



**VILLAGE OF BURBANK
WAYNE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1998-1997



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Burbank
Wayne County
P.O. Box 145
Burbank, Ohio 44214

To the Village Council:

We have audited the accompanying financial statements of the Village of Burbank, Wayne County, Ohio, (the Village) as of and for the years ended December 31, 1998 and 1997. 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.

Except as described, in paragraph 4, below, 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.

Because of the inadequacy of the Mayor's Court accounting records, we were unable to obtain sufficient information regarding the completeness of the Agency Fund Type cash receipts and cash disbursements in the accompanying 1998 and 1997 financial statements, which also accounts for 100% of the Fines, Licenses, and Permits receipts in the General Fund for 1998 and 1997.

In our opinion, except for the effect of inadequate Mayor's Court accounting records on Agency and General Fund receipts, 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, 1998 and 1997, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The accompanying financial statements have been prepared assuming that the Village will continue as a going concern. As discussed in Notes 6 and 10 to the financial statements, the Village's significant operating losses and significant debt to be repaid in 2001 raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 2 to the financial statements, certain classification errors resulting in the understatement of Enterprise Funds cash balances were discovered during the current year. Accordingly, the beginning fund cash balance for the Enterprise Funds was restated as of January 1, 1997.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 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, the Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 3, 2000

**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>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$17,057	\$3,869	\$20,926
Intergovernmental	16,956	17,113	34,069
Fines, Licenses, and Permits	5,876	2,950	8,826
Miscellaneous	3,186	1,717	4,903
	<u>43,075</u>	<u>25,649</u>	<u>68,724</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	11,862		11,862
Leisure Time Activities		4,132	4,132
Transportation		3,050	3,050
General Government	32,892		32,892
	<u>44,754</u>	<u>7,182</u>	<u>51,936</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursement	(1,679)	18,467	16,788
Fund Cash Balances, January 1	<u>(24,997)</u>	<u>58,476</u>	<u>33,479</u>
Fund Cash Balances, December 31	<u>(\$26,676)</u>	<u>\$76,943</u>	<u>\$50,267</u>
Reserves for Encumbrances, December 31	<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 - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Fines, Licenses, and Permits		\$8,402	\$8,402
Operating Cash Disbursements:			
Contractual Services	\$203,896		203,896
Distribution of Fines, Licenses, and Permits Collected for Others		7,525	7,525
Total Operating Cash Disbursements	<u>203,896</u>	<u>7,525</u>	<u>211,421</u>
Operating Income/(Loss)	(203,896)	877	(203,019)
Non-Operating Cash Receipts:			
Intergovernmental Receipts	<u>227,781</u>		<u>227,781</u>
Net Receipts Over Disbursements	23,885	877	24,762
Fund Cash Balances, January 1	<u>6,218</u>	<u>4,275</u>	<u>10,493</u>
Fund Cash Balances, December 31	<u>\$30,103</u>	<u>\$5,152</u>	<u>\$35,255</u>
Reserve for Encumbrances, December 31	<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 - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$5,947	\$5,279	\$11,226
Intergovernmental	15,411	16,880	32,291
Charges for Services		270	270
Fines, Licenses, and Permits	16,400		16,400
Miscellaneous	3,535	1,540	5,075
	<u>41,293</u>	<u>23,969</u>	<u>65,262</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	21,192		21,192
Leisure Time Activities		4,190	4,190
Transportation		4,858	4,858
General Government	33,526		33,526
	<u>54,718</u>	<u>9,048</u>	<u>63,766</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursement:	(13,425)	14,921	1,496
Fund Cash Balances, January 1 (Restated, Note 2)	(11,572)	43,555	31,983
Fund Cash Balances, December 31	<u>(\$24,997)</u>	<u>\$58,476</u>	<u>\$33,479</u>
Reserves for Encumbrances, December 31	<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 - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1997**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Fines, Licenses, and Permits		\$23,721	\$23,721
Operating Cash Disbursements:			
Contractual Services	\$251,365		251,365
Distribution of Fines, Licenses, and Permits Collected for Others		19,446	19,446
Operating Income/(Loss)	(251,365)	4,275	(247,090)
Non-Operating Cash Receipts:			
Intergovernmental Receipts	257,283		257,283
Net Receipts Over Disbursements	5,918	4,275	10,193
Fund Cash Balances, January 1 (Restated, Note 2)	300		300
Fund Cash Balances, December 31	<u>\$6,218</u>	<u>\$4,275</u>	<u>\$10,493</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF BURBANK
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Burbank, Wayne 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 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 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 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 receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

State Highway Improvement Fund - This fund receives gasoline tax and motor vehicle tax money for maintaining and repairing State highways.

