



**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of South Webster
Scioto County
138 North Jackson Street
South Webster, Ohio 45682

To the Village Council:

We have audited the accompanying financial statements of the Village of South Webster, Scioto 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 the financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 and reserves for encumbrances of the Village of South Webster, Scioto County, 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 June 20, 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 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.

Jim Petro
Auditor of State

June 20, 2001

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**VILLAGE OF SOUTH WEBSTER
SCIOTO 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>	
Cash Receipts:			
Local Taxes	\$16,028	\$9,013	\$25,041
Intergovernmental	28,697	40,191	68,888
Charges for Services		2,525	2,525
Fines, Licenses, and Permits	4,792		4,792
Earnings on Investments	2,817	148	2,965
Miscellaneous		3,318	3,318
	<u>52,334</u>	<u>55,195</u>	<u>107,529</u>
Total Cash Receipts			
Cash Disbursements:			
Security of Persons and Property		38,823	38,823
Public Health Services	3,961		3,961
Community Environment		1,535	1,535
Basic Utility Services	1,009	2,023	3,032
Transportation		19,618	19,618
General Government	17,128	962	18,090
Capital Outlay		6,700	6,700
	<u>22,098</u>	<u>69,661</u>	<u>91,759</u>
Total Cash Disbursements			
Excess of Cash Receipts Over/ (Under) Cash Disbursements	<u>30,236</u>	<u>(14,466)</u>	<u>15,770</u>
Other Financing Sources/(Uses):			
Transfers-In		11,000	11,000
Transfers-Out	(12,050)		(12,050)
	<u>(12,050)</u>	<u>11,000</u>	<u>(1,050)</u>
Total Other Financing Sources/(Uses)			
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	18,186	(3,466)	14,720
Fund Cash Balances, January 1	<u>11,490</u>	<u>23,592</u>	<u>35,082</u>
Fund Cash Balances, December 31	<u>\$29,676</u>	<u>\$20,126</u>	<u>\$49,802</u>
Reserve for Encumbrances, December 31	<u>\$339</u>	<u>\$156</u>	<u>\$495</u>

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

**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$13,082	\$	\$13,082
Contributions and Donations	89		89
Earnings on Investments		294	294
Miscellaneous	282		282
Total Operating Cash Receipts	<u>13,453</u>	<u>294</u>	<u>13,747</u>
Operating Cash Disbursements:			
Personal Services	5,406		5,406
Employee Fringe Benefits	566		566
Contractual Services	105,344	776	106,120
Supplies and Materials	6,948	96	7,044
Capital Outlay	182,432		182,432
Miscellaneous	891		891
Total Operating Cash Disbursements	<u>301,587</u>	<u>872</u>	<u>302,459</u>
Operating Income	<u>(288,134)</u>	<u>(578)</u>	<u>(288,712)</u>
Non-Operating Cash Receipts and Disbursements:			
Local Taxes	5,574		5,574
Intergovernmental Receipts	654		654
Special Assessments	26,571		26,571
Proceeds of Loans	276,283		276,283
Total Non-Operating Cash Receipts and Disbursements	<u>309,082</u>	<u>0</u>	<u>309,082</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements before Interfund Transfers	20,948	(578)	20,370
Transfers-In	600	450	1,050
Net Receipts Over/(Under) Disbursements	21,548	(128)	21,420
Fund Cash Balances, January 1	9,146	5,247	14,393
Fund Cash Balances, December 31	<u>\$30,694</u>	<u>\$5,119</u>	<u>\$35,813</u>
Reserve for Encumbrances, December 31	<u>\$6</u>	<u>\$0</u>	<u>\$6</u>

