



**VILLAGE OF SPENCER
MEDINA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Spencer
Medina County
109 North Main Street
Spencer, Ohio 44275

To the Village Council:

We have audited the accompanying financial statements of the Village of Spencer, Medina 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 April 28, 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, 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 28, 2000

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$34,735	\$39,589			\$74,324
Special Assessments				\$13,681	13,681
Intergovernmental Receipts	36,155	41,269			77,424
Fines, Licenses, and Permits	10,307	50			10,357
Firestone Trust Donations	127,971			68,000	195,971
Miscellaneous	6,966				6,966
Total Cash Receipts	<u>216,134</u>	<u>80,908</u>		<u>81,681</u>	<u>378,723</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	49,449	36,877			86,326
Leisure Time Activities	12,131				12,131
Community Environment	456				456
Basic Utility Services	1,222				1,222
Transportation	30,624	38,655			69,279
General Government	140,730			46	140,776
Debt Service:					
Principal Payments				52,452	52,452
Interest Payments				7,910	7,910
Capital Outlay				7,638	7,638
Total Cash Disbursements	<u>234,612</u>	<u>75,532</u>		<u>68,046</u>	<u>378,190</u>
Total Receipts Over/(Under) Disbursements	<u>(18,478)</u>	<u>5,376</u>		<u>13,635</u>	<u>533</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	5,300				5,300
Transfers-Out				(5,300)	(5,300)
Total Other Financing Receipts/(Disbursements)	<u>5,300</u>			<u>(5,300)</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(13,178)</u>	<u>5,376</u>		<u>8,335</u>	<u>533</u>
Fund Cash Balances January 1	106,538	6,481	1,339	5,302	119,660
Fund Cash Balances, December 31	<u>\$93,360</u>	<u>\$11,857</u>	<u>\$1,339</u>	<u>\$13,637</u>	<u>\$120,193</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$253,248
Miscellaneous	2,553
	255,801
Operating Cash Disbursements:	
Personal Services	74,338
Contractual Services	46,965
Supplies and Materials	7,018
	128,321
Total Operating Cash Disbursements	128,321
Operating Income	127,480
Non-Operating Cash Receipts:	
Interest	870
Non-Operating Cash Disbursements:	
Debt Service	120,628
Other Non-Operating Cash Disbursements	23,924
	144,552
Total Non-Operating Cash Disbursements	144,552
Net Receipts Under Disbursements	(16,202)
Fund Cash Balances, January 1	100,974
Fund Cash Balances, December 31	\$84,772
Reserve for Encumbrances, December 31	\$0

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$29,972	\$35,262			\$65,234
Special Assessments				\$2,684	2,684
Intergovernmental Receipts	82,272	28,985		114,292	225,549
Fines, Licenses, and Permits	18,187				18,187
Firestone Trust Donations	318,874				318,874
Miscellaneous	5,092	2,694			7,786
Total Cash Receipts	454,397	66,941		116,976	638,314
Cash Disbursements:					
Current:					
Security of Persons and Property	43,077	36,686			79,763
Leisure Time Activities	8,362				8,362
Community Environment	278				278
Basic Utility Services	35,033				35,033
Transportation	1,840	25,741			27,581
General Government	275,959	1,802			277,761
Debt Service:					
Principal Payments	187,936				187,936
Interest Payments	1,464				1,464
Capital Outlay				346,785	346,785
Total Cash Disbursements	553,949	64,229		346,785	964,963
Total Receipts Over/(Under) Disbursements	(99,552)	2,712		(229,809)	(326,649)
Other Financing Receipts:					
Proceeds of Notes				232,452	232,452
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(99,552)	2,712		2,643	(94,197)
Fund Cash Balances January 1, As Restated	206,090	3,769	1,339	2,659	213,857
Fund Cash Balances, December 31	\$106,538	\$6,481	\$1,339	\$5,302	\$119,660
Reserves for Encumbrances, December 31	\$0	\$0	\$0	\$0	\$0

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

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$232,398
Miscellaneous	5,411
	237,809
Operating Cash Disbursements:	
Personal Services	80,491
Supplies and Materials	19,349
Contractual Services	47,038
	146,878
Operating Income	90,931
Non-Operating Cash Receipts:	
Proceeds of Notes	23,000
Interest	900
	23,900
Non-Operating Cash Disbursements:	
Debt Service	90,842
Net Receipts Over Disbursements	23,989
Fund Cash Balances, January 1	76,985
Fund Cash Balances, December 31	\$100,974
Reserve for Encumbrances, December 31	\$0

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Spencer, Medina County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. 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 deposits 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.

