



**Auditor of State
Betty Montgomery**

**VILLAGE OF FLORIDA
HENRY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Florida
Henry County
104 South Hill Street
Napoleon, Ohio 43545-9216

To the Village Council:

We have audited the accompanying financial statements of the Village of Florida, Henry County, (the Village) as of and for the years ended December 31, 2003 and 2002. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audits of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments

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 of the Village as of December 31, 2003 and 2002, 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 September 2, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

September 2, 2004

**VILLAGE OF FLORIDA
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 10,424			\$ 10,424
Intergovernmental Receipts	12,303	\$ 9,796	\$160,000	182,099
Charges for Services	880			880
Earnings on Investments	3,805	228		4,033
Miscellaneous	2,764			2,764
Total Cash Receipts	<u>30,176</u>	<u>10,024</u>	<u>160,000</u>	<u>200,200</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	2,674			2,674
Leisure Time Activities	2,446			2,446
Basic Utility Services	782		159,033	159,815
Transportation		7,026		7,026
General Government	18,786			18,786
Total Cash Disbursements	<u>24,688</u>	<u>7,026</u>	<u>159,033</u>	<u>190,747</u>
Total Cash Receipts Over Cash Disbursements	5,488	2,998	967	9,453
Fund Cash Balances, January 1	<u>15,779</u>	<u>33,333</u>		<u>49,112</u>
Fund Cash Balances, December 31	<u>\$ 21,267</u>	<u>\$ 36,331</u>	<u>\$ 967</u>	<u>\$ 58,565</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FLORIDA
HENRY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	<u>\$ 98,138</u>
Operating Cash Disbursements:	
Personal Services	18,906
Fringe Benefits	3,757
Contractual Services	86,727
Supplies and Materials	7,923
Capital Outlay	<u>15,876</u>
Total Operating Cash Disbursements	<u>133,189</u>
Operating Loss	<u>(35,051)</u>
Non-Operating Cash Receipts:	
Special Assessments	21,332
Intergovernmental Receipts	15,876
Earnings on Investments	166
Other Financing Sources	<u>5,584</u>
Total Non-Operating Cash Receipts	<u>42,958</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>14,915</u>
Net Cash Receipts Under Cash Disbursements	(7,008)
Fund Cash Balances, January 1	<u>347,796</u>
Fund Cash Balances, December 31	<u><u>\$ 340,788</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FLORIDA
HENRY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 9,499	\$ 219	\$ 9,718
Intergovernmental Receipts	12,757	8,812	21,569
Fines, Licenses, and Permits		449	449
Earnings on Investments	6,946		6,946
Miscellaneous	1,157		1,157
	<u>30,359</u>	<u>9,480</u>	<u>39,839</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	2,607		2,607
Leisure Time Activities	2,962		2,962
Basic Utility Services	800		800
Transportation		4,995	4,995
General Government	19,380		19,380
	<u>25,749</u>	<u>4,995</u>	<u>30,744</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	4,610	4,485	9,095
Other Financing Disbursements:			
Transfers-Out	(4,077)		(4,077)
Excess of Cash Receipts Over Cash Disbursements and Other Financing Disbursements	533	4,485	5,018
Fund Cash Balances, January 1	<u>15,246</u>	<u>28,848</u>	<u>44,094</u>
Fund Cash Balances, December 31	<u>\$ 15,779</u>	<u>\$ 33,333</u>	<u>\$ 49,112</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FLORIDA
HENRY COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 100,569
Operating Cash Disbursements:	
Personal Services	19,812
Fringe Benefits	4,330
Contractual Services	77,403
Supplies and Materials	17,808
Total Operating Cash Disbursements	119,353
Operating Loss	(18,784)
Non-Operating Cash Receipts:	
Special Assessments	20,944
Non-Operating Cash Disbursements:	
Debt Service	14,895
Excess of Cash Receipts Under Cash Disbursements Before Interfund Transfers	(12,735)
Transfers-In	4,077
Net Cash Receipts Under Cash Disbursements	(8,658)
Fund Cash Balances, January 1	356,454
Fund Cash Balances, December 31	\$ 347,796

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FLORIDA
HENRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Florida, Henry 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 water and sewer utilities and park operations.