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

VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY

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

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$14,988	\$8,410	\$	\$23,398
Intergovernmental	11,059	48,531		59,590
Charges for Services		2,175		2,175
Fines, Licenses, and Permits	4,943			4,943
Earnings on Investments	1,383	367	2	1,752
Miscellaneous	40	2,972		3,012
Total Cash Receipts	<u>32,413</u>	<u>62,455</u>	<u>2</u>	<u>94,870</u>
Cash Disbursements:				
Security of Persons and Property		41,104		41,104
Leisure Time Activities	4,257			4,257
Community Environment		2,665		2,665
Basic Utility Services	1,224			1,224
Transportation		28,576		28,576
General Government	18,616	213	456	19,285
Total Cash Disbursements	<u>24,097</u>	<u>72,558</u>	<u>456</u>	<u>97,111</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	<u>8,316</u>	<u>(10,103)</u>	<u>(454)</u>	<u>(2,241)</u>
Other Financing Sources/(Uses):				
Transfers-In		5,250		5,250
Transfers-Out	(10,693)			(10,693)
Total Other Financing Sources/(Uses)	<u>(10,693)</u>	<u>5,250</u>	<u>0</u>	<u>(5,443)</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	<u>(2,377)</u>	<u>(4,853)</u>	<u>(454)</u>	<u>(7,684)</u>
Fund Cash Balances, January 1 (Restated - See Note 8)	<u>13,867</u>	<u>28,445</u>	<u>454</u>	<u>42,766</u>
Fund Cash Balances, December 31	<u>\$11,490</u>	<u>\$23,592</u>	<u>\$0</u>	<u>\$35,082</u>

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

VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Cash Receipts:			
Charges for Services	\$14,039	\$	\$14,039
Contributions and Donations	760	20	780
Earnings on Investments	0	360	360
	<u>14,799</u>	<u>380</u>	<u>15,179</u>
Operating Cash Disbursements:			
Personal Services	4,710		4,710
Employee Fringe Benefits	642		642
Contractual Services	77,209	594	77,803
Supplies and Materials	7,823	136	7,959
Miscellaneous	5		5
	<u>90,389</u>	<u>730</u>	<u>91,119</u>
Operating Income	<u>(75,590)</u>	<u>(350)</u>	<u>(75,940)</u>
Non-Operating Cash Receipts and Disbursements:			
Local Taxes	5,217		5,217
Intergovernmental Receipts	685		685
Special Assessments	4,373		4,373
Proceeds of Loans	62,738		62,738
	<u>73,013</u>	<u>0</u>	<u>73,013</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements before Interfund Transfers	(2,577)	(350)	(2,927)
Transfers-In	4,943	500	5,443
Net Receipts Over/(Under) Disbursements	2,366	150	2,516
Fund Cash Balances, January 1 (Restated - See Note 8)	6,780	5,097	11,877
Fund Cash Balances, December 31	<u>\$9,146</u>	<u>\$5,247</u>	<u>\$14,393</u>

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

**VILLAGE OF SOUTH WEBSTER
SCIOTO 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 South Webster, Scioto 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 and a publicly-elected Clerk and Mayor. The Village provides general governmental services, including road and bridge maintenance, police protection, street lighting, sewage facility operations, and swimming pool operations (leisure time activities).

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

The Village has a certificate of deposit which is 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 received gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

COPS Fast Fund - This fund received state funding for police protection.

**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Enterprise Fund

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:

Sewer II Operating Fund - This fund received loan proceeds for the planning, design, and construction of a new sewer system for the Village.

Swimming Pool Fund - This fund received charges from customers for admission and concession to cover the cost of operating the pool.

4. Fiduciary Funds (Trust 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 nonexpendable trust fund. Other trust funds are classified as expendable trust funds. The Village had the following significant Fiduciary Fund:

Gazebo Fund - The fund received a lump sum amount to accrue interest which is used for maintenance of the Village's gazebo. This fund is classified as a nonexpendable trust fund.

Library Fund - This fund receives donations for the maintenance of the Village Library. This fund is classified as an expendable trust fund.

