

**VILLAGE OF VINTON  
GALLIA COUNTY  
Regular Audit  
For the Years Ended December 31, 2010 and 2009**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Village Council  
Village of Vinton  
121 Clay Street  
P.O. Box 8  
Vinton, Ohio 45684

We have reviewed the *Independent Accountants' Report* of the Village of Vinton, Gallia County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. 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 Vinton is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

November 10, 2011

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VILLAGE OF VINTON  
GALLIA COUNTY

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**INDEPENDENT ACCOUNTANTS' REPORT**

August 24, 2011

Village of Vinton  
Gallia County  
121 Clay Street  
PO Box 8  
Vinton, Ohio 45684

To the Village Council:

We have audited the accompanying financial statements of the **Village of Vinton**, Gallia County, Ohio, (the Village) as of and for the years ended December 31, 2010 and 2009. 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.

Except as discussed in paragraph seven, 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.

The accompanying financial statements present receipts and disbursements by totals only. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transactions.

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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position or cash flows, where applicable for the years then ended.

The Village did not provide adequate supporting documentation for charges for services receipts to enable us to determine the completeness, occurrence, accuracy, allocation, and rights and obligations of charges for services recorded in the Sewer Monthly Payment Fund, an Enterprise Fund Type, in the financial statements in 2009, nor were we able to satisfy ourselves as to those receipts through the use of alternative procedures. These charges for services revenues represent 90 percent of revenues of the Enterprise Fund Type for the year ended December 31, 2009.

Also, in our opinion, except for the matters discussed in the first and fifth preceded paragraphs, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Vinton, Gallia County, as of December 31, 2010 and 2009, 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 August 24, 2011, 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,



**Perry and Associates**  
Certified Public Accountants, A.C.



**VILLAGE OF VINTON  
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Cash Receipts	<u>\$ 102,935</u>	<u>\$ 13,608</u>	<u>\$ 116,543</u>
Total Cash Receipts	<u>102,935</u>	<u>13,608</u>	<u>116,543</u>
<b>Cash Disbursements:</b>			
Cash Disbursements	<u>96,238</u>	<u>8,841</u>	<u>105,079</u>
Total Cash Disbursements	<u>96,238</u>	<u>8,841</u>	<u>105,079</u>
Total Cash Receipts Over/(Under) Disbursements	<u>6,697</u>	<u>4,767</u>	<u>11,464</u>
Fund Cash Balances, January 1	<u>(12,677)</u>	<u>11,121</u>	<u>(1,556)</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$ (5,980)</u></u></b>	<b><u><u>\$ 15,888</u></u></b>	<b><u><u>\$ 9,908</u></u></b>

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

**VILLAGE OF VINTON  
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Cash Receipts:</b>			
Cash Receipts	\$ 88,706	\$ -	\$ 88,706
Total Cash Receipts	<u>88,706</u>	<u>-</u>	<u>88,706</u>
<b>Cash Disbursements:</b>			
Cash Disbursements	80,289	-	80,289
Total Cash Disbursements	<u>80,289</u>	<u>-</u>	<u>80,289</u>
Total Cash Receipts/(Disbursements)	<u>8,417</u>	<u>-</u>	<u>8,417</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	8,417	-	8,417
Transfer-In	3,200	-	3,200
Transfer-Out	<u>(3,200)</u>	<u>-</u>	<u>(3,200)</u>
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	8,417	-	8,417
Fund Cash Balances, January 1	<u>46,805</u>	<u>5</u>	<u>46,810</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 55,222</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 55,227</u></u>

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

**VILLAGE OF VINTON  
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Cash Receipts	\$ 97,847	\$ 14,108	\$ 111,955
Total Cash Receipts	<u>97,847</u>	<u>14,108</u>	<u>111,955</u>
<b>Cash Disbursements:</b>			
Cash Disbursements	<u>103,281</u>	<u>8,022</u>	<u>111,303</u>
Total Cash Disbursements	<u>103,281</u>	<u>8,022</u>	<u>111,303</u>
Total Cash Receipts Over/(Under) Disbursements	(5,434)	6,086	652
<b>Other Financing Receipts and (Disbursements):</b>			
Advances-In	3,000	3,000	6,000
Advances-Out	<u>(3,000)</u>	<u>(3,000)</u>	<u>(6,000)</u>
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,434)	6,086	652
Fund Cash Balances, January 1	<u>(7,243)</u>	<u>5,035</u>	<u>(2,208)</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ (12,677)</b></u>	<u><b>\$ 11,121</b></u>	<u><b>\$ (1,556)</b></u>

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

**VILLAGE OF VINTON  
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Cash Receipts:</b>			
Cash Receipts	\$ 68,217	\$ -	\$ 68,217
Total Cash Receipts	<u>68,217</u>	<u>-</u>	<u>68,217</u>
<b>Cash Disbursements:</b>			
Cash Disbursements	61,177	-	61,177
Total Cash Disbursements	<u>61,177</u>	<u>-</u>	<u>61,177</u>
Net Receipts Over/(Under) Cash Disbursements	7,040	-	7,040
Fund Cash Balances, January 1	<u>39,765</u>	<u>5</u>	<u>39,770</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 46,805</b></u>	<u><b>\$ 5</b></u>	<u><b>\$ 46,810</b></u>

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

**VILLAGE OF VINTON  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**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 Vinton, Gallia County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations, maintenance of streets, and police services. The Village appropriates local property tax money for the volunteer fire department.