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. STAR Ohio is recorded at share value reported by the fund.

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:

**VILLAGE OF FLORIDA
HENRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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.

3. Capital Project Funds

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 funds:

OWDA Fund - This fund is to account for monies received and spent by the Village for construction of a water treatment plant.

4. 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.

**VILLAGE OF FLORIDA
HENRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 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.

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 cancelled, and reappropriated in the subsequent year.

A summary of 2003 and 2002 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 FLORIDA
HENRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

	2003	2002
Demand deposits	\$ 207,091	\$ 206,431
Certificates of deposit	30,000	30,000
Total deposits	237,091	236,431
STAR Ohio	162,262	160,477
Total deposits and investments	\$ 399,353	\$ 396,908

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 26,000	\$ 30,176	\$ 4,176
Special Revenue	9,000	10,024	1,024
Capital Projects		160,000	160,000
Enterprise	124,000	141,096	17,096
Total	\$ 159,000	\$ 341,296	\$ 182,296

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 41,778	\$ 24,688	\$ 17,090
Special Revenue	41,824	7,026	34,798
Capital Projects		159,033	(159,033)
Enterprise	499,173	148,104	351,069
Total	\$ 582,775	\$ 338,851	\$ 243,924

**VILLAGE OF FLORIDA
HENRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 25,000	\$ 30,359	\$ 5,359
Special Revenue	9,800	9,480	(320)
Enterprise	144,000	125,590	(18,410)
Total	<u>\$ 178,800</u>	<u>\$ 165,429</u>	<u>\$ (13,371)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 41,543	\$ 29,826	\$ 11,717
Special Revenue	40,000	4,995	35,005
Enterprise	560,732	134,248	426,484
Total	<u>\$ 642,275</u>	<u>\$ 169,069</u>	<u>\$ 473,206</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects OWDA fund by \$159,033 for the year ended December 31, 2003. Also contrary to Ohio law the Village Clerk-Treasurer did not sign purchases orders, thus making them invalid. Appropriations exceeded Estimated Resources in the Street and Sewer Funds in 2002 by \$40,707 and \$123, respectively, and in the State Highway and Sewer Funds in 2003 by \$60,214 and \$857 respectively.

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 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.

**VILLAGE OF FLORIDA
HENRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Bonds	<u>\$ 174,400</u>	5%

The Mortgage Revenue Bonds were issued in 1981 for the construction of a municipal waterworks system. The bonds will be repaid in annual installments until 2021.

The Village entered into a loan with the Ohio Water Development Authority (OWDA) during fiscal year 2000. The loan relates to a new sewer system project. The OWDA has approved up to \$345,000 in a loan to the Village for this project. The Village has received \$178,410 of the loan as of year ended 2003. The loan interest rate has been set at 6.39% and the term is 5 years.

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

	Mortgage
<u>Year ending December 31:</u>	<u>Revenue Bonds</u>
2004	\$ 15,020
2005	14,905
2006	14,880
2007	14,940
2008	14,880
2009-2013	74,485
2014-2018	74,710
2019-2021	44,725
Total	<u>\$ 268,545</u>

**VILLAGE OF FLORIDA
HENRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

7. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2003 and 2002, OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's

**VILLAGE OF FLORIDA
HENRY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Village.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31:

Casualty Coverage	2003	2002
Assets	\$ 25,288,098	\$ 20,174,977
Liabilities	(12,872,985)	(8,550,749)
Retained Earnings	\$ 12,415,113	\$ 11,624,228
Property Coverage	2003	2002
Assets	\$ 3,158,813	\$ 2,565,408
Liabilities	(792,061)	(655,318)
Retained Earnings	\$ 2,366,752	\$ 1,910,090



**Auditor of State
Betty Montgomery**

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

Village of Florida
Henry County
104 South Hill Street
Napoleon, Ohio 43545-9216

To the Village Council:

We have audited the accompanying financial statements of the Village of Florida, Henry County, (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated September 2, 2004 wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2003-001 to 2003-004. We also noted certain immaterial instances of noncompliance that we have reported to the Village's management in a separate letter dated September 2, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting 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 Village's management in a separate letter dated September 2, 2004.

