

**VILLAGE OF YORKVILLE  
JEFFERSON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Yorkville  
139 Market Street  
Yorkville, Ohio 43971

We have reviewed the *Independent Accountants' Report* of the Village of Yorkville, Jefferson County, prepared by Knox & Knox, 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 Yorkville 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

November 17, 2009

This page is intentionally left blank.

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

Table of Contents

<u>Title</u>	<u>Page</u>
Independent Accountants' Report. . . . .	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008. . . . .	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances -All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2008. . . . .	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007. . . . .	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2007. . . . .	6
Notes to the Financial Statements. . . . .	7
Independent Accountants' Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> . . . . .	15
Schedule of Findings. . . . .	17
Schedule of Prior Audit Findings. . . . .	18

This page is intentionally left blank.

# KNOX & KNOX

---

Accountants and Consultants

## Independent Accountants' Report

Village of Yorkville  
Jefferson County  
139 Market Street  
Yorkville, Ohio 43971

To the Village Council

We have audited the accompanying financial statements of the Village of Yorkville, Jefferson 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates, if any, made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared its 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 accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. In addition to the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements. While the Village does not follow GAAP, generally accepted auditing standards require 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 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 its changes in financial position and cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Yorkville, Jefferson County, 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 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 October 20, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in considering the results of our audit.

***Knox & Knox***

Orrville, Ohio  
October 20, 2009



VILLAGE OF YORKVILLE  
JEFFERSON 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

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
<b>CASH RECEIPTS:</b>				
Property Tax and Other Local Taxes	\$247,296	\$76,529	\$8,951	\$332,776
Intergovernmental Receipts	20,194	18,626		38,820
Charges for Services	16,834			16,834
Fines, Licenses, and Permits	6,766			6,766
Earnings on Investments	21,370			21,370
Miscellaneous	21,158	1,609		22,767
<b>Total Cash Receipts</b>	<b>333,618</b>	<b>96,764</b>	<b>8,951</b>	<b>439,333</b>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Security of Persons and Property	167,235	26,028		193,263
Transportation	1,687	40,114		41,801
General Government	186,197	12,359		198,556
Capital Outlay			90,605	90,605
<b>Total Cash Disbursements</b>	<b>355,119</b>	<b>78,501</b>	<b>90,605</b>	<b>524,225</b>
Total Receipts Over/(Under) Disbursements	(21,501)	18,263	(81,654)	(84,892)
Fund Cash Balances, January 1	206,324	215,638	166,017	587,979
<b>FUND CASH BALANCES, DECEMBER 31</b>	<b>\$184,823</b>	<b>\$233,901</b>	<b>\$84,363</b>	<b>\$503,087</b>

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

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>OPERATING CASH RECEIPTS:</b>			
Charges for Services	\$298,165		\$298,165
Miscellaneous	<u>120</u>		<u>120</u>
Total Operating Cash Receipts	<u>298,285</u>		<u>298,285</u>
<b>OPERATING CASH DISBURSEMENTS:</b>			
Personal Services	131,402		131,402
Contractual Services	55,400		55,400
Supplies and Materials	<u>33,308</u>		<u>33,308</u>
Total Operating Cash Disbursements	<u>220,110</u>		<u>220,110</u>
Operating Income/(Loss)	<u>78,175</u>		<u>78,175</u>
<b>NON-OPERATING CASH RECEIPTS:</b>			
Property Tax and Other Local Taxes	75,747		75,747
Other Non-Operating Cash Receipts		<u>\$259,894</u>	<u>259,894</u>
Total Non-Operating Cash Receipts	<u>75,747</u>	<u>259,894</u>	<u>335,641</u>
<b>NON-OPERATING CASH DISBURSEMENTS:</b>			
Redemption of Principal	105,515		105,515
Interest	20,959		20,959
Other Non-Operating Cash Disbursements		<u>266,398</u>	<u>266,398</u>
Total Non-Operating Cash Disbursements	<u>126,474</u>	<u>266,398</u>	<u>392,872</u>
Net Receipts Over/(Under) Disbursements	27,448	(6,504)	20,944
Fund Cash Balances, January 1	<u>236,391</u>	<u>46,446</u>	<u>282,837</u>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<u><b>\$263,839</b></u>	<u><b>\$39,942</b></u>	<u><b>\$303,781</b></u>