3. 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 loan proceeds from the Ohio Water Development Authority to finance a utility plant construction. This loan will be repaid with charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant construction. This loan will be repaid with charges for services from residents to cover the cost of providing this utility.

4. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village's only Fiduciary Fund is the Mayor's Court Fund which receives fine monies from traffic violations and other Mayor's Court activities.

E. Budgetary Process

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

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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber any commitments, as required by Ohio law.

A summary of 1998 and 1997 budgetary activity appears in Note 4.

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.

2. RESTATEMENT OF PRIOR YEAR BALANCES

In prior years, the Mayor's Court Fund was reported as a Special Revenue Fund. However, since the fund activity is fiduciary in nature, the Mayor's Court Fund has been reported as an Agency Fund beginning in 1997. Since the Mayor's Court had no fund balance as of December 31, 1996, the change in reporting had no effect on the January 1, 1997 fund balance.

In addition, prior to January 1, 1997, the Water Fund was reported as a Special Revenue Fund. However, since the Water Fund was established as a municipal utility, the Water Fund has been reported as an Enterprise Fund, effective January 1, 1997. Accordingly, the Special Revenue Fund balances have been reduced, and the Enterprise Fund cash balances have been increased by \$300, respectively, at January 1, 1997.

3. 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>1998</u>	<u>1997</u>
Demand deposits	\$ 65,522	\$ 23,972
Certificates of deposit	<u>20,000</u>	<u>20,000</u>
Total deposits	<u>\$ 85,522</u>	<u>\$ 43,972</u>

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1998 and 1997 follows:

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 41,300	\$ 43,075	\$ 1,775
Special Revenue	12,000	25,649	13,649
Enterprise	230,046	227,781	(2,265)
Fiduciary	0	8,402	8,402
Total	<u>\$ 283,346</u>	<u>\$ 304,907</u>	<u>\$ 21,561</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 19,991	\$ 44,754	\$ (24,763)
Special Revenue	44,792	7,182	37,610
Enterprise	225,546	203,896	21,650
Fiduciary	0	7,525	(7,525)
Total	<u>\$ 290,329</u>	<u>\$ 263,357</u>	<u>\$ 26,972</u>

1997 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 36,500	\$ 41,293	\$ 4,793
Special Revenue	11,700	23,969	12,269
Enterprise	0	257,283	257,283
Fiduciary	0	23,721	23,721
Total	<u>\$ 48,200</u>	<u>\$ 346,266</u>	<u>\$ 298,066</u>

1997 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 37,162	\$ 54,718	\$ (17,556)
Special Revenue	22,492	9,048	13,444
Enterprise	0	251,365	(251,365)
Fiduciary	0	19,446	(19,446)
Total	<u>\$ 59,654</u>	<u>\$ 334,577</u>	<u>\$ (274,923)</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

4. BUDGETARY ACTIVITY (Continued)

The Village did not include in the minutes a resolution accepting the amounts and rates and certifying all necessary tax levies to the County Auditor contrary to Ohio Rev. Code Section 5705.04.

The General Fund had negative cash fund balances of \$26,676 and \$24,997 at December 31, 1998 and 1997, respectively, and at various times during 1998 and 1997, contrary to Ohio Rev. Code Section 5705.10.

Expenditures of \$3,585 and \$1,847 for 1998 and 1997, respectively, were charged to the Street, Construction, Maintenance, and Repair Fund that should have been charged to the General Fund contrary to Ohio Rev. Code Section 5705.10.

The Village did not approve the tax budget by the required dates for 1998 and 1997, contrary to Ohio Rev. Code Section 5705.28.

The Village did not pass the necessary ordinance or resolution authorizing the necessary tax levies and certifying them to the tax commissioner for 1998 and 1997 contrary to Ohio Rev. Code Section 5705.34.

The Village did not properly amend the certificate of estimated resources, contrary to Ohio Rev. Code Section 5705.36.

The Village did not approve a final appropriation resolution by April 1, contrary to Ohio Rev. Code Section 5705.38.

Appropriations in the General Fund exceeded estimated resources by \$3,688 and \$12,234 in 1998 and 1997, respectively, contrary to Ohio Rev. Code Section 5705.39.

The Village had expenditures plus encumbrances which exceeded appropriations during 1998 and 1997, contrary to Ohio Rev. Code Section 5705.41(B).

The Village did not properly certify the availability of funds for all 1998 and 1997 expenditures, contrary to Ohio Rev. Code Section 5705.41(D).

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.