The Village participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 8 to the financial statements provides additional information for this entity. The Public Entities Pool of Ohio provides insurances coverage for general liability and casualty, public official's liability and property.

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 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. Deposits and Investments**

The Village maintains all available monies of the Village in a checking account and a savings account. Interest earned is recognized and recorded when received.

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

**VILLAGE OF VINTON  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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 received gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**3. Enterprise Funds**

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

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

*Sewer Debt Service Reserve Fund* – This fund receives monies that are to be set aside in accordance with the USDA debt covenants. The Village is to deposit \$320 per month until the balance reaches \$38,400. Funds can only be used with permission of the USDA.

*Sewer Debt Service Fund* - This fund receives monies from residents to cover the cost of the debt service on the USDA loan.

**4. Fiduciary Funds (Agency Funds)**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no private purpose trust 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's only fiduciary fund is an agency fund which accounts for unclaimed monies.

**VILLAGE OF VINTON  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED DEPOSITS**

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 61,606	\$ 37,212
Savings deposits	<u>3,529</u>	<u>8,042</u>
Total deposits	<u>\$ 65,135</u>	<u>\$ 45,254</u>

**Deposits:** are insured by the Federal Deposit Insurance Corporation.

**VILLAGE OF VINTON  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 107,533	\$ 102,935	\$ (4,598)
Special Revenue	9,198	13,608	4,410
Enterprise	85,224	91,906	6,682
Total	<u>\$ 201,955</u>	<u>\$ 208,449</u>	<u>\$ 6,494</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 87,049	\$ 96,238	\$ (9,189)
Special Revenue	9,324	8,841	483
Enterprise	80,720	83,489	(2,769)
Total	<u>\$ 177,093</u>	<u>\$ 188,568</u>	<u>\$ (11,475)</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 108,116	\$ 97,847	\$ (10,269)
Special Revenue	23,200	14,108	(9,092)
Enterprise	81,840	68,217	(13,623)
Total	<u>\$ 213,156</u>	<u>\$ 180,172</u>	<u>\$ (32,984)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 108,116	\$ 103,281	\$ 4,835
Special Revenue	28,515	8,022	20,493
Enterprise	108,745	61,177	47,568
Total	<u>\$ 245,376</u>	<u>\$ 172,480</u>	<u>\$ 72,896</u>

Contrary to Ohio Rev. Code Section 5705.41(D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 55% of expenditures tested during 2010 and 73% of expenditures testing during 2009.

Contrary to Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations during 2010 in the General and Sewer Debt Service Reserve funds.

Also contrary to Ohio Rev. Code Section 5705.10, at December 31, 2010 and 2009, the General fund had cash deficit balances of \$5,980 and \$12,667, respectively.



**VILLAGE OF VINTON  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**4. DEBT**

Debt outstanding at December 31, 2010 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Ohio Valley Bank – Tractor	\$ 12,410	5.67%
USDA Loans Sewer Project A	460,000	4.50%
USDA Loans Sewer Project B	218,300	4.50%
Total	\$ 690,710	

The Ohio Valley Bank-Tractor loan was a general obligation loan of \$20,176 for a tractor purchased in 2006 with monthly payments of \$291. This loan was refinanced in 2008 and additional finds were added to help pay for the local match on a sewer project. The current monthly payment is \$301. The loan will mature October 8, 2014.

In fiscal year 2004 the Ohio Water Development Authority (OWDA) approved two loans totaling \$693,000 to finance additional expenditures of a sewage treatment project and to pay off the existing OWDA planning loan for the project. This loan was for interim financing of a wastewater collection system. This loan was repaid by financing approved by the USDA-Rural Development upon completion of the project in February 2006. The Village has agreed to set utility rates sufficient to cover debt service payments. Payments of principal began in 2009. Both loans will mature in September, 2046.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	OVB Tractor	USDA Loans
2011	\$ 3,615	\$ 38,424
2012	3,615	38,368
2013	3,615	38,399
2014	2,940	38,412
2015	-	38,407
2016-2020	-	191,994
2021-2025	-	191,987
2026-2030	-	191,916
2031-2035	-	191,906
2036-2040	-	192,041
2041-2045	-	191,975
2046	-	38,351
Total	\$ 13,785	\$ 1,382,180

**VILLAGE OF VINTON  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. 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.

