



Mary Taylor, CPA
Auditor of State

VILLAGE OF BUCHEL
ATHENS COUNTY

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Mary Taylor, CPA

Auditor of State

Village of Buchtel
Athens County
P.O. Box 311
Buchtel, Ohio 43716

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.

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

Mary Taylor, CPA
Auditor of State

May 27, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Buchtel
Athens County
P.O. Box 311
Buchtel, Ohio 43716

To the Village Council:

We have audited the accompanying financial statements of the Village of Buchtel, Athens 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 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 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 or cash flows of its proprietary funds 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 Buchtel, Athens County, Ohio, as of December 31, 2008 and 2007, and its combined 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 May 27, 2010, 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.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

May 27, 2010

**VILLAGE OF BUCHEL
ATHENS 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 61,404	\$	\$ 61,404
Intergovernmental	24,756	29,537	54,293
Fines, Licenses and Permits	22,522		22,522
Earnings on Investments	1,089		1,089
Miscellaneous	12,998	5,205	18,203
	<u>122,769</u>	<u>34,742</u>	<u>157,511</u>
Total Cash Receipts			
	<u>122,769</u>	<u>34,742</u>	<u>157,511</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	25,600		25,600
Leisure Time Activities		5,083	5,083
Transportation		17,341	17,341
General Government	67,484		67,484
	<u>93,084</u>	<u>22,424</u>	<u>115,508</u>
Total Cash Disbursements			
	<u>93,084</u>	<u>22,424</u>	<u>115,508</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>29,685</u>	<u>12,318</u>	<u>42,003</u>
Fund Cash Balances, January 1	<u>61,527</u>	<u>34,196</u>	<u>95,723</u>
Fund Cash Balances, December 31	<u>\$ 91,212</u>	<u>\$ 46,514</u>	<u>\$ 137,726</u>

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

**VILLAGE OF BUCHEL
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Fiduciary Fund Type
	Agency
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	\$ 30,185
Total Non-Operating Cash Receipts	30,185
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	31,464
Total Non-Operating Cash Disbursements	31,464
Net Receipts Over/(Under) Disbursements	(1,279)
Fund Cash Balances, January 1	2,047
Fund Cash Balances, December 31	\$ 768

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

**VILLAGE OF BUCHEL
ATHENS 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 51,546	\$	\$ 51,546
Intergovernmental	21,327	20,277	41,604
Fines, Licenses and Permits	19,466		19,466
Earnings on Investments	676		676
Miscellaneous	7,639		7,639
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	100,654	20,277	120,931
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	27,004		27,004
Leisure Time Activities		4,804	4,804
Transportation	2,949	7,994	10,943
General Government	69,271		69,271
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	99,224	12,798	112,022
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	1,430	7,479	8,909
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	60,097	26,717	86,814
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 61,527</u>	<u>\$ 34,196</u>	<u>\$ 95,723</u>

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

**VILLAGE OF BUCHEL
ATHENS COUNTY**

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

	Fiduciary Fund Type
	Agency
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	\$ 19,623
Total Operating Cash Receipts	19,623
Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	18,224
Total Operating Cash Disbursements	18,224
Net Receipts Over/(Under) Disbursements	1,399
Fund Cash Balances, January 1	648
Fund Cash Balances, December 31	\$ 2,047

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

**VILLAGE OF BUCHEL
ATHENS 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 Buchtel, Athens County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, fire protection, police services, and maintenance of Village streets and highways.

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. Cash

The Village values certificates of deposit 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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account 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 Funds:

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

Permissive Motor Vehicle License Tax Fund – This fund receives permissive motor vehicle license tax money for maintaining and repairing Village streets.

**VILLAGE OF BUCHEL
ATHENS COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

Mayor's Court Fund – This fund accounts for the activity of the Village's Mayor's Court.

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 the fund level and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 use the encumbrance method of accounting.

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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF BUCHEL
ATHENS COUNTY**

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

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:

	2008	2007
Demand deposits	\$125,081	\$84,806
Certificates of deposit	13,413	12,964
Total deposits	\$138,494	\$97,770

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

3. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$95,000	\$122,769	\$27,769
Special Revenue	19,500	34,742	15,242
Total	\$114,500	\$157,511	\$43,011

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$199,104	\$93,084	\$106,020
Special Revenue	62,956	22,424	40,532
Total	\$262,060	\$115,508	\$146,552

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$101,664	\$100,654	(\$1,010)
Special Revenue	18,671	20,277	1,606
Total	\$120,335	\$120,931	\$596

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$161,761	\$99,224	\$62,537
Special Revenue	45,389	12,798	32,591
Total	\$207,150	\$112,022	\$95,128

**VILLAGE OF BUCHEL
ATHENS COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio Rev. Code Section 5705.36(A)(5), appropriations exceeded estimated resources in the General, Street, Construction, Maintenance and Repair, State Highway, Playground, Permissive Motor Vehicle License Tax, and Drug Enforcement Funds at December 31, 2008.