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 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 SOUTH WEBSTER
SCIOTO COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual 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 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	\$80,615	\$44,475
Certificates of deposit	5,000	5,000
Total deposits	\$85,615	\$49,475

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation, except at December 31, 2000, \$258,735 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 34,633	\$ 52,334	\$ 17,701
Special Revenue	85,699	66,195	(19,504)
Enterprise	2,029,700	323,135	(1,706,565)
Nonexpendable Trust	1,150	744	(406)
Total	\$ 2,151,182	\$ 442,408	\$ (1,708,774)

**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 46,123	\$ 34,487	\$ 11,636
Special Revenue	97,789	69,817	27,972
Enterprise	2,037,640	301,593	1,736,047
Nonexpendable Trust	946	872	74
Total	<u>\$ 2,182,498</u>	<u>\$ 406,769</u>	<u>\$ 1,775,729</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 23,675	\$ 32,413	\$ 8,738
Special Revenue	87,100	67,705	(19,395)
Enterprise	3,231,500	92,755	(3,138,745)
Expendable Trust	568	2	(566)
Nonexpendable Trust	750	880	130
Total	<u>\$ 3,343,593</u>	<u>\$ 193,755</u>	<u>\$ (3,149,838)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 37,416	\$ 34,790	\$ 2,626
Special Revenue	114,162	72,558	41,604
Enterprise	3,238,034	90,389	3,147,645
Expendable Trust	1,022	456	566
Nonexpendable Trust	847	730	117
Total	<u>\$ 3,391,481</u>	<u>\$ 198,923</u>	<u>\$ 3,192,558</u>

The Village did not encumber all funds prior to incurring the obligation, 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.

**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

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

4. PROPERTY TAX (Continued)

Public utilities are also taxed on personal and real property located in 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

The Village acquired debt in 1996 for the planning phase of the sewer project in the amount of \$24,200 from the Ohio Water Development Authority (OWDA). The planning loan balance of \$22,109 was paid off by the design loan acquired in 1997 in the amount of \$247,475. The design loan balance of \$236,857 was paid off by the construction loan acquired on September 10, 2000 at 2.2% interest for a term of 20 years, with a principal amount of \$3,424,700 and interest of \$827,011. Semi-annual payments of \$108,293 will begin January 1, 2002.

An amortization schedule is not available, as the loan has not closed. The Village must meet the following conditions of the loan: (1) The project must be completed, and (2) certification of operation must be obtained from the Ohio EPA. Once these conditions have been met, the OWDA will close the loan and release an amortization schedule to the Village. We are unable to disclose an amortization schedule at this time, as the loan has not yet closed.

6. RETIREMENT SYSTEM

Village employees, including the Clerk and Council members, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000, the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY

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

8. PRIOR PERIOD RESTATEMENT

For the year ended December 31, 1999, certain adjustments have resulted in fund balance restatements. The following provides details of these adjustments and the resultant effect on fund balance:

<u>Fund Type</u>	<u>Fund Balance Previously Reported at December 31, 1998</u>	<u>Restatement Amount</u>	<u>Fund Balance Restated as of January 1, 1999</u>
General	\$ 13,742	\$ 125	\$ 13,867
Capital Project	6,388	(6,388)	0
Enterprise	392	6,388	6,780

The fund balances were restated due to adjustments made in the current year for the previous year.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Village of South Webster
Scioto County
138 North Jackson Street
South Webster, Ohio 45682

To the Village Council:

We have audited the accompanying financial statements of the Village of South Webster, Scioto County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated June 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 2000-40733-001 and 2000-40733-002. We also noted certain immaterial instances of noncompliance we have reported to management of the Village in a separate letter dated June 20, 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 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 20, 2001.

Village of South Webster
Scioto County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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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.

Jim Petro
Auditor of State

June 20, 2001

VILLAGE OF SOUTH WEBSTER
SCIOTO 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 2000-40773-001

Ohio Rev. Code §5705.41(D) states that no order or contract involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

The following exception to this basic requirement is provided statute:

- Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution of ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- Amounts of less than \$1,000, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures of the taxing authority.

No funds were certified by the Clerk as to the availability of funds prior to incurring obligations and the exceptions above were not utilized.

We recommend that the Clerk certify funds prior to the Village incurring obligations.

FINDING NUMBER 2000-40773-002

Ohio Rev. Code §135.18 states that the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times.

At December 31, 2000, deposits exceeded Federal Deposit Insurance by \$258,735, and there was no additional pledged collateral.

We recommend that the Village require the designated depository to provide as security an amount equal to the funds on deposit at all times and maintain documentation of these securities, which may consist of federal deposit insurance, surety company bonds, or pledged securities.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF SOUTH WEBSTER

SCIOTO 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 9, 2001**