**7. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10.0% of their gross salaries. The Village contributed an amount equaling 14.00% of participants' gross salaries in 2010 and 2009. The Village has paid all contributions required through December 31, 2010.

**8. RISK MANAGEMENT**

The Village is a member of the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP may make supplemental premiums. The following risks are covered by PEP:

- General liability and casualty;
- Employee benefit liability
- Automobile liability

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

**Risk Pool Membership**

The Government belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VILLAGE OF VINTON  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

<u>Casualty &amp; Property Coverage</u>	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets - unrestricted	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Village's share of these unpaid claims collectible in future years is approximately \$9,000.

**VILLAGE OF VINTON  
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<b><u>Contributions to PEP</u></b>	
2008	\$10,959
2009	\$ 9,875
2010	\$ 9,104

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**9. CONTINGENT LIABILITIES**

**Grants**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**10. TRANSFERS**

In 2010 the Sewer Monthly Payment fund transferred \$3,200 to the Sewer Debt Service fund in compliance with USDA requirements to fund the debt service of the sewer operations.

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

August 24, 2011

Village of Vinton  
Gallia County  
121 Clay Street  
PO Box 8  
Vinton, Ohio 45684

To the Village Council:

We have audited the financial statements of the **Village of Vinton**, Gallia County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 24, 2011, 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. The financial statements present receipts and disbursements by totals only. Ohio Administrative Code Section 117-2-02(A) requires governments to classify receipt and disbursement transactions. We qualified our report on the receipts in the Enterprise Fund Type for 2009 because we are unable to satisfy ourselves to the completeness, occurrence, accuracy, allocation, and rights and obligations of these transactions. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to 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 described in the accompanying schedule of audit findings we identified certain deficiencies in internal control over financial reporting we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a 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 2010-001 through 2010-003 described in the accompanying schedule of audit findings to be material weaknesses.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standard* which are described in the accompanying schedule of audit findings as items 2010-004 through 2010-006.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 24, 2011.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not audit the Village's responses and, accordingly, we express no opinion them.

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

VILLAGE OF VINTON  
GALLIA COUNTY

SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 and 2009

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

FINDING NUMBER 2010-001

**Material Weakness**

**Posting Receipts and Expenditures**

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2009 and 2010, a review of the revenue and appropriation ledgers for each year indicated a significant number of receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. Because there were so many errors we determined we could not rely on these ledgers for proper classification. For example, various intergovernmental, tax and note proceed revenues were not posted into the correct receipt classification or were not recorded at all. In addition, expenditures were not properly classified as to function. This resulted in several fund adjustment entries to the cash book and to an unclassified financial statement.

We recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures. A review of the established accounts should be made and new accounts should be added to the UAN system if needed. A member of Council, preferably a member of the Finance Committee, should also become familiar with the account coding in order to recognize errors and make corrections in a timely manner.

**Management's Response** – Council and Fiscal Officer will work together to make improvements on recording of receipts and expenditures as recommended.

VILLAGE OF VINTON  
GALLIA COUNTY

SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 and 2009  
(Continued)

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

FINDING NUMBER 2010-002

**Material Weakness**

**Cash Reconciliations**

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. This process involves reconciling the bank balance to the cash and investment balance.

For January 1, 2009 through December 31, 2010, the Village did not resolve various differences between the adjusted bank balance and the balance reflected within the Village's accounting records. Without complete and accurate monthly bank reconciliations, the Village's internal control is weakened, which could hinder the detection of errors or irregularities by the Village's management in a timely manner. We also discovered that in numerous occurrences the actual check number did not match the UAN check register. This could lead to confusion as to which checks have cleared and the correct amount of outstanding checks.

The cash reconciliation process required the Fiscal Officer to include a force amount identified on the reconciliation as either payments not recorded or receipts not recorded. The Village contracted with Auditor of State's Local Government Services (LGS) to prepare a cashbook and proof of cash in order to accurately determine the cash balances for 2009. The Fiscal Officer began reconciling again in 2010 but was still having trouble getting the reconciliation completed.

We recommend the Fiscal Officer obtain training from a traveling clerk or LGS on the preparation of the monthly bank reconciliation. All transactions should be entered into the UAN system prior to reconciling. All receipts should be recorded in the UAN system on the day of receipt and bank deposits should be done daily (or as nearly as possible). All payments should be done through the UAN system in order to accurately track outstanding checks. All voided checks should be done through the UAN system. It is very important that all checks numbers on the UAN system agree to the check numbers as cleared on the bank statement. Council should continue to review and sign off on the reconciliation form provided by the UAN system to indicate they have reviewed and approved the reconciliation.