Police Levy Fund - This fund receives property tax revenue for the purpose of funding the Village police department.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

This fund is used to accumulate resources for the payment of note and bond indebtedness.

4. Capital Project Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds).

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:

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 be budgeted annually.

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.

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.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

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 capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 184,681	\$ 200,489
Certificates of deposit	<u>20,284</u>	<u>20,145</u>
Total deposits	<u>\$ 204,965</u>	<u>\$ 220,634</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 356,618	\$ 221,434	\$ (135,184)
Special Revenue	93,250	80,908	(12,342)
Debt Service	0	0	0
Capital Projects	71,000	81,681	10,681
Enterprise	<u>300,500</u>	<u>256,671</u>	<u>(43,829)</u>
Total	<u>\$ 821,368</u>	<u>\$ 640,694</u>	<u>\$ (180,674)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 444,400	\$ 234,612	\$ 209,788
Special Revenue	84,743	75,532	9,211
Debt Service	1,339	0	1,339
Capital Projects	76,301	73,346	2,955
Enterprise	<u>398,923</u>	<u>272,873</u>	<u>126,050</u>
Total	<u>\$ 1,005,706</u>	<u>\$ 656,363</u>	<u>\$ 349,343</u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 317,289	\$ 454,397	\$ 137,108
Special Revenue	57,400	66,941	9,541
Debt Service	0	0	0
Capital Projects	3,200	349,428	346,228
Enterprise	269,400	261,709	(7,691)
Total	<u>\$ 647,289</u>	<u>\$ 1,132,475</u>	<u>\$ 485,186</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 652,118	\$ 553,949	\$ 98,169
Special Revenue	69,426	64,229	5,197
Debt Service	1,339	0	1,339
Capital Projects	5,858	346,785	(340,927)
Enterprise	358,708	237,720	120,988
Total	<u>\$ 1,087,449</u>	<u>\$ 1,202,683</u>	<u>\$ (115,234)</u>

4. NON-COMPLIANCE

- Contrary to Ohio Rev. Code Section 5705.41(D), the Village did not certify the availability of funds for expenditures during 1999 and 1998.
- Contrary to Ohio Rev. Code Section 5705.41(B), the Village's expenditures exceeded appropriations in 1999 for the Enterprise Sewer Fund and the Special Revenue Street Construction and Repair Fund by \$14,686 and \$47, respectively.
- Contrary to Ohio Rev. Code Section 5705.41(B), the Village's expenditures exceeded appropriations in 1998 for the Enterprise Sewer Fund and the Capital Projects Capital Improvements Fund by \$35,178 and \$340,927, respectively.
- Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded estimated resources in 1999 for the Special Revenue Street Construction and Repair Fund, Special Revenue Motor Vehicle License Permissive Tax Fund, and the Enterpriser Sewer Fund by \$12,500, \$600, and \$3,454, respectively.
- Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded estimated resources in 1998 for the General Fund, Special Revenue Street Construction and Repair Fund, Special Revenue State Highway Fund, Special Revenue Police Levy Fund, Special Revenue Motor Vehicle License Permissive Tax Fund, and the Enterpriser Sewer Fund by \$128,738, \$3,000, \$213, \$4,844, \$200, and \$13,500, respectively.

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

5. 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.

6. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 190,900	0%
Ohio Public Works Commission Loan	305,775	0%
Mortgage Revenue Bonds	128,000	5%
Total	\$ 624,675	

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

Year ending December 31:	OWDA Loan	OPWC Loan	Mortgage Revenue Bonds
2000	\$ 26,900	\$ 24,524	\$18,400
2001	26,900	24,524	17,800
2002	26,900	24,524	17,200
2003	26,900	24,524	19,600
2004	26,900	24,524	18,850
Subsequent	56,400	183,155	69,900
Total	\$ 190,900	\$ 305,775	\$ 161,750

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

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (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 postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

9. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal 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.

10. RELATED PARTY TRANSACTIONS

The Village Mayor is owner of a company from which the Village acquired piping materials used for water lines, sewer lines and road maintenance purposes. The Village paid \$1,954 for these purchases.

11. PRIOR PERIOD ADJUSTMENT

The Village is currently the beneficiary of a trust held by Farmer Savings Bank. In prior years, the Village reported revenue from this trust in an Expendable Trust Fund. The activity from this Trust should have been reported in the General Fund, and for 1999 and 1998, it has been combined with General Fund activity. The correction of this error had the following effect on previously reported fund balances.

December 31, 1997 Fund Balances, as previously reported:	
General Fund	\$ 895
Expendable Trust Fund	<u>205,195</u>
January 1, 1998 General Fund Balance, as restated	<u><u>\$206,090</u></u>



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

Village of Spencer
Medina County
109 North Main Street
Spencer, Ohio 44275

To the Village Council:

We have audited the accompanying financial statements of the Village of Spencer, Medina County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 28, 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 1999-30952-001 through 1999-30952-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 28, 2000.

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 the management of the Village in a separate letter dated April 28, 2000.

Village of Spencer
Medina 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 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 28, 2000

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

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

FINDING NUMBER 1999-30952-001

Ohio Rev. Code Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be 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:

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 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 the amount involved is less than \$1,000, the Clerk/Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

The Village did not certify the availability of funds before entering into commitments for the expenditure of monies. There was also no evidence that Then and Now Certificates were used.

To assist in monitoring expenditure activity, the Village should certify the availability of funds for all orders or contracts involving the expenditure of money.

FINDING NUMBER 1999-30952-002

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

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

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Enterprise Sewer Fund	\$145,600	\$160,286	\$14,686
Street Construction and Repair Fund	34,618	34,665	47

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

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Enterprise Sewer Fund	\$128,772	\$163,950	\$35,178
Capital Improvements Fund	5,858	346,785	340,927

The Village Council should monitor appropriations and expenditures to ensure compliance with this requirement. The Council should approve amendments prior to incurring an expenditure in excess of current appropriations.

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

FINDING NUMBER 1999-30952-003

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated resources.

At December 31, 1999, the Village had the following funds in which total appropriations exceeded the total estimated resources:

	<u>Appropriation Amount</u>	<u>Estimated Resources</u>	<u>Variance</u>
Special Revenue Fund Type			
Street Construction and Repair Fund	\$34,618	\$22,118	\$12,500
MVL Permissive Tax Fund	2,413	1,813	600
Enterprise Fund Type			
Sewer Fund	145,600	142,146	3,454

At December 31, 1998, the Village had the following funds in which total appropriations exceeded the total estimated resources:

	<u>Appropriation Amount</u>	<u>Estimated Resources</u>	<u>Variance</u>
General Fund	\$652,118	\$523,380	\$128,738
Special Revenue Fund Type			
Street Construction and Repair Fund	23,610	20,610	3,000
State Highway Fund	2,046	1,833	213
Police Levy Fund	41,242	36,398	4,844
MVL Permissive Tax Fund	2,298	2,098	200
Enterprise Fund Type			
Sewer Fund	128,772	115,272	13,500

At September 30, 1998, the Village had the following fund in which total appropriations exceeded the total estimated resources:

	<u>Appropriation Amount</u>	<u>Estimated Resources</u>	<u>Variance</u>
General Fund	\$572,278	\$523,380	\$48,898

To ensure compliance with this requirement, the Village should compare current year appropriations to total certified resources in all funds which are legally required to be budgeted.