 31	<u>\$255,414</u>	<u>\$99,617</u>	<u>\$355,031</u>

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

**VILLAGE OF CYGNET
WOOD COUNTY**

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

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$318,299
Operating Cash Disbursements:	
Personal Services	36,564
Contractual Services	110,758
Supplies and Materials	85,590
Total Operating Cash Disbursements	232,912
Operating Income	85,387
Non-Operating Cash Receipts:	
Intergovernmental Receipts	14,900
Proceeds from Notes and Bonds	23,380
Other Non-Operating Receipts	8,112
Total Non-Operating Cash Receipts	46,392
Non-Operating Cash Disbursements:	
Debt Service	66,478
Other Non-Operating Cash Disbursements	2,280
Total Non-Operating Cash Disbursements	68,758
Excess of Receipts Over Disbursements Before Interfund Transfers	63,021
Transfers-In	400
Transfers-Out	(400)
Net Receipts Over Disbursements	63,021
Fund Cash Balances, January 1	374,035
Fund Cash Balances, December 31	\$437,056

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

**VILLAGE OF CYGNET
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Cygnet, Wood 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 electric, water and sewer utilities, and park operations (leisure time activities). The Village contracts with the Wood County Sheriff's Office 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 and Investments

Repurchase agreements and certificates of deposit are valued at cost.

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.

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 Fund:

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 CYGNET
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 fund:

Debt Retirement Fund - This fund makes payments to retire debt on a water and sewer plant expansion project.

4. Capital Project Fund

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:

Issue II Fund - This fund is used to accumulate local matching funds for Issue II projects. The Village received a grant from the Ohio Public Works Commission for waterline replacement.

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:

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

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.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end. The Village did not appropriate monies in the Capital Projects Fund Type for the fiscal year ended December 31, 2000.

**VILLAGE OF CYGNET
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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. For the fiscal years ended December 31, 2000 and 1999, the Village did not utilize the encumbrance method of accounting.

A summary of 2000 and 1999 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>2000</u>	<u>1999</u>
Demand deposits	\$26,709	\$777,678
Certificate of deposit	14,359	14,359
Cash on hand	50	50
Total deposits	41,118	792,087
Overnight repurchase agreement	850,000	
Total deposits and investments	\$891,118	\$792,087

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

Investments: The Village and its financial institution have an agreement in which account balances are automatically invested in an overnight repurchase agreement. The financial institution maintains records identifying the Village as owner.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

**VILLAGE OF CYGNET
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$155,008	\$207,568	\$52,560
Special Revenue	21,000	23,614	2,614
Debt Service		78,400	78,400
Capital Projects		12,710	12,710
Enterprise	313,300	423,869	110,569
Total	<u>\$489,308</u>	<u>\$746,161</u>	<u>\$256,853</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$161,100	\$184,541	(\$23,441)
Special Revenue	91,500	33,836	57,664
Debt Service	67,000	66,965	35
Capital Projects		12,710	(12,710)
Enterprise	303,000	349,078	(46,078)
Total	<u>\$622,600</u>	<u>\$647,130</u>	<u>(\$24,530)</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$60,511	\$144,542	\$84,031
Special Revenue	15,000	23,407	8,407
Enterprise	291,000	365,091	74,091
Total	<u>\$366,511</u>	<u>\$533,040</u>	<u>\$166,529</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$144,400	\$119,189	\$25,211
Special Revenue	96,000	5,193	90,807
Enterprise	539,900	302,070	237,830
Total	<u>\$780,300</u>	<u>\$426,452</u>	<u>\$353,848</u>

**VILLAGE OF CYGNET
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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.

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, 2000 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$1,081,000	5 1/8%

The Mortgage Sanitary Sewer Revenue Bonds relate to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The bonds will be repaid in annual installments as set forth on the face of the bond certificate, including interest, over 40 years.

The Village of Jerry City has a contractual obligation with the Village of Cygnet to pay \$14,900 a year for the life of the bonds for their share of the wastewater treatment facility.