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

VILLAGE OF YORKVILLE  
JEFFERSON 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	Capital Projects	
<b>CASH RECEIPTS:</b>				
Property Tax and Other Local Taxes	\$208,052	\$54,673	\$6,509	\$269,184
Intergovernmental Receipts	95,800	66,504		162,304
Charges for Services	8,366			8,366
Fines, Licenses, and Permits	6,451			6,451
Earnings on Investments	37,112	1,539		38,651
Miscellaneous	28,890	13,561		42,451
<b>Total Cash Receipts</b>	<b>384,671</b>	<b>136,277</b>	<b>6,509</b>	<b>527,457</b>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Security of Persons and Property	191,540	128,211		319,751
Leisure Time Activities	724			724
Transportation		92,262		92,262
General Government	253,988	44,983		298,971
Capital Outlay			31,478	31,478
<b>Total Cash Disbursements</b>	<b>446,252</b>	<b>265,456</b>	<b>31,478</b>	<b>743,186</b>
Total Receipts Over/(Under) Disbursements	(61,581)	(129,179)	(24,969)	(215,729)
Fund Cash Balances, January 1	267,905	344,817	190,986	803,708
<b>FUND CASH BALANCES, DECEMBER 31</b>	<b>\$206,324</b>	<b>\$215,638</b>	<b>\$166,017</b>	<b>\$587,979</b>

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

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>OPERATING CASH RECEIPTS:</b>			
Charges for Services	<u>\$293,986</u>		<u>\$293,986</u>
Total Operating Cash Receipts	<u>293,986</u>		<u>293,986</u>
<b>OPERATING CASH DISBURSEMENTS:</b>			
Personal Services	130,980		130,980
Contractual Services	126,616		126,616
Supplies and Materials	60,659		60,659
Other	<u>1,503</u>		<u>1,503</u>
Total Operating Cash Disbursements	<u>319,758</u>		<u>319,758</u>
Operating Income/(Loss)	<u>(25,772)</u>		<u>(25,772)</u>
<b>NON-OPERATING CASH RECEIPTS:</b>			
Sale of Notes	550,150		550,150
Property Tax and Other Local Taxes	75,153		75,153
Other Non-Operating Cash Receipts		<u>\$251,755</u>	<u>251,755</u>
Total Non-Operating Cash Receipts	<u>625,303</u>	<u>251,755</u>	<u>877,058</u>
<b>NON-OPERATING CASH DISBURSEMENTS:</b>			
Redemption of Principal	17,500		17,500
Interest	24,398		24,398
Capital Outlay	508,252		508,252
Other Non-Operating Cash Disbursements		<u>251,027</u>	<u>251,027</u>
Total Non-Operating Cash Disbursements	<u>550,150</u>	<u>251,027</u>	<u>801,177</u>
Net Receipts Over/(Under) Disbursements	49,381	728	50,109
Fund Cash Balances, January 1	<u>187,010</u>	<u>45,718</u>	<u>232,728</u>
<b>FUND CASH BALANCES, DECEMBER 31</b>	<u><u>\$236,391</u></u>	<u><u>\$46,446</u></u>	<u><u>\$282,837</u></u>

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

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Yorkville, Jefferson County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water, sewer, and sanitation utilities, and police services. The Village contracts with Yorkville Volunteer Fire Company 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

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

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

2. Special Revenue Funds (continued)

*Permissive Motor Vehicle License Fund* - This fund receives motor vehicle tax money for constructing, maintaining, and repairing Village streets.

*Fire Levy Fund* - This fund receives proceeds from a tax levy and is used to provide fire protection services.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

*Bond Rated Fund* - This fund was used to retire bonds issued for the completing of water and sewer projects.

4. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

*Equipment Fund* - This fund receives tax money and is used to purchase equipment for various departments in the Village.

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sanitation Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Agency Fund:

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

6. Fiduciary (Agency) Funds (continued)

*Payroll Clearing Fund* - This fund was established to hold monies from which payroll expenditures are made.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at office, department, or division level of control, and within each the amount appropriated for personal services. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

A summary of 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$348,439	\$452,538
Certificates of deposit	458,430	418,278
Total deposits	<u>\$806,869</u>	<u>\$870,816</u>

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

3. BUDGETARY ACTIVITY

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

<u>2008 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$500,000	\$333,618	(\$166,382)
Special Revenue	183,100	96,764	(86,336)
Capital Projects	8,000	8,951	951
Enterprise	<u>337,000</u>	<u>374,032</u>	<u>37,032</u>
Total	<u>\$1,028,100</u>	<u>\$813,365</u>	<u>(\$214,735)</u>

<u>2008 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$553,700	\$355,119	\$198,581
Special Revenue	252,940	78,501	174,439
Capital Projects	117,000	90,605	26,395
Enterprise	<u>347,000</u>	<u>346,584</u>	<u>416</u>
Total	<u>\$1,270,640</u>	<u>\$870,809</u>	<u>\$399,831</u>

<u>2007 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$500,000	\$384,671	(\$115,329)
Special Revenue	126,600	136,277	9,677
Capital Projects	16,452	6,509	(9,943)
Enterprise	<u>337,000</u>	<u>919,289</u>	<u>582,289</u>
Total	<u>\$980,052</u>	<u>\$1,446,746</u>	<u>\$466,694</u>



VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY (continued)

Fund Type	2007 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$500,000	\$446,252	\$53,748
Special Revenue	280,740	265,456	15,284
Capital Projects	65,000	31,478	33,522
Enterprise	343,500	869,908	(526,408)
Total	\$1,189,240	\$1,613,094	(\$423,854)

4. LEGAL COMPLIANCE

Budgetary expenditures exceeded appropriation authority in the Enterprise Fund type in 2007 contrary to Ohio Revised Code Section 5705.39 (B).