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.

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 employees 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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% 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:

- General liability and casualty
- Public Official Bonds
- Vehicles
- Property



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 Buchtel
Athens County
P.O. Box 311
Buchtel, Ohio 43716

To the Village Council:

We have audited the financial statements of the Village of Buchtel, Athens County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 27, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 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. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as discussed in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and other deficiencies we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2008-003, 2008-008, and 2008-010 and 2009-011 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2008-009 described in the accompanying Schedule of Findings to be a significant deficiency.

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 or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-001 through 2008-007.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 27, 2010.

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



Mary Taylor, CPA
Auditor of State

May 27, 2010

VILLAGE OF BUCHEL
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Finding for Recovery

Former Police Chief, Tonya Hartshorn, and Mayor, John Sullivan, used receipt books, separate from the Mayor's Court Clerk, to collect receipts for traffic violations. When the Police Chief and Mayor collected the money, they would then turn the money into the Mayor's Court Clerk, Pamela Sullivan. The Mayor's Court Clerk would then input the receipt into her receipt book.

When comparing the Police Chief's receipt book to the Mayor's Court Clerk's receipt book, the following receipts and amounts were not listed in the Mayor's Court Clerk's receipt book and not unaccounted for:

<u>Year</u>	<u>Number of Receipts</u>	<u>Amount</u>
2007	2	\$ 454
2008	15	1,398
		<u>\$ 1,852</u>

When comparing the Mayor's receipt book to the Mayor's Court Clerk's receipt book, the following receipts and amounts were not listed in the Mayor's Court Clerk's receipt book and accounted for:

<u>Year</u>	<u>Number of Receipts</u>	<u>Amount</u>
2008	3	300
		<u>\$ 300</u>

The Mayor's Court Clerk's receipt book for 2008 and 2007 was compared to the bank detail and it was determined that the receipts in the Mayor's Court Clerk's receipt book were all deposited. Therefore, the receipts written by the Police Chief and the Mayor were not deposited to the bank. On June 18, 2010, Mr. Sullivan paid \$300 in favor of the Village of Buchtel, Mayor's Court Fund.

In addition, there were four case files marked paid by Pamela Sullivan, Mayor's Court Clerk, but the duplicate receipt either was missing, marked void or was an incorrect amount and the amounts were not deposited. This resulted in \$425 paid, but unaccounted for. There also was a court journal entry marked paid by Pamela Sullivan, Mayor's Court Clerk, but there was no duplicate receipt or deposit, totaling \$100 paid, but unaccounted for.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies collected but unaccounted for is hereby issued against the following, jointly and severally, Pamela Sullivan, Mayor's Court Clerk, in the amount of \$2,377 and Tonya Hartshorn, former Police Chief, in the amount of \$1,852; and their surety company, Arch Insurance Company, jointly and severally, for \$2,377; in favor of the Village of Buchtel Mayor's Court Fund.

**VILLAGE OF BUCHEL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Rev. Code Section 9.38 requires public money to be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt.

The Section also stipulates that if the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the amount exceed \$1,000 or a less amount cannot be safeguarded, the public official must then deposit the money on the next business day.

Seventeen percent of the 2007 Mayor's Court receipts were not deposited timely. This resulted in \$2,690 not being deposited timely and the number of days between collections and deposits ranged from three to thirty-three days. Eighteen percent of the 2008 Mayor's Court receipts were not deposited timely. This resulted in \$4,468 not being deposited timely and the number of days between collections and deposits ranged from four to twenty-one days.

This could result in the monies being susceptible to theft.

We recommend the Mayor's Court Clerk deposit receipts by the next business day. Alternatively, if the amount of the daily collection does not exceed \$1,000, Village Council could adopt a policy allowing receipts to be deposited within three business days as long as the receipts can be safeguarded.

FINDING NUMBER 2008-003

Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 149.351(A) requires all records which are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided under section 149.38 to 149.42 of the Ohio Rev. Code.

