

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY
Regular Audit
December 31, 2007 and 2006**



Mary Taylor, CPA

Auditor of State

Village Council
Village of Barnhill
P.O. Box 558
Midvale, Ohio 44653

We have reviewed the *Independent Accountants' Report* of the Village of Barnhill, Tuscarawas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Barnhill is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 27, 2008

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VILLAGE OF BARNHILL
TUSCARAWAS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

August 18, 2008

Village of Barnhill
Tuscarawas County
P.O. Box 558
Midvale, Ohio 44653

To the Honorable Mayor and Members of Village Council:

We were engaged to audit the financial statements of the **Village of Barnhill, Tuscarawas County, Ohio, (the Village)** as of and for the years ended December 31, 2007 and 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Village of Barnhill
Tuscarawas County
Independent Accountants' Report
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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Barnhill, Tuscarawas County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2008 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$ 24,907	\$ -	\$ 24,907
Intergovernmental	11,389	16,795	28,184
Fines, Licenses, and Permits	600	-	600
Earnings on Investments	88	99	187
Miscellaneous	7,568	-	7,568
 Total Cash Receipts	 44,552	 16,894	 61,446
Cash Disbursements:			
Current:			
General Government	27,607	-	27,607
Basic Utility Services	5,702	-	5,702
Transportation	-	10,259	10,259
Security of Persons and Property	20,024	-	20,024
Capital Outlay	-	3,000	3,000
 Total Cash Disbursements	 53,333	 13,259	 66,592
 Total Cash Receipts Over/(Under) Disbursements	 (8,781)	 3,635	 (5,146)
Other Financing Receipts and (Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Fixed Assets	3,347	-	3,347
 Total Other Financing Receipts/(Disbursements)	 3,347	 -	 3,347
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (5,434)	 3,635	 (1,799)
 Fund Cash Balances, January 1	 27,706	 23,716	 51,422
 Fund Cash Balances, December 31	 \$ 22,272	 \$ 27,351	 \$ 49,623
 Reserve For Encumbrances, December 31	 \$ 114	 \$ 297	 \$ 411

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

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 25,655	\$ 3,088	\$ 28,743
Intergovernmental	18,263	14,924	33,187
Fines, Licenses, and Permits	784		784
Earnings on Investments	209	-	209
Miscellaneous	1,968	-	1,968
	<u>46,879</u>	<u>18,012</u>	<u>64,891</u>
Total Cash Receipts			
	<u>46,879</u>	<u>18,012</u>	<u>64,891</u>
Cash Disbursements:			
Current:			
General Government	26,875	-	26,875
Basic Utility Services	5,494	-	5,494
Transportation	-	7,884	7,884
Security of Persons and Property	23,607	-	23,607
	<u>55,976</u>	<u>7,884</u>	<u>63,860</u>
Total Cash Disbursements			
	<u>55,976</u>	<u>7,884</u>	<u>63,860</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(9,097)</u>	<u>10,128</u>	<u>1,031</u>
Other Financing Receipts and (Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Fixed Assets	4,170	-	4,170
	<u>4,170</u>	<u>-</u>	<u>4,170</u>
Total Other Financing Receipts/(Disbursements)	<u>4,170</u>	<u>-</u>	<u>4,170</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,927)	10,128	5,201
Fund Cash Balances, January 1 (Restated- See Note 2)	<u>32,633</u>	<u>13,588</u>	<u>46,221</u>
Fund Cash Balances, December 31	<u>\$ 27,706</u>	<u>\$ 23,716</u>	<u>\$ 51,422</u>

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

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Barnhill, Tuscarawas 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 street construction, maintenance, and repair. The Village contracts with the Tuscarawas County Sheriff's department to provide security of persons and property. The Village contracts with the Village of Midvale to provide fire protection 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

The Village's accounting basis includes investments as assets. This basis of accounting does not record disbursements for investments purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village invests all available funds in a NOW checking account.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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 has the following significant Special Revenue Funds:

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2007 and 2006 budgetary activity appears in Note 4.