During 1998, the Wayne County Auditor withheld property and other tax distributions to pay Auditor of State audit fees for prior audits, in the amount of \$5,721.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

6. DEBT

Debt outstanding at December 31, 1998 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #3067	\$ 219,282	4.56%
Ohio Water Development Authority Loan #3068	363,000	4.56%
Total	\$ 582,282	

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer plant project. The loans are due in a balloon payment on July 1, 2001. The amount of interest due on July 1, 2001 could not be determined. The Village is currently pursuing alternative funding to repay the loans; however, there were no firm funding sources as of May 3, 2000.

7. RETIREMENT SYSTEM

All full-time 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 1998 and 1997, 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, 1998.

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

9. CONTINGENT LIABILITIES

The Village was a defendant in a lawsuit with regards to an ordinance passed prohibiting "through trucks" in the Village. The Courts issued a restraining order against the Village to cease enforcement of said ordinance. As a result of this lawsuit, the Village has been petitioned to pay the legal fees of the plaintiff in the amount of \$4,095. At this time the Village has offered to pay 40% of those legal fees.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1997
(Continued)

10. SUBSEQUENT EVENTS

A. Fiscal Watch/Emergency Status

The Village has been referred to the Local Government Services of the Auditor of States Office to be evaluated for fiscal watch/emergency status. This referral was based on the Village's negative General Fund balances of \$26,767 and \$24,997 for 1998 and 1997, respectively. If declared in fiscal watch, the Village will qualify for certain advisory and technical support from the State of Ohio, at no cost to the Village, to assist with restoring financial stability.

If the Village meets the more severe criteria for fiscal emergency status, a seven member Financial Planning and Supervision Commission (Commission), consisting of the Treasurer of State, Director of Budget and Management, Mayor and President of Village Council, and three appointed members, would be established to help restore the Village to financial stability. As part of the fiscal emergency status, the Village would be required to develop a financial plan which would be required to be approved by the Auditor of State and the Commission. The Commission would also monitor the Village's progress in developing an effective financial accounting and reporting system.

B. Official Turnover

The Village Clerk/Treasurer did not run for re-election, but ran and was elected as a Council Person. There were several other new members elected to the Council. A new Mayor was elected, and a new Clerk/Treasurer was elected. As of March 2000 the Clerk/Treasurer resigned her position. At the May 1, 2000 council meeting the former Clerk/Treasurer resigned her position as a Council Member and was appointed to the Clerk/Treasurer position. In addition as of December 31, 1998 the Village police department had no employees and employment in the depart remains unstable.

C. Prior Audit Fees

During 1999, the Wayne County Auditor withheld property and other taxes from the Village's tax distributions to pay Auditor of State audit fees for prior audits, in the amount of \$8,165.

D. OPWC Grant

In December of 1999, the Ohio Public Works Commission forgave the repayment of a \$39,000 grant made to the Village.

E. Mayor's Court

The Village determined it would hire a magistrate to preside over the Mayor's Court during the organizational meeting held in January of 2000.

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

Village of Burbank
Wayne County
P.O. Box 145
Burbank, Ohio 44214

To the Village Council:

We have audited the accompanying financial statements of the Village of Burbank, Wayne County, Ohio (the Village) as of and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated May 3, 2000. The report was qualified as we were unable to obtain sufficient information supporting the amount of reported Mayor's Court cash receipts and cash disbursements. Our report included an explanatory paragraph describing conditions, as discussed in Notes 6 and 10 to the financial statements, that raised substantial doubt about the Village's ability to continue as a going concern. In addition, certain classification errors resulting in the understatement of Enterprise Funds cash balances were discovered requiring a restatement of the January 1, 1997 fund cash balance. Except as discussed in the preceding sentence, 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 1998-30985-001 through 1998-30985-019.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 3, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. 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 1998-30985-020 through 1998-30985-030.

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 1998-30985-030 to be a material weakness.

We also noted certain 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 May 3, 2000.

This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 3, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1998 AND 1997**

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

FINDING NUMBER 1998-30985-001

Ohio Rev. Code Section 135.14 states that investments or deposits under Section 135.14 cannot be made unless a written investment policy approved by the treasurer or governing board is on file with the Auditor of State, with the following two exceptions:

- If a written investment policy is not filed with the Auditor of State, the treasurer or governing board is permitted to invest only in interim deposits or Star Ohio
- A subdivision whose average annual portfolio of investments is \$100,000 or less is not required to file an investment policy, provided the treasurer or governing board certifies to the Auditor of State that the treasurer or governing body will comply and is in compliance with the provisions of Section 135.01 to 135.21

While the Village maintains an investment portfolio less than \$100,000, neither the Clerk-Treasurer nor Village Council certified to the Auditor of State that the Village will comply and is in compliance with the provisions of Ohio Rev. Code Section 135.01 to 135.21. The Clerk-Treasurer and Village Council should certify to the Auditor of State that the Village will comply and is in compliance with the provisions of Ohio Rev. Code Section 135.01 to 135.21.