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

Year Ending December 31:	Mortgage Revenue Bonds
2001	\$66,401
2002	66,837
2003	66,223
2004	66,608
2005	65,941
Subsequent	2,057,300
Total	\$2,389,310

**VILLAGE OF CYGNET
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

In 1998 the Village received approval for a \$130,000 loan from the Ohio Water Development Authority for water trunk line design engineering. The Village has received \$35,638 as of December 31, 2000. An amortization schedule will not be available until the project is complete and no payments will be due until that time.

The Village's sanitary sewer system mortgage revenue bond issue contained several debt covenants. The Village did not comply with the following debt covenants:

1. Establish a Sanitary Sewer System Surplus Fund. No such fund was established.
2. The Clerk shall obtain and keep in force a fidelity bond in an amount not less than \$80,000. The Clerk's bond is for \$67,000.
3. Annually, on October 15, beginning October 15, 1997, the revenues available in the revenue fund at the end of the preceding calendar year, after making payments required by other paragraphs, and after reserving therein an amount sufficient to provide adequate working capital for the System and to provide necessary accruals against the current requirements of other requirements, shall be transferred to the Surplus Fund. No such transfers were made.

Noncompliance with debt covenants could possibly effect a change from a long-term to a current liability for the mortgage revenue bonds.

6. RETIREMENT SYSTEM

The Village's officials and employees 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount of participants' gross salaries equal to 13.55% for fiscal year 1999 and 10.84% for fiscal year 2000. The Village has paid all contributions required through December 31, 2000.

7. 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 property and general liability;
- Public official's liability;
- Vehicles; and
- Errors and omissions.

8. RELATED PARTY TRANSACTIONS

A member of the Board of Public Affairs is the owner of a hardware store from which the Village acquired various parts and supplies during the year. The Village paid \$147 for these acquisitions in 1999 and \$206 in 2000.



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 Cygnet
Wood County
325 Front Street
P.O. Box 190
Cygnet, Ohio 43414-0190

To the Village Council:

We have audited the accompanying financial statements of the Village of Cygnet, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 17, 2001. 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 2000-30187-001, 2000-30187-002, and 2000-30187-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 17, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a 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 April 17, 2001.

Village of Cygnet
Wood 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 audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 17, 2001

VILLAGE OF CYGNET
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-30187-001

Noncompliance Citation

Ohio Revised Code § 5705.41 (B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

The Capital Project Fund Type had expenditures in excess of appropriations for the fiscal year ended December 31, 2000 in the amount of \$12,710, since the Village did not budget Issue II funds spent on its behalf.

We recommend the Village follow the guidance in the Auditor of State Management Advisory Service Bulletin 89-17 and Auditor of State Bulletin 2000-08. Periodically contact the Ohio Public Works Commission to obtain the amount of Issue II funds designated to the Village. These amounts should be appropriated and posted to the Village accounting records.

FINDING NUMBER 2000-30187-002

Noncompliance Citation

Ohio Revised Code § 5705.41 (D) requires in part 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 previous encumbrance.

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 contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village 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 the Village Council.

Sixty-one percent of the vouchers selected for testing during the audit period were not certified at the time the contract or order was made and Then and Now Certificates had not been issued.

For stronger controls over the purchasing cycle, we recommend the Village utilize the Then and Now Certificate exemption when prior certification is not possible.

FINDING NUMBER 2000-30187-003

Noncompliance Citation

Section 12, Article XVIII of the Ohio Constitution provides for the issuance of mortgage revenue bonds. The Village's Ordinance 11.18.96 authorized the issuance of the mortgage revenue bonds. The Village did not comply with the following debt covenants for the Village's sanitary sewer system mortgage revenue bonds:

1. Establish a Sanitary Sewer System Surplus Fund. No such fund was established.
2. The Clerk shall obtain and keep in force a fidelity bond in an amount not less than \$80,000. The Clerk's bond is for \$67,000.
3. Annually, on October 15, beginning October 15, 1997, the revenues available in the revenue fund at the end of the preceding calendar year, after making payments required by other paragraphs, and after reserving therein an amount sufficient to provide adequate working capital for the System and to provide necessary accruals against the current requirements of other requirements, shall be transferred to the Surplus Fund. No such transfers were made.

We recommend the Village comply with all debt covenants.



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 CYGNET

WOOD 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
JUNE 5, 2001**