Ohio Rev. Code Section 1905.21 states the mayor of a municipal corporation and a mayor's court magistrate shall keep a docket. Neither the mayor of a municipal corporation nor a mayor's court magistrate shall retain or receive for his own use any of the fines, forfeitures, fees, or costs he collects. A mayor's court magistrate shall account for all such fines, forfeitures, fees, and costs he collects and transfer them to the mayor. The mayor shall account for and dispose of all such fines, forfeitures, fees, and costs he collects, including all such fines, forfeitures, fees, and costs that are transferred to him by a mayor's court magistrate, as provided in section 733.40 of the Revised Code.

During the course of the audit, we noted the following records were not available:

**VILLAGE OF BUCHEL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-003 (Continued)

Noncompliance Citation and Material Weakness – Ohio Rev. Code Section 149.351(A)

- Of the Mayor's Court tickets tested, there were 91 missing pink copies of the tickets. The pink copy of the ticket is the copy retained by the Village.
- The Mayor's Court Clerk did not maintain a proper docket book for 2007 and 2008. Of the case files tested, there were 94 case files unavailable for inspection. The information normally recorded in a docket book, was recorded on the outside of the case file: ticket number, the name of the defendant, the charge, the hearing date, the officer who issued the ticket. Inside the case file normally includes the white copy of the ticket and a copy of the journal entry from court. On the back of the case files, the Mayor's Court Clerk documents the amount of payment, the date and the receipt number. Without the case files, the evidence normally documented on the files was unavailable. Not maintaining a proper docket resulted in not having a good record of outstanding tickets and not being able to obtain ticket and case file information when the ticket and case file were not available.

Lack of adequate supporting documentation eliminates management's ability to determine completeness of transactions, whether the transactions were posted to the appropriate fund and account and allows for errors and irregularities to occur and remain undetected for an extended period of time.

We recommend the Village maintain all records and supporting documentation in accordance with Ohio Revised Code Section 149.351(A).

We also recommend the Mayor's Court Clerk maintain a docket book to record all activity.

FINDING NUMBER 2008-004

Noncompliance Citation

Ohio Rev. Code Section 733.40 requires all fines, forfeitures, court costs and fees collected by the Mayor to be paid to the Village Treasury on the first Monday of each month and to submit a full statement of all money received, listing from whom received and the purpose, to the legislative authority at the first regular meeting each month.

Payment of fines and court costs that were due from the Mayor's Court to the Village were not made timely for 2007 and 2008. In 2007, 58.3% of the payments made to the Village were not timely and in 2008, 81.8% of the payments made were not timely. In addition, the Mayor did not submit a full statement of money received to Village Council for January through November 2007 and March, May and July of 2008. This could allow errors and/or irregularities to occur and remain undetected for an extended period of time.

We recommend the Mayor's Court Clerk submit Village Mayor's court monies to the Village by the first Monday of the month and submit a full statement of money received to Village Council monthly.

**VILLAGE OF BUCHEL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-005

Noncompliance Citation

Ohio Rev. Code Section 2949.091 states the court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, shall impose the sum of fifteen dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All such moneys collected during the month shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of state and deposited by the treasurer of state into the general revenue fund.

The court shall not waive the payment of the additional fifteen dollars court costs, unless the court determines that the offender is indigent and waives the payment of all court costs imposed upon the indigent offender.

The State portion of fines were not remitted to the State timely. In 2007, 27.3% of the payments made to the State were not timely and in 2008, 45.5% of the payments made were not timely. In addition, the Mayor's Court Clerk did not keep the remittance forms sent to the State for 2007 and 2008. This could allow errors and/or irregularities to occur and remain undetected for an extended period of time.

We recommend the Mayor's Court Clerk remit all required court cost to the Treasurer of State on or before the twentieth day of the following month.

FINDING NUMBER 2008-006

Noncompliance Citation

Ohio Rev. Code Section 5705.38(C) requires the following minimum level of budgetary control for subdivisions other than schools: appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

The Village adopted appropriations at the fund level of control for 2007 and 2008. This resulted in inaccurate monitoring of appropriations by Village Council and was due to a lack of budgetary oversight by management.

We recommend Village Council adopt appropriations for each office, department, and division, and, within each, the amount appropriated for personal services.

FINDING NUMBER 2008-007

Noncompliance Citation

Ohio Rev. Code Section 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 BUCHEL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-007 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 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 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 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.
3. Super Blanket Certificate – The Council 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 use the encumbrance method of accounting in 2007 or 2008. Therefore, 100% of the transactions were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions.

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 Fiscal Officer 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.

**VILLAGE OF BUCHEL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-007 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1) (Continued)

We recommend the Village obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2008-008

Material Weakness

The Village Mayor's Court should have a policy indicating the procedure for collecting unpaid tickets.