FINDING NUMBER 1998-30985-002

Ohio Rev. Code Section 149.351 establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Section 149.39 of the Ohio Revised Code.

Most tickets were missing in the Mayor's Court for 1998 and 1997. These tickets were the source documents for Mayor's Court receipts. The Mayor's Court should ensure that all records are retained for the required periods, and that records are disposed in a manner described in Ohio Rev. Code Section 149.351.

In addition there were check numbers that were not used in numerical sequence in the check register, and certain unused checks were not kept on file. The Village should record all checks in the cash journal and mark them void if they are voided. These voided checks should be kept on file along with the cleared checks.

FINDING NUMBER 1998-30985-003

Ohio Rev. Code Section 149.39 states that the village is required to establish a records commission that shall meet twice a year. The function of the commission is to provide rules for retention and disposal of records.

The Village did not establish a records commission. The Village should establish a records commission which meets every six months.

Noncompliance (Continued)

FINDING NUMBER 1998-30985-004

Ohio Rev. Code Section 733.27(B) states that the village clerk shall attend training programs for new village clerks and annual training programs of continuing education that are provided by the Auditor of State.

The Clerk-Treasurer did not attend training programs of continuing education during 1998 or 1997. The Clerk-Treasurer should contact the Auditor of State and obtain a schedule of training that can be attended.

FINDING NUMBER 1998-30985-005

Ohio Rev. Code Section 733.28 states that the village clerk shall keep books of the village and exhibit accurate statements of all money received and expended, of all property owned by the village and income derived therefrom, and of all taxes and assessments.

The Clerk-Treasurer did not maintain accurate statements and ledgers during the audit period. The Clerk-Treasurer should maintain the books of the Village to allow for proper accounting of all Village assets.

FINDING NUMBER 1998-30985-006

Ohio Rev. Code Section 733.40 states that revenues collected by the mayor's court should be distributed to the village by the first Monday of the following month.

The Village records only show revenue being submitted from the Mayor's Court to the Village four times during the audit period. The Mayor's Court should present monthly distributions to the Village as required by this section.

FINDING NUMBER 1998-30985-007

Ohio Rev. Code Section 733.40 states that at the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

The minutes of the Village Council meetings for 1998 and 1997 contained no mention of the required statement. The Mayor's Court should present monthly reports to the Village Council.

FINDING NUMBER 1998-30985-008

Ohio Rev. Code Section 1905.21 states that the mayor of a municipal corporation and a mayor's court magistrate shall maintain a docket.

The Mayor did not maintain a docket for 1998 and 1997. The Mayor should maintain a docket for all Mayor's Court activity.

FINDING NUMBER 1998-30985-009

Ohio Rev. Code Section 5705.28 states that on or before July 15 of each year the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next succeeding fiscal year.

There was no evidence in the minutes that the Village Council adopted the 1998 and 1997 tax budgets; however, the tax budgets kept on file were date stamped by the County on August 7, 1998 and July 21, 1997, respectively. The Village should formally adopt the tax budget in the minutes, which is the official record of Council's actions.

Noncompliance (Continued)

FINDING NUMBER 1998-30985-010

Ohio Rev. Code Section 5705.04 requires the taxing authority of each subdivision to “divide” the taxes levied.

The Village did not include in the minutes a resolution accepting the amounts and rates and certifying all necessary tax levies to the County Auditor. The Village Council should pass a resolution accepting the amounts and rates as determined by the County Budget Commission and certify all necessary tax levies to the County Auditor. As all official Village actions are only documented in the minutes, the passage of the resolution should be documented in the minutes. As a result of not passing the resolution accepting the amounts and rates as determined by the County Budget Commission, the Village did not properly “divide” the taxes levied.

FINDING NUMBER 1998-30985-011

Ohio Rev. Code Section 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund is established.

