



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF NEW BAVARIA  
HENRY COUNTY

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Mary Taylor, CPA  
Auditor of State

Village of New Bavaria  
Henry County  
P.O. Box 256  
New Bavaria, Ohio 43548-0256

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 24, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of New Bavaria  
Henry County  
P.O. Box 256  
New Bavaria, Ohio 43548-0256

To the Village Council:

We have audited the accompanying financial statements of the Village of New Bavaria, Henry County, (the Village) as of and for the years ended December 31, 2008 and 2007. 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. The Village processes its financial transactions with 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 audit 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 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 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 requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow

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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.

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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Village of New Bavaria, Henry County, as of December 31, 2008 and 2007, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village 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 September 24, 2009, 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.



**Mary Taylor, CPA**  
Auditor of State

September 24, 2009



**VILLAGE OF NEW BAVARIA  
HENRY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$2,818	\$1,384	\$4,202
Intergovernmental	3,781	3,520	7,301
Charges for Services	975		975
Earnings on Investments	26	8	34
Miscellaneous	300		300
	<u>7,900</u>	<u>4,912</u>	<u>12,812</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	190		190
Leisure Time Activities	50		50
Basic Utility Service	1,190		1,190
Transportation		2,749	2,749
General Government	11,365		11,365
	<u>12,795</u>	<u>2,749</u>	<u>15,544</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(4,895)	2,163	(2,732)
Fund Cash Balances, January 1	<u>(1,723)</u>	<u>12,608</u>	<u>10,885</u>
<b>Fund Cash Balances, December 31</b>	<b><u>(\$6,618)</u></b>	<b><u>\$14,771</u></b>	<b><u>\$8,153</u></b>

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

**VILLAGE OF NEW BAVARIA  
HENRY COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$3,658	\$833	\$4,491
Intergovernmental	3,571	4,020	7,591
Charges for Services	650		650
Earnings on Investments	28	20	48
Miscellaneous	41		41
Total Cash Receipts	<u>7,948</u>	<u>4,873</u>	<u>12,821</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	400		400
Leisure Time Activities	300		300
Basic Utility Service	200		200
Transportation		2,960	2,960
General Government	9,930		9,930
Total Cash Disbursements	<u>10,830</u>	<u>2,960</u>	<u>13,790</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(2,882)	1,913	(969)
Fund Cash Balances, January 1	<u>1,159</u>	<u>10,695</u>	<u>11,854</u>
<b>Fund Cash Balances, December 31</b>	<b><u>(\$1,723)</u></b>	<b><u>\$12,608</u></b>	<b><u>\$10,885</u></b>

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

**VILLAGE OF NEW BAVARIA  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Bavaria, Henry County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, including park operations. The Village contracts with Pleasant Township to receive fire protection services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

This fund accounts for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

**D. Budgetary Process**

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

**VILLAGE OF NEW BAVARIA  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. Equity in Pooled Deposits**

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$8,153</u>	<u>\$10,885</u>

Deposits are insured by the Federal Depository Insurance Corporation

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

**VILLAGE OF NEW BAVARIA  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,000	\$7,900	(\$10,100)
Special Revenue	15,000	4,912	(10,088)
Total	<u>\$33,000</u>	<u>\$12,812</u>	<u>(\$20,188)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,489	\$12,795	\$5,694
Special Revenue	25,396	2,749	22,647
Total	<u>\$43,885</u>	<u>\$15,544</u>	<u>\$28,341</u>

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,105	\$7,948	(\$1,157)
Special Revenue	4,273	4,873	600
Total	<u>\$13,378</u>	<u>\$12,821</u>	<u>(\$557)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$11,550	\$10,830	\$720
Special Revenue	9,500	2,960	6,540
Total	<u>\$21,050</u>	<u>\$13,790</u>	<u>\$7,260</u>

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

**VILLAGE OF NEW BAVARIA  
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. Property Tax (Continued)**

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

**5. Retirement System**

The Village's officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**6. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**7. Compliance**

- Contrary to the requirements of the Ohio Revised Code certain expenditures were not properly certified by the Fiscal Officer.
- Contrary to Ohio law the Village improperly credited revenues into funds for which there were no statutory authority to receive them resulting in a deficit General Fund balance.
- Contrary to the requirements of the Ohio Revised Code the Village made illegal advances from the Street Construction, Maintenance, and Repair Fund in 2009.

**8. General Fund Balance**

The Village's General Fund had a deficit balance of (\$1,723) at December 31, 2007. This worsened in 2008 and at December 31, 2008 the General Fund balance was (\$6,618). Council has no formal plan to address this matter. Council has adopted appropriations of \$17,049 for the General Fund with estimated revenues of \$14,750 in 2009.