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



Betty Montgomery
Auditor of State

September 2, 2004

**VILLAGE OF FLORIDA
HENRY COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-001

Finding for Recovery Repaid Under Audit

The Village of Florida's Council minutes dated January 28, 2002 state that Steven Batt, Maintenance Supervisor, shall be paid \$8,500 annually. Mr. Batt received \$294.50 for the first pay of the year using his old pay rate. He should have also received \$8,173.04 for the remainder of 2002 based on prorating his \$8,500 annual salary for the remainder of 2002. This amounts to total compensation of \$8,467.54 that should have been paid to Mr. Batt in 2002. He was paid a total of \$8,794.46, however, which resulted in an overpayment of \$326.92.

Based on the foregoing facts, and in accordance with Revised Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Steven Batt, and Teresa Agler, Clerk-Treasurer of the Village of Florida, and the Cincinnati Insurance Company, holder of the Village's public employee honesty blanket bond, jointly and severally, in the amount of \$326.92, and in favor of the Village's Water Fund. On August 23, Mr. Batt reimbursed the Village \$326.92 by having his gross pay for the pay period ending August 21, 2004 reduced by the same amount.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Revised Code § 5705.39 provides that appropriations from each fund shall not exceed the estimated revenue available for expenditure from that fund as certified by the budget commission in the certificate of estimated resources. Appropriations exceeded the amount of estimated revenue certified as available by the budget commission in the following funds:

<u>Year</u>	<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Difference</u>
2003	Sewer Fund	\$ 86,500.00	\$ 26,286.00	\$ (60,214.00)
2003	State Highway Fund	3,285.00	2,428.00	(857.00)
2002	Sewer Fund	86,500.00	45,793.00	(40,707.00)
2002	Street Fund	36,987.00	36,864.00	(123.00)

FINDING NUMBER 2003-002
(Continued)

The unfavorable variances were due to lack of executing Amended Certificates of Estimated Resources for changes in appropriations and unexpected revenue. Allowing appropriations to exceed total estimated resources may result in deficit spending. We recommend that appropriations be reviewed by Village Officials to ensure that they do not exceed estimated resources

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Revised Code § 5705.41 (D) states that no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from an any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is not legal liability on the part of the subdivision or taxing Village.
- B. Amounts of less than \$1,000 (\$3,000 after April 7, 2003), may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

None of the purchase orders tested were certified by the Clerk-Treasurer at the time of the commitment.

FINDING NUMBER 2003-003
(Continued)

We recommend that the Clerk-Treasurer certify the amount required to meet a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance prior to placing an order. In instances where prior certification is not practical, we recommend issuance of a “then and now” certificate.

We also reported this matter in the management letter of our audit of the 2001 and 2000 financial statements.

FINDING NUMBER 2003-004

Noncompliance Citation

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making expenditures without lawful appropriation. Disbursements exceeded appropriations within the OWDA Capital Projects fund by \$159,033 in fiscal year 2003. Allowing disbursements to exceed appropriations could result in deficit fund balances. We recommend the Village compare actual expenditures to appropriations by fund to prevent expenditures from exceeding appropriations throughout the fiscal year.

The Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**VILLAGE OF FLORIDA
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 and 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> :
2001-30135-001	ORC § 5705.39 – Appropriations exceeded Estimated Resources	No	Not corrected. Reissued as noncompliance citation 2003-002.



**Auditor of State
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VILLAGE OF FLORIDA

HENRY 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
OCTOBER 18, 2004**