The Village’s General Fund had negative cash fund balances of \$26,676 and \$24,997 for 1998 and 1997, respectively. Negative cash fund balances are an indication that revenues from other sources were used to pay obligations of these funds. Additionally, money spent for purposes other than specified in grant agreements could result in the loss of future grant awards. Fund activity should be monitored to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

Also during 1998 and 1997, the Clerk-Treasurer made expenditures from the Street, Construction, Maintenance, and Repair Fund for police and administrative salaries, which are considered General Fund expenditures. The Clerk-Treasurer should have allocated approximately \$2,212 of security of persons and \$1,373 of general government expenditures to the General Fund during 1998, and approximately \$1,847 of security of persons expenditures to the General Fund during 1997.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 5705.10, Findings for Adjustment for improperly allocating expenditures are hereby issued against the General Fund and in favor of the Street, Construction, Maintenance, and Repair Fund in the amounts of \$3,585 and \$1,847 for 1998 and 1997, respectively. The Clerk-Treasurer should pro-actively monitor expenditure reports to ensure all expenditures are charged to the proper funds.

FINDING NUMBER 1998-30985-012

Ohio Rev. Code Section 5705.34 states that each taxing authority is to pass an ordinance or resolution to authorize the necessary tax levies. Each such authority is to certify the levies to the county auditor before October 1st, unless a later date is approved by the tax commissioner.

The Village did not pass the necessary ordinance or resolution authorizing the necessary tax levies and certifying them to the tax commissioner. In addition, the tax budget was not complete. The Village should pass the necessary ordinance or resolution authorizing the necessary tax levies and certify them to the tax commissioner and should complete all sections of the tax budget.

Noncompliance (Continued)

FINDING NUMBER 1998-30985-013

Ohio Rev. Code Section 5705.36 allows subdivisions to request increased and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriations.

The Village's actual receipts exceeded estimated resources during 1998 in the General Fund by \$28,456, of which \$16,291 was expended. During 1997, the Village's actual receipts exceeded estimated resources in both Enterprise Water and Sewer Funds by \$169,027 and \$88,256, respectively, when the Village had expenditures of \$164,877 and \$86,488, respectively. An increased amended certificate was not requested in either case noted above. The Clerk-Treasurer should obtain an Official Amended Certificate of Estimated Resources from the County Auditor upon determining that an additional source of revenue will be collected when the Village intends to expend the resources.

FINDING NUMBER 1998-30985-014

Ohio Rev. Code Section 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. The village may pass a temporary appropriation measure to meet their ordinary expenses until April 1, at which time a permanent appropriation measure must be passed.

The passage of the 1997 appropriation resolution was not documented in the minutes. However, a copy of the 1997-2 appropriation resolution was on file. For 1998, council approved and documented in the February 2 minutes the temporary appropriation resolution; however, expenditures were made prior to the acceptance of the resolution. The Clerk-Treasurer and Village Council should utilize a tickler file to ensure the appropriations are established and approved by the required dates. In addition the Clerk-Treasurer and Village Council should review the minutes and attached resolutions prior to signing them to ensure minutes reflect all resolutions accepted by Council.

FINDING NUMBER 1998-30985-015

Ohio Rev. Code Section 5705.39 states the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate of resources.

The total appropriations in the General Fund exceeded estimated resources by \$3,688 and \$12,234 in 1998 and 1997, respectively. As a result, the Village overspent their funds and a deficit fund balance occurred. The Village should monitor appropriations in comparison with the Village's estimated resources to ensure this condition does not occur, as well as, obtain amended certificates from the County Auditor prior to appropriating anticipated increased resources, to ensure appropriations do not exceed estimated resources.

Noncompliance (Continued)

FINDING NUMBER 1998-30985-016

Ohio Rev. Code Section 5705.41(B) requires that no subdivision shall expend money unless it has been lawfully appropriated. The Village had expenditures plus encumbrances which exceeded appropriations as follows for 1998 and 1997:

	<u>Amount of Appropriations</u>	<u>Amount of Expenditures</u>	<u>Variance</u>
<u>1998</u>			
General Fund			
Security of Persons and Property:			
Personal Services	\$10,325	\$17,687	(\$7,362)
Materials and Supplies	1,000	1,269	(269)
General Government:			
Basic Utility Services	2,220	10,016	(7,796)
Legislative Activities: Transportation	0	898	(898)
Legislative Activities: Supplies and Materials	0	618	(618)
Land and Building: Supplies and Materials	0	897	(897)
County Auditor and Treasurer's Fees	0	1,278	(1,278)
Other: Contractual Services	0	4,021	(4,021)
Special Revenue: Street, Construction, Maintenance and Repair Fund			
Transportation:			
Contractual Services	1,500	3,899	(2,399)
Enterprise: Water Fund			
Basic Utilities: Contractual Services	0	164,877	(164,877)
Enterprise: Sewer Fund			
Other Uses	0	86,488	(86,488)

Noncompliance (Continued)

FINDING NUMBER 1998-30985-016 (Continued)