5. PROPERTY TAX

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

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

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

6. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
OWDA Loan #2949	\$12,853	6.58%
OWDA Loan #4765	517,247	4.47%
	\$530,100	

The OWDA Loan #2949 relates to a water and sewer expansion projection that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved this project. The Village has agreed to set utility rates sufficient to cover OWDA debt services requirement. The term of the loan is 25 years.

The OWDA Loan #4765 relates to Catch Basin Improvements. The term of the loan is 20 years.

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. DEBT (continued)

Amortization of the above debt is scheduled as follows:

Year Ending December 31	OWDA Loan # 2949		
	Principal	Interest	Total
2009	\$832	\$846	\$1,678
2010	887	791	1,678
2011	946	732	1,678
2012	1,008	670	1,678
2013	1,074	604	1,678
2014-2018	6,531	1,859	8,390
2019	1,575	102	1,677
Total	<u>\$12,853</u>	<u>\$5,604</u>	<u>\$18,457</u>

Year Ending December 31	OWDA Loan # 4765		
	Principal	Interest	Total
2009	\$1,521	\$26,116	\$27,637
2010	1,636	26,001	27,637
2011	2,756	24,881	27,637
2012	2,882	24,755	27,637
2013	3,013	24,624	27,637
2014-2018	17,258	120,926	138,184
2019-2023	21,572	116,613	138,185
2024-2028	466,609	64,303	530,912
Total	<u>\$517,247</u>	<u>\$428,219</u>	<u>\$945,466</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The plans provide 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, OP&F members contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. For 2008 and 2007 OPERS members contributed 10% and 9.5% of their gross salaries, respectively. The Village contributed an amount equal to 14% (2008) and 13.75% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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.

Health Insurance

The Village provides health insurance and dental and vision coverage to full-time employees through a private carrier.

This page is intentionally left blank.

# KNOX & KNOX

---

Accountants and Consultants

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

Village of Yorkville  
Jefferson County  
139 Market Street  
Yorkville, Ohio 43971

To the Village Council:

We have audited the accompanying financial statements of the Village of Yorkville, Jefferson County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 20, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

## INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Village's internal control over financial reporting as basis for designing our audit procedures in order to express 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. We did note other matters that we reported to the Village's management in a separate letter dated October 20, 2009.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Village's basic 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 two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are shown in the accompanying schedule as Findings 2008-001 and 2008-002.

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

*KNOX & KNOX*

Orrville, Ohio  
October 20, 2009

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Ohio Revised Code Section 5705.41(B) provides that expenditures shall not exceed appropriations.

Expenditures exceeded appropriations in the following fund for 2007.

Fund	Appropriations	Expenditures	Dollar Variance
Enterprise	\$343,500	\$869,908	(\$526,408)

The failure to limit expenditures plus encumbrances to the amount appropriated by the Village Council could result in overspending and negative cash balances. Expenditures should be limited to appropriations. If the Village determines that expenditure needs exceed the current appropriation authority and if resources are available, additional appropriation should be approved by the Village Council prior to incurring additional expenditures.

Client Response: None

FINDING NUMBER 2008-002

Significant Deficiency

Posting Receipts and Expenditures

All public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements. The Village did not correctly code and classify receipts and expenditures. As a result, errors occurred including the misclassification of revenue and misclassification of expenditures in 2008 and 2007. In addition, numerous immaterial misclassification errors were identified but not adjusted. The Clerk/Treasurer has agreed to and posted the material reclassifications to the ledgers. These corrected amounts are reflected in the accompanying financial statements.

Failure to adopt and consistently follow a uniform chart of accounts increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Clerk/Treasurer should review the chart of accounts suggested in Ohio Administrative Code 117-9-01. All transactions should be properly coded and classified according to the adopted chart of accounts to help ensure financial activity of the Village is accurately recorded and reported.

Client response: None.

VILLAGE OF YORKVILLE  
JEFFERSON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Finding Summary	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2006-001	Ohio Revised Code Section 5705.39(B), failure to limit appropriations to estimated resources	Yes	Finding is no longer valid.
2006-002	Ohio Revised Code Section 5075.41(B), failure to make expenditures unless it has been appropriated	No	Reported as 2008-001
2006-003	Significant Deficiency concerning the posting of receipts and expenditures	No	Reported as 2008-002





Mary Taylor, CPA  
Auditor of State

VILLAGE OF YORKVILLE

JEFFERSON 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  
DECEMBER 1, 2009