



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



VILLAGE OF POTSDAM  
MIAMI COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Potsdam  
Miami County  
P.O. Box 52  
Potsdam, Ohio 45361

To the Village Council:

We have audited the accompanying financial statements of the Village of Potsdam, Miami County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 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 and reserves for encumbrances of the Village of Potsdam, Miami 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.

As described in Note 8, the village refunded a federal COPS grant to the originating agency. As explained in Note 9, the village is involved in significant litigation. At this time, the village is unable to determine the outcome of the litigation.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 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 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". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

March 30, 2000

**VILLAGE OF POTSDAM  
MIAMI 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$7,441			\$7,441
Intergovernmental Receipts	44,426	7,935		52,361
Charges for Services	946			946
Fines, Licenses, and Permits	298			298
Earnings on Investments	733	299		1,032
Miscellaneous	1,536	13		1,549
<b>Total Cash Receipts</b>	<u>55,380</u>	<u>8,247</u>	<u>0</u>	<u>63,627</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	24,098	6,140		30,238
Leisure Time Activities		1,900		1,900
Transportation		983		983
General Government	12,288	1,383	3,323	16,994
Capital Outlay			69,330	69,330
<b>Total Disbursements</b>	<u>36,386</u>	<u>10,406</u>	<u>72,653</u>	<u>119,445</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>18,994</u>	<u>(2,159)</u>	<u>(72,653)</u>	<u>(55,818)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Notes			100,000	100,000
Sale of Fixed Assets	1,300			1,300
Other Uses		(78)		(78)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>1,300</u>	<u>(78)</u>	<u>100,000</u>	<u>101,222</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>20,294</u>	<u>(2,237)</u>	<u>27,347</u>	<u>45,404</u>
<b>Fund Cash Balances January 1</b>	<u>8,500</u>	<u>32,021</u>	<u>0</u>	<u>40,521</u>
<b>Fund Cash Balances, December 31</b>	<u>\$28,794</u>	<u>\$29,784</u>	<u>\$27,347</u>	<u>\$85,925</u>
<b>Reserves for Encumbrances, December 31</b>	<u>\$0</u>	<u>\$100</u>	<u>\$14,725</u>	<u>\$14,825</u>

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

**VILLAGE OF POTSDAM  
MIAMI COUNTY**

**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$6,060		\$6,060
Intergovernmental Receipts	19,125	7,949	27,074
Charges for Services	956		956
Fines, Licenses, and Permits	854		854
Earnings on Investments		582	582
Miscellaneous	1,311		1,311
	<u>28,306</u>	<u>8,531</u>	<u>36,837</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	16,723		16,723
Leisure Time Activities			0
Transportation		4,108	4,108
General Government	24,208		24,208
Capital Outlay	550		550
	<u>41,481</u>	<u>4,108</u>	<u>45,589</u>
<b>Total Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(13,175)</u>	<u>4,423</u>	<u>(8,752)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	17,000		17,000
Other Sources		950	950
Transfers-Out		(17,000)	(17,000)
Other Uses	(541)	(162)	(703)
	<u>16,459</u>	<u>(16,212)</u>	<u>247</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,284	(11,789)	(8,505)
Fund Cash Balances January 1	<u>5,216</u>	<u>43,810</u>	<u>49,026</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$8,500</u></u>	<u><u>\$32,021</u></u>	<u><u>\$40,521</u></u>

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



**VILLAGE OF POTSDAM  
MIAMI 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 Potsdam, Miami 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 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**Street Construction, Maintenance and Repair Fund** - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**State Highway Improvement Fund** -This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing state highway streets through the Village.

**VILLAGE OF POTSDAM  
MIAMI COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. 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:

**Municipal Building Fund** - This fund received the proceeds from the sale of notes to purchase and remodel a new municipal building.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 use the encumbrance method of accounting.

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:

**VILLAGE OF POTSDAM  
MIAMI COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	<b>1999</b>	<b>1998</b>
Demand deposits	\$ 75,925	\$ 30,521
Certificates of deposit	<u>10,000</u>	<u>10,000</u>
Total deposits	<u><u>\$ 85,925</u></u>	<u><u>\$ 40,521</u></u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 63,221	\$ 56,680	\$ (6,541)
Special Revenue	40,381	8,247	(32,134)
Capital Projects	<u>100,000</u>	<u>100,000</u>	<u>0</u>
Total	<u><u>\$ 203,602</u></u>	<u><u>\$ 164,927</u></u>	<u><u>\$ (38,675)</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 38,746	\$ 36,386	\$ 2,360
Special Revenue	18,215	10,584	7,631
Capital Projects	<u>99,310</u>	<u>87,378</u>	<u>11,932</u>
Total	<u><u>\$ 156,271</u></u>	<u><u>\$ 134,348</u></u>	<u><u>\$ 21,923</u></u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 44,433	\$ 45,306	\$ 873
Special Revenue	<u>9,004</u>	<u>9,481</u>	<u>477</u>
Total	<u><u>\$ 53,437</u></u>	<u><u>\$ 54,787</u></u>	<u><u>\$ 1,350</u></u>

