

**VILLAGE OF PARRAL
TUSCARAWAS COUNTY
Regular Audit
December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA
Auditor of State

Village Council
Village of Parral
5219 Woodruff Street NW
Dover, Ohio 44622

We have reviewed the *Independent Accountants' Report* of the Village of Parral, Tuscarawas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. 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 Parral is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 9, 2009

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**VILLAGE OF PARRAL
TUSCARAWAS COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

June 24, 2009

Village of Parral
Tuscarawas County
5219 Woodruff Street, NW
Dover, OH 44622

To the Village Council:

We have audited the accompanying financial statements of **Village of Parral, Tuscarawas County, Ohio**, (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. 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 requires 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 second following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments 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.

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 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 for the Village of Parral, Tuscarawas County, Ohio as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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, 2008 and 2007. 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 June 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.

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 PARRAL
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, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 10,347	\$ -	\$ 10,347
Intergovernmental	10,007	12,770	22,777
Earnings on Investments	1,937	1,872	3,809
	<u>22,291</u>	<u>14,642</u>	<u>36,933</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	10,495	-	10,495
Security of Persons and Property	2,515	-	2,515
Community Environment	26	-	26
Transportation	-	8,166	8,166
Public Health Services	138	-	138
	<u>13,174</u>	<u>8,166</u>	<u>21,340</u>
Total Cash Disbursements			
	<u>13,174</u>	<u>8,166</u>	<u>21,340</u>
Total Cash Receipts Over/(Under) Disbursements	9,117	6,476	15,593
Fund Cash Balances, January 1	<u>60,407</u>	<u>76,852</u>	<u>137,259</u>
Fund Cash Balances, December 31	<u>\$ 69,524</u>	<u>\$ 83,328</u>	<u>\$ 152,852</u>
Reserve for Encumbrances, December 31	<u>\$ 174</u>	<u>\$ 685</u>	<u>\$ 859</u>

See accompanying notes to the basic financial statements

**VILLAGE OF PARRAL
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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 10,762	\$ 12,731	\$ 23,493
Intergovernmental	13,647	-	13,647
Licenses, Permits, and Fees	25	-	25
Earnings on Investments	2,818	2,904	5,722
	<u>27,252</u>	<u>15,635</u>	<u>42,887</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	10,130	-	10,130
Security of Persons and Property	2,468	-	2,468
Community Environment	126	-	126
Transportation	-	9,477	9,477
Public Health Services	142	-	142
	<u>12,866</u>	<u>9,477</u>	<u>22,343</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Disbursements	14,386	6,158	20,544
Fund Cash Balances, January 1	46,021	70,694	116,715
Fund Cash Balances, December 31	<u>\$ 60,407</u>	<u>\$ 76,852</u>	<u>\$ 137,259</u>
Reserve for Encumbrances, December 31	<u>\$ 469</u>	<u>\$ 787</u>	<u>\$ 1,256</u>

See accompanying notes to the basic financial statements

**VILLAGE OF PARRAL
TUSCARAWAS 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 Parral, Tuscarawas County, Ohio, (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides general governmental services and road maintenance.

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

The Village Clerk-Treasurer invests all available funds of the Village in an interest bearing checking account and Certificates of Deposit. Certificates of Deposit are valued at cost.

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 that are restricted to expenditure for specific purposes. The Village has 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 roads.

Permissive Motor Vehicle License Fund - This fund receives vehicle registration permissive tax revenue for constructing, maintaining, and repairing Village roads.

**VILLAGE OF PARRAL
TUSCARAWAS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 fund, function, and 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. 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.

A summary of 2008 and 2007 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

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

	2008	2007
Demand deposits	\$ 12,852	\$ 6,259
Certificates of Deposit	140,000	131,000
Total deposits	\$ 152,852	\$ 137,259

Deposits: are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF PARRAL
TUSCARAWAS COUNTY**

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

3. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 21,344	\$ 22,291	\$ 947
Special Revenue	11,000	14,642	3,642
Total	\$ 32,344	\$ 36,933	\$ 4,589

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 80,000	\$ 13,348	\$ 66,652
Special Revenue	79,600	8,851	70,749
Total	\$ 159,600	\$ 22,199	\$ 137,401

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 21,388	\$ 27,252	\$ 5,864
Special Revenue	11,500	15,635	4,135
Total	\$ 32,888	\$ 42,887	\$ 9,999

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 67,000	\$ 13,335	\$ 53,665
Special Revenue	75,550	10,264	65,286
Total	\$ 142,550	\$ 23,599	\$ 118,951

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 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.

**VILLAGE OF PARRAL
TUSCARAWAS COUNTY**

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

4. PROPERTY TAX (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.

5. RETIREMENT SYSTEMS

The Village's Mayor and Clerk-Treasurer 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 2008 and 2007, members of PERS contributed 10% (2008) and 9.5% (2007) of their gross salaries. The Village contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

7. JOINTLY GOVERNED ORGANIZATION

The Village is associated with the Tuscarawas County Regional Planning Commission (the Commission) as a Jointly Governed Organization. The Commission is a statutorily created political subdivision of the State. The Commission is jointly governed among Tuscarawas County municipalities and townships. Each member's control over the operation of the Commission is limited to its representation on the board. The Commission makes studies, maps, plans, and recommendations and reports concerning the physical, environmental, social, economical, and governmental characteristics, functions, and services of the county. The Village contributed \$53 total in 2008 and 2007 to the Commission.

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

June 24, 2009

Village of Parral
Tuscarawas County
5219 Woodruff Street, NW
Dover, OH 44622

To the Village Council:

We have audited the financial statements of the **Village of Parral, Tuscarawas County, Ohio** (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 24, 2009, 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Internal Control Over Financial Reporting (Continued)

We noted certain internal control matters that we reported to the Village's management in a separate letter dated June 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 no instances of noncompliance or other matters that we must report under *Government Auditing Standard*.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA
Auditor of State

VILLAGE OF PARRAL

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
JULY 21, 2009**