# Mary Taylor, CPA

Auditor of State

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

Village of New Bavaria  
Henry County  
P.O. Box 256  
New Bavaria, Ohio 43548-0256

To the Village Council:

We have audited the financial statements of the Village of New Bavaria (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 18, 2009 wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. 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 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 opinion 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 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 significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider 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

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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.

We consider findings 2008-001 and 2008-002 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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 also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated September 24, 2009.

#### **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 instances of noncompliance we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2008-001 through 2008-003.

We also noted certain noncompliance matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 24, 2009.

We intend this report solely for the information and use of management and Village Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 24, 2009



**VILLAGE OF NEW BAVARIA  
HENRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

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

**FINDING NUMBER 2008-001**

**Noncompliance Citation/Material Weakness**

**Ohio Revised Code § 5705.10(E)** requires all revenue derived from a specific source other than the general property tax and which the law prescribes shall be used for a particular purpose to be credited to a special fund for the purpose for which the monies were received.

The Village incorrectly posted gas tax receipts totaling \$2,862 in 2008 and \$2,212 in 2007, and motor vehicle license tax receipts totaling \$843 in 2008 into the General Fund. The financial statements and records of the Village were adjusted to correctly show these revenues in the Street Construction, Maintenance and Repair Fund. As a result of these adjustments and the adjustments made in Finding Number 2008-002, below, the General Fund had a deficit fund balance of (\$6,618) and (\$1,723) as of December 31, 2008 and 2007, respectively.

We recommend Village Council review financial records to make sure the amounts are reflected in the proper funds and for the existence of sufficient funds to pay obligations prior to spending. We also recommend the Village implement additional procedures to provide assurance over the completeness and accuracy of information recorded in the accounting records and reported within the financial statements. Such procedures may include additional reviews of the activity posted and the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

**FINDING NUMBER 2008-002**

**Noncompliance Citation/ Material Weakness**

**Ohio Revised Code Section 5705.10** requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received. Although inter-fund cash advances may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans, the intent of this type of cash advance is to require repayment within the current or succeeding year. Auditor of State Bulletin 97-003 provides guidance on the legality and accounting treatment of inter-fund cash advances.

Inter-fund cash advances are subject to the following requirements:

1. Advances must be clearly labeled as such and distinguished from a transfer. Advances are intended to temporarily reallocate cash from one fund to another and involve an expectation of repayment. Transfers are intended to permanently reallocate cash between funds and are governed by Ohio Rev. Code Sections 5705.14 to 5705.16.
2. In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash ("creditor" fund) for the same purpose for which the fund receiving the cash ("debtor" fund) was established.
3. The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on the use of the money to be used to make the reimbursement, and

**FINDING NUMBER 2008-002  
(Continued)**

4. Advances must be approved by formal resolution of the Board of Trustees.

The Village minutes showed approval for its General Fund to “borrow” \$3,000 from its Street Construction, Maintenance, and Repair (SCMR) Fund in 2008. This action is in violation of the second requirement listed above. SCMR Fund money is to be used for the repair and maintenance of the village streets. There are no such restrictions on general fund monies.

This caused the General Fund balance to be overstated by \$3,000 and the SCMR Fund balance to be understated by \$ 3,000. This has been adjusted on the financial statements and the records of the Village. We recommend if the Village desires to make inter-fund loans they follow the requirements of Ohio Revised Code § 133.29(B). This is further explained in Section 3-6 of the 2009 Ohio Compliance Supplement issued by the Auditor of State.

**FINDING NUMBER 2008-003**

**Noncompliance Citation**

**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 clerk 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. Further, contracts and order for expenditures lacking prior certification shall be null and void.

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 can certify that both at the time that the contract or order was made (“then”), and at the time that the clerk 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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 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 for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal 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.

**FINDING NUMBER 2008-003  
(Continued)**

**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 clerk 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.

Twenty-eight percent of the transactions tested were not certified by the Clerk-Treasurer at the time the commitment was incurred and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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 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 the Clerk-Treasurer certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Clerk-Treasurer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Clerk-Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Officials' Responses**

We did not receive a response from officials to the findings reported above.

**VILLAGE OF NEW BAVARIA  
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Ohio Rev. Code § 5705.41(D), improper fiscal officer certification	No	Not Corrected. Repeated as finding 2008-003 in this report.
2006-002	Ohio Admin. Code § 117-2-02(A), insufficient accounting records	No	Partially Corrected – payroll records still insufficient. Management letter comment issued
2006-003	Ohio Rev. Code § 5747.51(J), undivided local government funds not posted in General Fund	Yes	Corrected.
2006-004	Ohio Rev. Code § 5705.10, revenues to wrong fund and unallowable advance posted	No	Repeated as finding 2008-001 and finding 2008-002 in this report.



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF NEW BAVARIA**

**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 13, 2009**