	<u>Amount of Appropriations</u>	<u>Amount of Expenditures</u>	<u>Variance</u>
<u>1997</u>			
General Fund			
Security of Persons and Property:			
Personal Services	\$7,193	\$8,235	(\$1,042)
Contractual Services	188	813	(625)
Utilities	400	5,500	(5,100)
Clerk-Treasurer:			
Personal Services	5,000	6,176	(1,176)
Contractual Services	0	228	(228)
Solicitor			
Personal Services	1,000	2,975	(1,975)
Contractual Services	0	6,264	(6,264)
Legislative Activities			
Personal Services	600	1,016	(416)
Special Revenue: Street, Construction, Maintenance and Repair Fund			
Street Maintenance and Repair:			
Personal Services	0	3,721	(3,721)
Special Revenue: Parks and Recreation Fund			
Other Uses	0	483	(483)

These variances are primarily the result of the Village not maintaining an appropriations ledger throughout the year. The Village should maintain an appropriation ledger and amend appropriations when necessary.

Noncompliance (Continued)

FINDING NUMBER 1998-30985-017

Ohio Rev. Code Section 5705.41(D) states that no subdivision 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 purposes and is in the treasury or in the process of collection to the credit of an appropriate fund, free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

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 the execution of the certificate was appropriated, 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.
- B. If the amount involved is less than \$1,000, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

Of the transactions tested in 1998, 42% were not certified by the Clerk-Treasurer prior to the invoice date of the expenditure. In addition, neither of the two exceptions were utilized. Compliance could not be determined for 1997 due the lack of supporting documentation. Failure to certify the availability of funds prior to entering into the commitment could result in making commitments in excess of available funds. The Village should establish procedures to ensure that all expenditures are certified prior to their obligation.

FINDING NUMBER 1998-30985-018

Ohio Constitution, Article XII, Section 5a, states that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.

During 1998 and 1997, the Clerk-Treasurer made investments of pooled cash assets from various funds, including the Motor Vehicle License and Gasoline Tax Funds and did not distribute the interest earned in accordance with the above requirements. The Village should have allocated approximately \$1,717 and \$1,540 for 1998 and 1997, respectively, of interest to the Motor Vehicle License and Gasoline Tax Fund.

In accordance with the foregoing facts, and pursuant to Ohio Constitution, Article XII, Section 5a, Findings for Adjustment for improperly allocating interest are hereby issued against the General Fund and in favor of the Motor Vehicle License and Gasoline Tax Funds in the amounts of \$1,717 and \$1,540 for 1998 and 1997, respectively. The Clerk-Treasurer should ensure all required funds receive their portion of the interest earned from deposits and investments.

Noncompliance (Continued)

FINDING NUMBER 1998-30985-019

Ohio Admin. Code Section 117-5-01 provides that each village which uses the cash basis of accounting use the uniform system of accounting prescribed by Ohio Admin. Code Sections 117-5-01 to 117-5-18. The Village did not comply with the following provisions of Chapter 117-5:

- Sections 117-5-05, 117-5-06 and 117-5-08 establish guidelines for the proper coding and classification of village disbursements. The Village's current system of accounting does not provide for the proper classification of disbursements. Various reclassifications and adjustments were necessary and such reclassifications and adjustments are reflected in the accompanying financial statements.

The Clerk-Treasurer should accurately record all Village disbursements by code and classification using Sections 117-5-05, 117-5-06 and 117-5-08 as a guideline.

- Section 117-5-07 establishes guidelines for the proper coding and classification of Village receipts. The Village did not always properly code and classify receipts. Various adjustments and reclassifications were necessary and such reclassifications and adjustments are reflected in the accompanying financial statements.

The Clerk-Treasurer should accurately record all Village receipts by code and classification using Section 117-5-07 as a guideline.

- Section 117-5-09 provides guidelines for the proper and complete maintenance of a village cash journal. During 1998 and 1997, the Clerk-Treasurer did not record the activity of the Enterprise Funds or the Agency Fund within the cash journal. As a result, the Village's receipts, expenditures and fund balances were originally understated in 1998 and 1997.

The Clerk-Treasurer should accurately record all financial activity of the Village within the cash journal (i.e, cashbook). At the end of each month, the cashbook columns should be totaled and reconciled with the monthly receipt journal and appropriation ledger column totals. The column totals should be ruled off to document this reconciliation.

- Section 117-5-10 provides guidelines for the proper and complete maintenance of a village receipt journal. During 1998 and 1997, the Village did not maintain a receipts journal.