**Management's Response** – The Fiscal Officer will revise the reconciliation process and ensure there are no unknown reconciling items.



VILLAGE OF VINTON  
GALLIA COUNTY

SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 and 2009  
(Continued)

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

FINDING NUMBER 2010-003

**Material Weakness**

**Posting Estimated Receipts and Appropriations**

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts recorded in the accounting system making budgetary information available to Village officials inaccurate and meaningless. Village officials should be monitoring the budgetary activity in order to make informed decisions regarding expenditures and Village finances. The proper recording of budgetary activity in the UAN system provides safeguards as the system is designed to let the fiscal officer know if budgetary violations will occur. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as certified by the County Budget Commission and appropriations as approved by Council.

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

**Management's Response** – Fiscal Officer will make improvements to ensure proper posting of estimated receipts and appropriations.

FINDING NUMBER 2010-004

**Noncompliance Citation**

**Ohio Revised Code § 5705.10** requires that monies paid into any fund is used only for purposes for which such fund is established. The Village had a negative cash fund balance in the general fund of \$12,677 and \$5,980 for 2009 and 2010, respectively.

A negative cash fund balance is an indication that revenues from other sources were used to pay obligations of these funds. Fund activity should be monitored by the Fiscal Officer to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

**Management's Response** – Fiscal officer will make improvements as recommended.

VILLAGE OF VINTON  
GALLIA COUNTY

SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 and 2009  
(Continued)

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

FINDING NUMBER 2010-005

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41 (B)** states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in 2010 in the General and Sewer Debt Service Reserve funds.

We recommend the Fiscal Officer modify appropriations with the Village Council and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations.

**Management's Response** – The Fiscal Officer will monitor expenditures and appropriations more closely and make improvements.

FINDING NUMBER 2010-006

**Noncompliance Citation**

**Ohio Revised Code § 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the 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. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$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 taxing authority.

VILLAGE OF VINTON  
GALLIA COUNTY

SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2010 and 2009  
(Continued)

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

FINDING NUMBER 2010-006 (Continued)

Ohio Revised Code § 5705.41(D) (Continued)

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 entity 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 properly certify the availability of funds prior to purchase commitment for 73% and 55% of the expenditures tested during 2009 and 2010, respectively. In addition there was no evidence that the Village followed the aforementioned exceptions. Without these certifications, the management of the Village lost some of the control over expenditures.

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.

**Management’s Response** – The Fiscal Officer will make improvements in properly using purchase orders.

**VILLAGE OF VINTON  
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 and 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Payroll disbursements lack of controls.	Yes	
2008-002	Cash reconciliations not accurate or complete.	No	Not Corrected, Repeated as finding 2010-002.
2008-003	Inaccurate posting of receipts and expenses.	No	Not Corrected, Repeated as finding 2010-001.
2008-004	Lack of complete documentation for expenses.	Yes	
2008-005	Improper voiding of checks.	Yes	
2008-006	Recording On-Behalf-Of County grants.	Yes	
2008-007	No reconciliation process of approved budget to UAN system input.	No	Not Corrected, Repeated as finding 2010-003.
2008-008	Issuing manual checks.	Yes	
2008-009	Checks signed by one official	Yes	
2008-010	Debt payments and approvals	No	Partially corrected – moved to management letter
2008-011	<b>Ohio Rev Code § 149.351(A)</b> – destruction of records.	Yes	
2008-012	<b>Ohio Rev Code § 5705.10</b> - Negative fund cash balance.	No	Not Corrected, Repeated as finding 2010-004.
2008-013	<b>Ohio Rev Code § 5705.36</b> – Failing to file amended certificates of estimated resources.	No	Partially corrected – moved to management letter
2008-014	<b>Ohio Rev Code § 5705.41 (B)</b> - Expenditures exceeded appropriations.	No	Not Corrected, Repeated as finding 2010-005.
2008-015	<b>Ohio Rev Code § 5705.41 (D)</b> – Fiscal officer failed to certify availability of funds prior to contracting or giving any order for the expenditure of funds.	No	Not Corrected, Repeated as finding 2010-006.
2008-016	<b>Ohio Rev Code § 145.47</b> – Submission of public employee retirement reports and withholdings not done.	Yes	
2008-017	<b>Ohio Rev Code § 117.38</b> - Failing to file accurate financial cash basis reports with the Auditor of State within 60 days	Yes	
2008-018	<b>26 CFR § 1.6041-2</b> – Reporting payroll on form W-2 and non-employee compensation on form 1099.	Yes	

VILLAGE OF VINTON  
GALLIA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 and 2009  
(Continued)

2008-019	<b>26 U.S.C. § 3402 and Ohio Rev Code § 5747.06</b> – Failure to withhold and remit required payroll taxes.	Yes	
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# Dave Yost • Auditor of State

VILLAGE OF VINTON

GALLIA COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 29, 2011