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. PRIOR PERIOD FUND BALANCE ADJUSTMENT

The District made a fund balance adjustment in 2006 to correct errors found during cash reconciliations, this adjustment changed the 2006 beginning fund balance as follows:

	<u>General Fund</u>
Balance as of December 31, 2005	<u>\$30,007</u>
Adjustment for Reconciling Errors	<u>2,626</u>
Adjusted Fund Balance as of January 1, 2006	<u><u>\$32,633</u></u>

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. 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:

	2007	2006
Demand Deposits	\$ 49,623	\$ 51,422

Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,828	\$ 47,899	\$ (6,929)
Special Revenue	15,000	16,894	1,894
Total	\$ 69,828	\$ 64,793	\$ (5,035)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 56,143	\$ 53,447	\$ 2,696
Special Revenue	\$ 21,561	13,556	8,005
Total	\$ 77,704	\$ 67,003	\$ 10,701

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,025	\$ 51,049	\$ 13,024
Special Revenue	11,600	18,012	6,412
Total	\$ 49,625	\$ 69,061	\$ 19,436

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 5,330	\$ 55,976	\$ (50,646)
Special Revenue	1,300	7,884	(6,584)
Total	\$ 6,630	\$ 63,860	\$ (57,230)

Contrary to Ohio Revised Code Section 5705.36, during 2007 and 2006, the Village did not obtain a reduced or increased amended certificate for General and Special Revenue Funds when the actual receipts were greater or less than the budgeted receipts.

Contrary to Ohio Rev. Code Section 5705.41 (B), the General Fund had expenditures exceeding appropriations during 2006.

Contrary to Ohio Rev. Code Section 5705.41 (D), the Village did not obtain the fiscal officer's certificate for several expenditures during 2006 or 2007.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

6. RETIREMENT SYSTEMS

The Village's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, members of PERS contributed 9.5% (2007) and 9% (2006) of their gross salaries. The Village contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Village had not paid all contributions required through December 31, 2007.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Commercial Crime; and
- Public Officials

The Village is uninsured for the following risks:

- Errors and omissions.

Perry & Associates
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

August 18, 2008

Village of Barnhill
Tuscarawas County
P.O. Box 558
Midvale, Ohio 44653

To the Board of Trustees:

We have audited the financial statements of **Village of Barnhill, Tuscarawas County, Ohio** (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated August 18, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-011.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiencies described above are not material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed the following instances of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2007-001 through 2007-006.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF BARNHILL
TUSCARAWAS COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 117.38 states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. The report shall contain the amount of: (A) receipts, and amounts due from each source; (B) expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) public debt of each taxing Village, the purpose of the debt, and how the debt will be repaid. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Village filed the Annual Financial Report with the Auditor of State's office but the amounts in the report did not agree with the amounts on the Village's accounting system in all instances.

We recommend the Annual Financial Report be compiled from the Village's accounting system and reconciled upon completion.

Management's Response – We did not receive a response from the Village to this finding.

FINDING NUMBER 2007-002

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Sections 121.22 and 149.43 when read together, impose duty on the board to maintain full and accurate record of their proceedings. No minutes were presented for audit for the meetings held in 2006 or for January, March, and April 2007, or for the special meetings held on February 14 and 19, 2007.

We recommend the Village Clerk promptly record the minutes of all meetings of the Village Council.

FINDING NUMBER 2007-003

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 145.47 states the head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the public employees retirement system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions within thirty days after the last day of such reporting period.

Testing indicated that the Village did not remit contributions in a timely manner.

Management's Response – We did not receive a response from the Village to this finding.

VILLAGE OF BARNHILL
TUSCARAWAS COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-004

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources 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.

During 2007 and 2006, the Village did not obtain a reduced or increased amended certificate for General and Special Revenue Funds when the actual receipts were greater or less than the budgeted receipts.

The Village should perform a comparison of the estimated resources and the actual receipts periodically in order to determine whether an amended certificate of estimated resources needs to be obtained.

Management's Response – We did not receive a response from the Village to this finding.

FINDING NUMBER 2007-005

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code, Section 5705.41 (B), provides that no subdivision shall expend money unless it has been appropriated. Disbursements exceeded appropriations for 2006 in the General and the Special Revenue Funds.

By having weak oversight over the above non-compliance items, the Village significantly increases the risk of negative fund balances, expending more than is available, and the over appropriation of funds. Management of the Village should take due care to monitor the Village's budgetary receipt and expenditure positions by having the Clerk provide Comparison of Budget and Actual Receipts Report and Appropriation Status reports at least quarterly to be reviewed and approved by the Board.

By regularly monitoring its budgetary position throughout the year, the Village will be better able to determine when amendments need to be made to original budgeted receipts thus avoiding negative fund/account code balances, and will be better prepared for making decisions which effect the overall cash position of the Village.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2007-006

Noncompliance Citation/Significant Deficiency

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-006(Continued)

Ohio Revised Code § 5705.41(D)(1) (Continued)

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer (Clerk) can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Village Council) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance 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 Village.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village did not obtain the fiscal officer's certificate for several expenditure during 2006 or 2007. The Clerk's certification is not only required by Ohio law, but is also a key control in the disbursements process. Failure to obtain proper certification of funds resulted in disbursements being made without adequate current resources being available. Prior certification should be obtained for all disbursements. In instances when prior certification are not practical, "then and now certification should be made.