The Clerk-Treasurer should record all receipt activity of the Village within the receipts journal. At the end of each month, the monthly receipts journal columns should be totaled and reconciled with the monthly cash journal receipt column totals. The column totals should be ruled off to document this reconciliation.

Noncompliance (Continued)

FINDING NUMBER 1998-30985-019 (Continued)

- Section 117-5-11 provides guidelines for the proper and complete maintenance of a village appropriation ledger. During 1998 and 1997, the Village did not maintain an appropriation ledger. In addition, during 1998 and 1997, the Village did not properly use the encumbrance method of accounting as required by this Section. By not using the encumbrance method of accounting, and not reconciling the cash journal to the receipts journal and appropriation ledger, the Village's records could contain mis-postings or errors without the knowledge of the Clerk-Treasurer. The Village could also overspend its appropriations within a specific line item without the knowledge of the Clerk-Treasurer.

The Clerk-Treasurer should post encumbrances to the Village's appropriation ledger, maintain a declining balance of available monies for expenditures, total ledger columns monthly, and reconcile the appropriation ledger and receipts journal to the cash journal monthly. These procedures will enable management to effectively monitor spending and assist the Village with budget management decisions.

- Section 117-5-13 requires each purchase order be made out in triplicate with the original given to the vendor. Each executed purchase order shall provide the date, appropriation fund code classification, executed Clerk-Treasurer's certificate and other required information. The Clerk-Treasurer did not execute purchase orders for goods and services purchased by the Village during 1998 and 1997.

The Clerk-Treasurer should prepare purchase orders for all monies expended directly or on behalf of the Village. This procedure will help ensure that source documentation is available for each transaction required to be posted to the appropriation ledger and cash journal.

Reportable Conditions

FINDING NUMBER 1998-30985-020

Bank Reconciliation

The Village has four separate checking accounts and a certificate of deposit; however, a reconciliation was not performed for the entire pool of cash. This could result in the Village being out of balance or the misappropriation of Village assets.

When preparing the monthly bank reconciliation, a reconciliation of the book balance to the total deposits should be made to ensure that all receipts and expenditures are being properly recorded.

FINDING NUMBER 1998-30985-021

Monthly Financial Reports

Monthly financial reports were not submitted to the Village Council for review. In addition, the records were not up-to-date which did not allow the financial status of the Village to be known.

The Clerk-Treasurer should maintain up-to-date financial records and a report should be presented to Council for review and approval at the monthly council meetings to allow Council to make fiscally responsible decisions. By Council monitoring the financial information, Village Council will be better able to effectively manage the Village.

Reportable Conditions (Continued)

FINDING NUMBER 1998-30985-022

Dual Signatures

The Village currently only requires one signature on its disbursement checks.

In order to enhance controls and the review of all expenditures, the Village should require dual signatures on all checks, for instance, a Trustee or the Mayor.

FINDING NUMBER 1998-30985-023

Non-Payroll Expenditures

The following conditions were noted during review of the non-payroll expenditures:

- All of the 1997 warrants/vouchers written were supported only by a canceled check.
- 5 of the 60 warrants/vouchers tested for 1998 did not have sufficient supporting documentation.
- The 1998 expenditure ledger did not include all the check numbers issued during the year.
- Checks were not issued in numerical order.
- The Village did not retain all their warrants/vouchers and checks issued during 1998 and 1997.

To reduce the possibility of misappropriation of Village funds, The Village should retain all supporting documentation for all expenditures to ensure that all expenditures were authorized, were for the proper amount, and were to a valid vendor. The Village should include the check numbers in the expenditure ledgers. Specific implementation of these procedures, as well as emphasis on the importance of following the Ohio Admin. Code, will add a substantial measure of control to the Village's expenditure procedures.

FINDING NUMBER 1998-30985-024

Expenditure Ledger

The Village did not maintain expenditure ledgers during 1998 and 1997; however, Local Government Services assisted the Village in preparing these ledgers for audit purposes. The expenditure ledgers that were prepared did not include the amount available for appropriations. As a result of the failure to maintain the expenditure ledger, the Village had material Ohio Rev. Code citations and a Ohio Admin. Code citation, which are finding numbers 1998-30985-011, 1998-30985-016, and 1998-30985-19, respectively. In addition, the Village could continue to carry a negative fund balance in the General Fund.

The Clerk-Treasurer should include the available appropriations for each line item in the expenditure ledger, in order to reduce the likelihood of expenditures exceeding appropriations.