**VILLAGE OF POTSDAM  
MIAMI 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	\$ 49,317	\$ 42,022	\$ 7,295
Special Revenue	<u>35,360</u>	<u>21,270</u>	<u>14,090</u>
Total	<u>\$ 84,677</u>	<u>\$ 63,292</u>	<u>\$ 21,385</u>

**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, 1999 was as follows:

	Principal	Interest Rate
Municipal Building Bond Anticipation Note	\$ 100,000	5.46%
Ford Motor Credit Company Lease Agreement	<u>15,640</u>	6%
Total	<u>\$ 115,640</u>	

The Municipal Building Notes relates to the purchase and remodeling of a new municipal building. The notes were issued July 7, 1999 through Fifth Third Bank. The notes will be repaid in semiannual installments of \$5,000, plus interest, over 5 years with a balloon payment of \$75,000 due in 2004. The note is a general obligation of the Village.

The lease-purchase agreement relates to a cruiser the Village purchased on May 20, 1999. The agreement requires quarterly payments of \$1,872, including interest over 3 years.

**VILLAGE OF POTSDAM  
MIAMI COUNTY**

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

**5. DEBT (Continued)**

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

Year ending December 31:	Municipal Building Notes	Ford Motor Credit Company Lease
2000	\$ 10,392	\$ 7,487
2001	10,119	7,487
2002	9,846	1,872
2003	9,573	
2004	84,300	
Total	\$ 124,230	\$ 16,846

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers and officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan 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 PERS 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
- Errors and omissions

**8. SUBSEQUENT EVENTS**

During January 2000, the Village returned \$24,465 to the United States Department of Justice, which was part of a \$300,000 Federal Cops Grant they were to receive over the next 3 years. This resulted in the January 31, 2000 General Fund balance being reduced from \$28,794 to \$4,329. In addition, the Village is projecting a general fund deficit of \$5,000 at December 31, 2000. This projection does not include wages or benefits due to police officers because of the lawsuit identified in Note 9. Management plans to alleviate the deficit by reducing personnel costs and other expenditures, and by selling assets no longer utilized by the Village.

**VILLAGE OF POTSDAM  
MIAMI COUNTY**

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

**9. CONTINGENT LIABILITIES**

The Village and certain officials are currently defendants in two lawsuits. One lawsuit was filed on or about December 31, 1999 by the mayor alleging police misconduct, and the other was filed in March, 2000, by Village police officers alleging wrongful dismissal. These lawsuits are in the amount of 5.5 million dollars each. The liability to the Village cannot be determined at this time.



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

Village of Potsdam  
Miami County  
P.O. Box 52  
Potsdam, Ohio 45361

To the Village Council:

We have audited the accompanying financial statements of the Village of Potsdam, Miami County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated March 30, 2000, wherein we noted that the village refunded a federal COPS grant to the originating agency. The village is also involved in significant litigation. At this time, the village is unable to determine the outcome of the litigation. 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 1999-30355-001 and 1999-30355-002. We also noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated March 30, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-30355-003 and 1999-30355-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 1999-30355-004 to be a material weakness. We also 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 30, 2000.

This report is intended for the information and use of management, and 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", written in a cursive style.

**Jim Petro**  
Auditor of State

March 30, 2000



**VILLAGE OF POTSDAM  
MIAMI COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 1999-30355-001**

**Finding For Recovery**

Based on Village ordinance 7-06-98, each police officer is entitled to \$25/month uniform allowance, conditional on the officer working a minimum of 20 hours per month. Mr. Oscar Hicks received compensation for 4 months during 1999 without working the required 20 hours or more. Mr. Hicks received compensation of \$25/month for March, April and June, 1999, but the time sheets indicated that he worked only 10 hours, 8 hours and 11 hours, respectively. No time sheets or documentation could be found for July 1999, however, he received the uniform compensation of \$25. These conditions resulted in him being overpaid in the amount of \$100.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies being illegally expended is hereby issued against Oscar Hicks in favor of the Village of Potsdam's General Fund for the amount of \$150.

**FINDING NUMBER 1999-30355-002**

Ohio Rev. Code Section 5705.41 (D), states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriate and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance. Further, contracts and orders lacking prior certification shall be considered null and void.

Ohio Rev. Code Section 5705.41 (D) provides an exception to this requirement:

If no certificate is issued at the time the contract or order is presented for payment, the taxing authority may authorize the payment provided there is appropriated sufficient sum for the purpose of such contract and is in the treasury or process of collection to the credit of an appropriate fund free from a previous encumbrance, provided such action is taken within thirty days of the contract date and the amount involved is less than \$1,000.