VILLAGE OF BARNHILL
TUSCARAWAS COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-006(Continued)

Ohio Revised Code § 5705.41(D)(1) (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2007-007

Significant Deficiency

Clerk Bonding

The Village was unable to provide documentation indicating that the Clerk and Mayor were properly bonded. We could also find no evidence the Village had a blanket bond to cover other employees responsible for cash collections. By not having the appropriate employees properly bonded, the Village is subject to potential loss of assets in the event of mismanagement of Village funds.

We recommend the Village obtain the proper bonding for the Fiscal Officer and Mayor as well and obtain a blanket bond for employees who perform cash collections. The amount of the bond should be commensurate with the duties of the employee.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2007-008

Significant Deficiency

Complete Voucher Packages

The completed voucher packages should be the basis for the preparation of checks. The package should include the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of the goods or services and the accuracy of the quantity and price, and a copy of the requisition or purchase order to document the fiscal officer's prior certification that sufficient appropriations and resources were available to meet the obligation.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-008 (Continued)

Complete Voucher Packages (Continued)

The Village did not always present complete voucher packages to support expenditures. In 2006, 80% of tested transactions and in 2007, 75% of tested transactions did not have adequate voucher packages. It was determined through alternative testing procedures that most of these expenditures were allowable and for a proper public purpose. However, there were two checks in which we were unable to determine if they were made for a proper public purpose;

- check number 1803 written December 15, 2006 for \$800 was made out to Cash
- check number 2215 on March 27, 2007 for \$500 made out to Ward Collier.

This practice and lack of adequate supporting documentation could result in loss of Village funds or personal liability of the Village's Officials.

We recommend that all expenditures be supported by complete voucher packages, including the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of goods or services and the accuracy of the quantity and price, a copy of the requisition or purchase order to document the Clerk's prior certification, to help insure that all Village expenditures are for goods or services received, properly approved, and for a proper public purpose.

Management's Response – We did not receive a response from the Village to this finding.

FINDING NUMBER 2007-009

Significant Deficiency

Budgetary Accounting – Estimated Receipts

Estimated receipts per the Certificate of Estimated Resources (and any amendments thereto, as approved by the County Budget Commission), were not posted to the receipts ledger for the 2006 fiscal year, nor was there any means used to compare actual receipts to estimated receipts at any given point during the year to assure that actual receipts were in line with estimated amounts.

The absence of a system to compare estimated receipts with receipts could lead to excessive appropriations and/or expenditures in any given fund without detection in the normal course of business, and in a timely manner.

Estimated receipts should be posted to the receipts ledger as a means to compare actual receipts to estimated receipts at any given point during the year to assure that revenues are in line with anticipated amounts.

We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response – We did not receive a response from the Village to this finding.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-010

Significant Deficiency

Interest Distribution

The Village did not distribute interest earnings to the proper funds during 2006 but rather placed all interest in the General Fund. Amounts were determined to be immaterial but did result in various funds not being credited with interest.

We recommend interest be credited to the proper funds based on fund balance.

Management's Response – We did not receive a response from the Village to this finding.

FINDING NUMBER 2007-011

Significant Deficiency

Outstanding Warrants

During our testing of receipts, we noted two county warrants that could not be accounted for on the Village's records. Upon discussion with the County Auditors office, it was determined the warrants had been issued but never cashed. These warrants represent amounts still due the Village.

We recommend the Village contact the County Auditor and take the necessary steps to have these funds reissued.

Management's Response – We did not receive a response from the Village to this finding.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2005-001	Ohio Revised Code, Section 5705.41(D) – Certification of Funds	No	Not Corrected – Reissued as 2007-006
2005-002	Ohio Revised Code, Section 5705.36 Budgetary compliance	No	Not Corrected – Reissued as 2007-004
2005-003	Ohio Revised Code, Section 117.2.02 – Records	Yes	
2005-004	Ohio Revised Code, Section 117.38 – Financials	No	Not Corrected – Reissued as 2007-001
2005-005	Ohio Revised Code, Section 5705.28 Budgetary compliance	Yes	
2005-006	Ohio Revised Code, Section 5705.34 Budgetary compliance	Yes	
2005-007	Budgetary Accounting- Estimated Receipts	No	Not Corrected – Reissued as 2007-009
2005-008	Training	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF BARNHILL

TUSCARAWAS 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
NOVEMBER 6, 2008**