FINDING NUMBER 1998-30985-025

Minutes

During 1998 and 1997, the minutes of the Village did not always clearly document what legislation was passed by the Village Council. As an example, the 1997 minutes indicated that resolution 1997-2 was passed for the creation of a planning commission. The copy of resolution 1997-2 was an appropriation resolution. The minutes are the official record of proceedings for the Village Council and should accurately reflect all motions, ordinances and resolutions passed. Inaccurate minutes could result in the Village Council's actions not being properly carried out.

The Village should ensure that resolutions, ordinances, and motions passed are accurately reflected in the minutes, and that the minutes clearly show a record of events that occurred during the Village Council meetings. Council members should also review all ordinances prior to signing them to ensure that they accurately reflect what was passed in the minutes.

Reportable Conditions (Continued)

FINDING NUMBER 1998-30985-026

Payroll Expenditures

The following conditions were noted during review of the Village's payroll expenditures:

- Council Members receive \$10 per diem for attending meetings; however, due to the incomplete nature of the payroll records, it could not be determined if the Council Members received the proper payments.
- The method of reporting hours worked by employees were not consistent from month to month. Occasionally, time sheets would be attached to vouchers or hours would be noted on the voucher; other times, the hours worked would be noted only in the Council minutes.
- During 1998, the Clerk-Treasurer did not deduct the correct PERS percentage from each employee.
- In 1998, employee's individual payroll records were not complete. The Clerk-Treasurer did not always record the hours worked and the hourly rate. In 1997, only the net pay was recorded. It could not be determined if employees were paid the correct rate, hours were worked, or what deductions were made, if any.
- Employees' annual 1998 and 1997 salaries did not agree between the payroll records and the W-2s as a result of previously mentioned problems.

The Clerk-Treasurer should keep a record of the attendance at each meeting to help ensure that Council Members are being properly reimbursed.

The Village should also maintain a payroll ledger to record each employee's hours worked, gross pay, all deductions made, net pay, and the check number. This will help ensure that all employees are receiving proper pay, proper deductions are withheld, and the employer's liability is recorded at the proper amount. This will also help ensure that all withholdings are properly remitted to the respective agencies.

The Village should adopt a consistent method to report the hours worked by employees (i.e. time sheets or in the minutes) to aid in ensuring that employees are paid only for hours worked and that the hours worked are properly approved.

FINDING NUMBER 1998-30985-027

Policy Manual

The Village has not implemented a formal policy manual to include fiscal and administrative procedures. By not implementing a policy and procedures manual there is no clear and concise way Village employees should handle different situations that may arise in the normal course of business.

A policy and procedure manual should be implemented to include all fiscal and administrative procedures to allow consistency with the various procedures of the Council.

FINDING NUMBER 1998-30985-028

Accounting Records

The accounting records of the Village did not utilize the required dimension codes or ledgers as outlined in the Ohio Administrative Code. This resulted in the Village having to contract with the Local Government Services Division of the Auditor of States Office to assist in the preparation of the account ledgers. This resulted in the Village not accurately assessing their cash position.

The Village should maintain its cash basis records in accordance with the guidelines set forth in the Ohio Administrative Code Chapter 117-5.

Reportable Conditions (Continued)

FINDING NUMBER 1998-30985-029

Revenue Classification

Some monies received were either mis-classified as to the type of revenue it was, or recorded in different line items than in the previous year. Inconsistent or improper classification of transactions is misleading and can lead to possible misinterpretation by users of the financial statements.

The Village should make a concerted effort to follow the standard chart of accounts and regularly review transaction postings to ensure monies are properly classified.

Material Weakness

FINDING NUMBER 1998-30985-030

Mayor's Court Receipts

The following conditions were noted during review of the Mayor's Court receipts and expenditures:

- The Mayor did not maintain a docket.
- The Mayor did not submit monthly reports to Council on a regular basis.
- The Mayor did not maintain an open case file.
- A ticket log was not maintained to explain large gaps in ticket numbers.
- The disposition and fine could not be verified by support other than the amount received in the receipt ledger.

To help improve accountability over the Mayor's Court activity, the Village should ensure:

- Citation numbers and dates are posted to the docket;
- Docket case numbers and dates are posted to the cash receipt book;
- Final determined fines are always posted to the case in the docket book and written on the citation;
- Every citation has a case filled out in the docket book unless the citation was voided;
- Village Council reviews and approves the monthly bank reconciliations and the Mayor's Monthly Statement is submitted to Council and documented in the minute records;
- An open case file is maintained to monitor outstanding citations; and
- A ticket log is maintained to document the ticket series used, and voided tickets are marked on the log as voided.

This will help reduce the possibility of Mayor's Court monies being misappropriated and improve the accountability of the Mayor's Court receipts and expenditures.



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VILLAGE OF BURBANK

WAYNE 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**