At December 31, 2008, the Mayor's Court had 97 unpaid tickets still outstanding, totaling \$13,458. The Mayor's Court does not have a formal written policy for collecting these outstanding tickets. The Mayor's Court Clerk keeps track of the paid and unpaid tickets by separating them into two drawers. However, tickets without evidence of collection were found in the paid drawer. This could result in a loss to the Village if the outstanding tickets are not collected.

We recommend the Village Mayor's Court adopt a formal policy regarding the collection of outstanding unpaid tickets. The policy could include procedures for setting up payment arrangements, driver's license suspensions and warrants of arrest if tickets are not paid timely.

FINDING NUMBER 2008-009

Significant Deficiency

The Mayor has the authority to void or dismiss a case for various reasons. When a case was voided or dismissed, the Mayor of Buchtel usually initialed the case file and indicated a reason for the void or dismissal.

During our testing of case files, we noted 10 case files, totaling \$865, that indicated they were voided or dismissed that did not have the Mayor's initials on the case file. Not having the initials could indicate the cases were inappropriately voided or dismissed without proper approval from the Mayor.

We recommend the Mayor initial each voided or dismissed case file to indicate his approval. No cases should be voided or dismissed without the approval of the Mayor.

**VILLAGE OF BUCHEL
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-010

Material Weakness

The Mayor's Court should have a formal policy in place as to the collection of Mayor's Court receipts when the Mayor's Court Clerk is unavailable. This policy should include the process of who is allowed to collect money other than the Mayor's Court Clerk, the documents to be completed, and the safeguarding of the money between the time of collection and the time the money is deposited to the bank by the Mayor's Court Clerk.

The Mayor's Court had a informal process of collection of Mayor's Court receipts when the Mayor's Court Clerk was unavailable; however, the process included the police officers and Mayor putting money collected in an envelope and placing the envelope in an unlocked drawer in the Mayor's Court Clerk's desk. The Mayor's Court Clerk would then receipt the money in the envelopes in her receipt book and deposit to the bank. Because the money was not adequately safeguarded while the envelopes were in the Mayor's Court Clerks desk, it left the money susceptible to theft.

We recommend the Mayor implement a formal policy for the collection of Mayor's Court receipts when the Mayor's Court Clerk is unavailable. The policy should include the process of who is allowed to collect money other than the Mayor's Court Clerk, the documents to be completed and given to the Mayor's Court Clerk, and the safeguarding of the money between the time of collection and the time the money is deposited to the bank by the Mayor's Court Clerk.

FINDING NUMBER 2008-011

Material Weakness

The management of each local public office is responsible for the assertions underlying the information in the public office's financial statements. The accounting system should assure completeness is achieved for all transaction types and account balances applicable to the local public office's operations, considering the basis of accounting applicable to it. The definition of the completeness assertion is that all account balances and transactions that should be included in the financial records are included.

The Village has not developed procedures to account for Mayor's Court tickets. The police officers did not maintain a ticket log showing what tickets had been taken to be used by the police officers and what tickets had been used. There was no reconciliation performed to identify and account for missing tickets. The police officers did not use tickets in sequential order and there was no file of ticket copies to show the sequential order of tickets used and voided. This could allow errors and/or irregularities to occur and go undetected.

We recommend the Village develop and implement ticket accountability procedures. The Police Department should keep a log of tickets issued to each officer and monitor that all tickets are either turned in or still on file with the applicable officer. A file of ticket copies should be maintained which includes all tickets issued in sequential order and any voided ticket packets. Police officers should be held accountable for all tickets issued in his or her name.

Officials' Response: The Village chose not to respond to the findings.

**VILLAGE OF BUCHEL
ATHENS 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; <i>Explain</i>
2006-001	Finding for Recovery was issued under Ohio Rev. Code Section 2949.091(A)(1) for not remitting Mayor's Court costs to the State of Ohio.	No	Not Corrected. This finding is repeated in the current Schedule of Findings as 2008-005.
2006-002	Ohio Rev. Code Section 5705.41(D)(1) for not properly encumbering.	No	Not Corrected. This finding is repeated in the current Schedule of Findings as 2008-007.
2006-003	Ohio Rev. Code Section 9.38 for Mayor's Court not depositing timely.	No	Not Corrected. This finding is repeated in the current Schedule of Findings as 2008-002.
2006-004	Ohio Admin. Code Section 117-2-01(D)(3) and (5) for not reconciling the Mayor's Court bank account.	No	Not Corrected. This finding is repeated in the current Management Letter.



Mary Taylor, CPA
Auditor of State

VILLAGE OF BUCHEL

ATHENS 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 20, 2010