



Dave Yost • Auditor of State

VILLAGE OF CONGRESS
WAYNE COUNTY

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Dave Yost • Auditor of State

Village of Congress
Wayne County
127 North Maple Street
West Salem, Ohio 44287

To the Honorable Mayor and 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 Village 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 28, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Congress
Wayne County
127 North Maple Street
West Salem, Ohio 44287

To the Honorable Mayor and Village Council:

We have audited the accompanying financial statements of the Village of Congress, Wayne County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the 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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Village of Congress, Wayne County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2011 the Village of Congress, Wayne County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2012, 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.



Dave Yost
Auditor of State

September 28, 2012

**VILLAGE OF CONGRESS
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$19,737	\$442	\$20,179
Intergovernmental	6,787	11,623	18,410
Miscellaneous	1,720		1,720
<i>Total Cash Receipts</i>	<u>28,244</u>	<u>12,065</u>	<u>40,309</u>
Cash Disbursements			
Current:			
Security of Persons and Property	5,115		5,115
Public Health Services	1,711		1,711
Basic Utility Services		5,848	5,848
Transportation	227	3,657	3,884
General Government	14,033		14,033
<i>Total Cash Disbursements</i>	<u>21,086</u>	<u>9,505</u>	<u>30,591</u>
<i>Excess of Receipts Over Disbursements</i>	<u>7,158</u>	<u>2,560</u>	<u>9,718</u>
<i>Net Change in Fund Cash Balances</i>	7,158	2,560	9,718
<i>Fund Cash Balances, January 1</i>	<u>(6,010)</u>	<u>14,869</u>	<u>8,859</u>
Fund Cash Balances, December 31			
Restricted		17,429	17,429
Unassigned	1,148		1,148
<i>Fund Cash Balances, December 31</i>	<u>\$1,148</u>	<u>\$17,429</u>	<u>\$18,577</u>

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

**VILLAGE OF CONGRESS
WAYNE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES (CASH BASIS)
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>	
Cash Receipts:			
Property and Local Taxes	\$22,682	\$620	\$23,302
Intergovernmental	7,568	9,534	17,102
Miscellaneous	347		347
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	30,597	10,154	40,751
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	6,009		6,009
Public Health Services	2,500		2,500
Basic Utility Service		3,831	3,831
Transportation		1,889	1,889
General Government	12,749		12,749
Debt Service:			
Redemption of Principal	7,400		7,400
Interest and Fiscal Charges	446		446
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	29,104	5,720	34,824
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over Cash Disbursements	1,493	4,434	5,927
Fund Cash Balances, January 1	(7,503)	10,435	2,932
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>(\$6,010)</u>	<u>\$14,869</u>	<u>\$8,859</u>

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

**VILLAGE OF CONGRESS
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Congress, Wayne County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street lighting and street maintenance services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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.

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 Fund:

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

VILLAGE OF CONGRESS
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

VILLAGE OF CONGRESS
WAYNE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

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

F. **Fund Balance (continued)**

3. **Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. **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. **Change in Accounting Principle and Restatement of Net Assets/Fund Equity**

For fiscal year 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

**VILLAGE OF CONGRESS
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. 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 and investments at December 31 was as follows:

	2011	2010
Demand deposits	\$18,577	\$8,859

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,359	\$28,244	(\$11,115)
Special Revenue		12,065	12,065
Total	\$39,359	\$40,309	\$950

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$32,700	\$21,086	\$11,614
Special Revenue		9,505	(9,505)
Total	\$32,700	\$30,591	\$2,109

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$36,250	\$30,597	(\$5,653)
Special Revenue		10,154	10,154
Total	\$36,250	\$40,751	\$4,501

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$36,250	\$29,104	\$7,146
Special Revenue		5,720	(5,720)
Total	\$36,250	\$34,824	\$1,426

**VILLAGE OF CONGRESS
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Budgetary Activity (continued)

- Contrary to Ohio Rev. Code Section 5705.38(C), the Village did not classify appropriations so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal service for all funds.
- Contrary to Ohio Admin. Code Section 117-2-02(C)(1), the Village did not integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system for all funds.
- Contrary to Ohio Rev. Code Section 5705.41(B), the Village made expenditures of money without proper appropriations in all funds.
- Contrary to Ohio Rev. Code Section 5705.41(D), the Village did not certify all disbursements prior to the financial obligation.

5. 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.

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

6. Retirement Systems

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 2011 and 2010, 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, 2011.

**VILLAGE OF CONGRESS
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

8. Related Party Transactions

The Village Council contracted with and paid a Council member's son \$9,450 for sewer maintenance work during fiscal year 2011.