Prior certification was not obtained until payments were presented to the council during 1998 and 1999 for 100% of tested expenditures. It was also noted that at year-end 1999, 54% of the Municipal Fund and 19% of the CDBG fund year-end balances were not encumbered. The accompanying budgetary presentation has been adjusted for this understatement of encumbrances.

The Clerk-Treasurer should certify and encumber funds when commitment to expenditure of funds are made and maintain an appropriation ledger to record the encumbrances. This help ensure restriction of funds for committed expenditures, to avoid overspending. This ledger should provide the Village with a more accurate record of its financial position.

**VILLAGE OF POTSDAM  
MIAMI COUNTY  
(Continued)**

**FINDING NUMBER 1999-30355-003**

**Revenue and Expenditure Ledgers**

Ohio Admin. Code Sections 117-5-01 to 117-5-18 states that a village should employ a described uniform system of accounting which uses a system of dimensions which serves to identify in detail each financial transaction of the village council. It also requires that three basic records be maintained. They are the cash journal, the receipt ledger and the appropriation ledger.

The Clerk for the Village of Potsdam maintained the required records, but did not keep a copy of the receipt or appropriation ledgers, except for the December summary reports to Council. Further, the monthly reports did not contain all the data needed for management to make informed financial decisions. The receipt ledger did not include estimated revenue which would have allowed management to compare estimated amounts to actual revenue to assess if changes should have been made to the Village's budget. The expenditure reports did not reflect changes to line item's appropriations nor did it include outstanding encumbrances.

The Clerk/Treasurer should maintain monthly financial records and restructure the receipt and expense ledgers. The receipt ledger should include estimated revenue and amendments and a running balance. The expenditure ledger should reflect any approved changes to appropriations, include outstanding encumbrances and a current fund unencumbered balance. Management should utilize this data to assist them in making knowledgeable decisions regarding the Village.

**FINDING NUMBER 1999-30355-004**

**Village Payroll Records**

The Village officials were not able to provide for audit a general payroll ledger, a daily log of hours worked, a detailed monthly summary, training certificates or other documentation for classes attended. The failure to maintain sufficient documentation resulted in the overpayment of police officers (See finding 1999-30355-001) and no supporting documentation for one of the police officer's certification.

Police officers were required to keep a daily log/time sheet documenting their hours worked, duties performed, and classes or seminars attended. The police chief then prepares monthly report for each officer for Council's approval, however this report did not include the details of the time worked or the duties performed, and the chief did not retain the daily logs prepared by each officer for support. The monthly report should include the hours worked each day with a notation of the duties performed or the meetings, classes or training seminars that were attended, and should be signed by both the employee and his supervisor before submitting them to Council for approval. In addition, the officer's daily logs should be retained for supporting documentation.

To help assure that each officer has successfully completed the required training, a listing of all classes and seminars attended should be maintained, including certificates of completion, and should be documented in the employee's personnel file.

**VILLAGE OF POTSDAM  
MIAMI COUNTY**

**FISCAL YEAR ENDING DECEMBER 31, 1999  
SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1997-30355-001	26 USC 3102(A), Internal Revenue Code, failure to withhold Medicare taxes	Yes	N/A
1997-30355-002	26 USC 3402, Internal Revenue Code, failure to withhold federal income tax	Yes	N/A
1997-30355-003	26 USC 1.6041-2, Internal Revenue Code, failure to issue W-2 to employees	Yes	N/A
1997-30355-004	Ohio Rev. Code Section 5747.06, failure to withhold state income tax	Yes	N/A
1997-30355-005	Ohio Rev. Code Section 731.14, awarded bids without executing a formal contract	N/A	Village did not bid any work during the audit period
1997-30355-006	Ohio Admin. Code Section 117-5-01, failure to maintain the required three basic records	Partially Corrected	The clerk maintains the records, but did not keep the monthly printout of the revenue and expense records, except for year end.
1997-30355-007	Ohio Rev. Code Section 5701.41(B), expenditures exceeding appropriations	Yes	N/A
1997-30355-008	Ohio Rev. Code Section 5705.41(D), failure to comply with certification requirements & procedures	Yes	N/A
1997-30355-009	Village did not maintain accounting records in a timely manner or with due care	Yes	N/A
1997-30355-010	Council did not supervisor the clerk to ensure that records were kept up-to-date and bank reconciliations signed.	Yes	N/A
1997 special audit finding 1&2	Finding for Recovery - Pam Carpenter, tuition and travel reimbursement \$727.43	Partial	\$150 repaid by Daniel Niswonger, Village Council
1997 special audit finding 3	Finding for Recovery - Ted Krug - Unsupported expenditure reimbursement \$112	No	Still outstanding
1997 special audit finding 4	Finding for Recovery - Pam Carpenter - illegal expenditure \$219.37	No	Still outstanding





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF POTSDAM**

**MIAMI COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 13, 2000**