Dave Yost • 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 Congress
Wayne County
127 North Maple Street
West Salem, Ohio 44287

To the Honorable Mayor and Village Council:

We have audited the financial statements of the Village of Congress, Wayne County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated September 28, 2012 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and the Village adopted Governmental Accounting Standards Board Statement No. 54 for 2011. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for 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 Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness 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, 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 finding 2011-003 described in the accompanying Schedule of Findings to be a material weakness

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 findings 2011-001 and 2011-004 through 2011-006 described in the accompanying schedule of findings to be significant deficiencies.

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 we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2011-001 and 2011-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 28, 2012.

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

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



Dave Yost
Auditor of State

September 28, 2012

VILLAGE OF CONGRESS
WAYNE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2011 and 2010

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

FINDING NUMBER 2011-001

Noncompliance and Significant Deficiency

Ohio Administrative Code section 117-2-02(C)(1) states "all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations. The legal level of control is the level (e.g., fund, program or function, department, or object) at which spending in excess of budgeted amounts would be a violation of law. This is established by the level at which the legislative body appropriates. For all local public offices subject to the provisions of Chapter 5705. of the Revised Code, except school districts and public libraries, the minimum legal level of control is described in section 5705.38 of the Revised Code".

Ohio Revised Code section 5705.38(C) states "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".

Ohio Revised Code section 5705.41(B) states "no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated as provided in such chapter".

Ohio Revised Code section 5705.40 states "any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation."

The Village approved appropriation measures for 2011 and 2010; however, no discernable fund or expense line item structure could be determined based on the measures as passed. Because of this, it could not be determined whether appropriations, and any adjustments, were approved at the legal level of control. Furthermore, the appropriation measures approved by Council could not be matched to the line item appropriations within the Village's UAN system for either fiscal year, and expenditures could not be compared to appropriations to ensure the expenditures were not exceeded. By not passing appropriations at the legal level of control, and not ensuring appropriations were accurately posted within UAN, the Village risks expensing funds which exceed approved appropriations and estimated resources.

The Village should pass appropriation measures with a discernable fund and expense line item structure which is in compliance with the Village's legal level of control. Utilizing the UAN fund and expense line item structure is recommended. Furthermore, the Village should ensure initial appropriations, as well as any appropriation adjustments, are accurately posted with the UAN system. This will help to ensure the Village expenses funds within appropriations and also helps to ensure the Village is in compliance with the Ohio Administrative and Revised Codes.

FINDING NUMBER 2011-002

Noncompliance

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This 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 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. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) 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 Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the 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.

Two of six disbursements tested in 2010, and one of three disbursements tested in 2011, were not certified by the Fiscal Officer prior to incurring the obligation. It was also found that none of the exceptions above were utilized for the items found to be in noncompliance.

Furthermore, the Village Council never approved through Ordinance or Resolution the maximum dollar amount of "regular" blanket certificates even though this type of certification was used during the fiscal year ended December 31, 2011.

**FINDING NUMBER 2011-002
(Continued)**

The Village should certify the availability of funds for disbursements and also implement the use of Then and Now Certificates as further means to certify funds pursuant to Ohio Rev. Code Section 5705.41(D). Furthermore, the Village Council should establish by Ordinance or Resolution, the maximum dollar amount for "regular" blanket certifications.

FINDING NUMBER 2011-003

Material Weakness

Numerous posting errors were noted in the receipt and disbursement ledger. The following is a summary of posting errors:

- During 2010, four adjustments, (three in General Fund and one in the Special Revenue fund), ranging from \$102 to \$1,066, concerning revenue and expense classification were proposed for the General Fund. The 2010 financial statements were not adjusted to reflect these proposed reclassifications.
- The 2010 Beginning Fund Balances were adjusted by \$8,372 to reflect adjustments made during the 2009-2008 audit of the Village's financial statements. The Fiscal Officer initially made the adjustments to 2011 but never adjusted the 2010 balances.
- During 2011, two adjustments were proposed concerning the reclassification of receipts. The proposed adjustment for the reclassification of receipts in the Special Revenue fund of \$5,101 was made to the financial statement. The proposed reclassification of \$855 in the General fund was not recorded to the financial statements.

The proposed reclassification entries noted above and not recorded were not considered significant in relation to the financial statements.

The Fiscal Officer should exercise due care in recording receipts and expenditures on the Village's accounting system. The Fiscal Officer should review the Uniform Accounting Network (UAN) manual for the proper account codes and fund descriptions and review entries for accuracy at least at month end. These procedures will help ensure receipts and expenditures are accurately reported in the Village's financial statements.

FINDING NUMBER 2011-004

Significant Deficiency

The Village's check writing system does not interface with the Uniform Accounting Network (UAN), thus the Village Fiscal Officer enters the Village's individual disbursement transactions into UAN as direct charges. As a result, the following exceptions were noted:

- disbursements were not entered into the UAN system until the check cleared the bank;
- the check numbers actually issued to pay the Village's disbursements are not consistently referenced in the UAN system.

**FINDING NUMBER 2011-004
(Continued)**

The Village should either establish a procedure to interface their check writing system with UAN or establish a procedure to easily trace the direct charge numbers recorded in UAN to the related check number actually used to pay each disbursement. This will help ensure all disbursements have been properly recorded within the UAN system.

FINDING NUMBER 2011-005

Significant Deficiency

Council did not document whether they received or reviewed any financial reports of the Village's financial activity during the audit period. The absence of review and approval of monthly reports demonstrates a lack of fiscal monitoring by Council.

Council should require monthly financial reports and formally recognize, in the minutes, the acceptance of monthly reports they receive from the Fiscal Officer. Reports should include, but not be limited to, monthly cash reconciliations, budget to actual statements, year-to-date receipt, expenditure, and fund balance reports. These reports should reflect all activity of the Village and should be up-to-date. This will increase Council's awareness of all finance related activity and help facilitate their decision making process.

FINDING NUMBER 2011-006

Significant Deficiency

The Village has not established the following formal policies/procedures necessary to provide the Village with guidance for their operations:

- **Budgetary Policies/Procedures** - Policies/procedures designed to help ensure the Village is in compliance with laws and regulations governing the Village's budgetary process.
- **Accounting Policies/Procedures** - Policies/procedures designed to help ensure the Village is in compliance with laws and regulations governing the Village's accounting methods.

The Village should establish the aforementioned policies and procedures. These policies/procedures should be maintained within a policies/procedures manual and update by Village Council as deemed necessary.

Officials' Response: We acknowledge the findings noted were discussed at the October 30, 2012 post audit meeting. We have made various changes over the last two years to address several of the findings in the prior audit report. We will continue our efforts to address the items noted in the current audit while considering the cost benefit of possible solutions.

**VILLAGE OF CONGRESS
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 and 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Noncompliance/Finding for Recovery The former Village Fiscal Officer was overpaid \$1,750 in 2008.	Yes	Finding for Recovery fully paid as of December 31, 2011
2009-002	Ohio Rev. Code Section 5705.10(H) The Village's general fund had negative cash fund balances as December 31, 2009 and 2008.	Partially	Reported in Management Letter
2009-003	Ohio Rev. Code Section 5705.36 The Village did not file its certificate of available revenue for 2008 and did not file its 2009 certificate of available revenue with the County Auditor until February 3, 2009.	Yes	Corrected
2009-004	Ohio Rev. Code Section 5705.38(A) The Village did not approve or submit an appropriation measure to the County Auditor for 2008. In addition, the 2009 appropriation measure was not passed until February 2, 2009.	Yes	Corrected
2009-005	Ohio Rev. Code Section 5705.39 The Village did not pass an annual appropriation measure in 2008, nor did it file its certificate of available revenue, as a result the Village did not obtain "Does Not Exceed" certificates from the County Auditor.	Yes	Corrected

**VILLAGE OF CONGRESS
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 and 2010
(Continued)**

2009-006	Ohio Rev. Code Section 5705.41(B) The Village did not pass appropriation measures in 2008. The Village did not amend original appropriations in 2009. All expenses exceeded appropriations in 2009. Appropriations in 2009 posted to the Village's appropriation ledger did not agree to the Village's legally adopted appropriation measure.	No	Finding Number 2011-001
2009-007	Ohio Rev. Code section 5705.41(D) The Village did not certify any expenses for 2009 and 2008.	No	Finding Number 2011-002
2009-008	Policies and Procedures The Village did not establish Budgetary or Accounting policies/procedures necessary to provide the Village with guidance for its operation.	No	Finding Number 2011-006
2009-009	Maintenance of Account Records and Supporting Documentation The Village did not maintain any accounting records throughout 2008. The financial activity was not recorded within the UAN system nor was any related supporting documentation for this timeframe maintained.	Yes	Corrected
2009-010	Monthly Bank Reconciliations Monthly bank balances were not reconciled to the Village's accounting records nor provided to Village Council for their review and approval during 2009 and 2008.	Yes	Corrected

**VILLAGE OF CONGRESS
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 and 2010
(Continued)**

2009-011	Classification of Receipts and Disbursements Various errors were noted in the receipt and disbursement ledgers for 2009 and 2008.	No	Finding Number 2011-003
2009-12	Recording Payments by Check Number The Village's check writing system does not interface with UAN resulting in inconsistent check number references in UAN, check numbers issued multiple times, and the vendor name on the check not agreeing to the vendor name listed in the expense ledger.	No	Finding Number 2011-004
2009-013	Monthly Financial Statements Council did not receive or review any financial reports of the Village's financial activity during the audit period.	No	Finding Number 2011-005

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Dave Yost • Auditor of State

VILLAGE OF CONGRESS

WAYNE 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 13, 2012