



Dave Yost • Auditor of State

VILLAGE OF IRONDALE
JEFFERSON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15
Schedule of Prior Audit Findings	19

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Irondale
Jefferson County
P. O. Box 211
Irondale, Ohio 43932

To Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Irondale, Jefferson County, (the Government) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Government's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Government's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Government prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Government as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Irondale, Jefferson County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2014, on our consideration of the Government'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

July 29, 2014

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$25,845		\$25,845
Intergovernmental	36,281	\$74,740	111,021
Charges for Services		84,236	84,236
Fines, Licenses and Permits	5,555		5,555
Earnings on Investments	8		8
Miscellaneous	4,824	1,820	6,644
<i>Total Cash Receipts</i>	<u>72,513</u>	<u>160,796</u>	<u>233,309</u>
Cash Disbursements			
Current:			
Security of Persons and Property	7,273	135,037	142,310
Leisure Time Activities	100	3,916	4,016
Transportation	10,096	11,206	21,302
General Government	36,691		36,691
Capital Outlay	32,875	1,425	34,300
Debt Service:			
Principal Retirement		20,165	20,165
Interest and Fiscal Charges		8,170	8,170
<i>Total Cash Disbursements</i>	<u>87,035</u>	<u>179,919</u>	<u>266,954</u>
<i>Net Change in Fund Cash Balances</i>	(14,522)	(19,123)	(33,645)
<i>Fund Cash Balances, January 1</i>	<u>121,416</u>	<u>41,732</u>	<u>163,148</u>
Fund Cash Balances, December 31			
Restricted		22,609	22,609
Unassigned (Deficit)	106,894		106,894
<i>Fund Cash Balances, December 31</i>	<u>\$106,894</u>	<u>\$22,609</u>	<u>\$129,503</u>

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

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$15,843		\$15,843
Intergovernmental	22,313	\$75,224	97,537
Charges for Services		85,517	85,517
Fines, Licenses and Permits	37		37
Earnings on Investments	779		779
Miscellaneous	8,052	1,550	9,602
<i>Total Cash Receipts</i>	<u>47,024</u>	<u>162,291</u>	<u>209,315</u>
Cash Disbursements			
Current:			
Security of Persons and Property	7,602	78,740	86,342
Leisure Time Activities	1,375	2,800	4,175
Transportation	7,476	44,473	51,949
General Government	32,714		32,714
Capital Outlay	101,121	31,942	133,063
Debt Service:			
Principal Retirement	20,000	20,000	40,000
<i>Total Cash Disbursements</i>	<u>170,288</u>	<u>177,955</u>	<u>348,243</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(123,264)</u>	<u>(15,664)</u>	<u>(138,928)</u>
Other Financing Receipts (Disbursements)			
Other Financing Uses	(16)		(16)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(16)</u>		<u>(16)</u>
<i>Net Change in Fund Cash Balances</i>	(123,280)	(15,664)	(138,944)
<i>Fund Cash Balances, January 1</i>	<u>244,696</u>	<u>57,396</u>	<u>302,092</u>
Fund Cash Balances, December 31			
Restricted		41,732	41,732
Unassigned (Deficit)	121,416		121,416
<i>Fund Cash Balances, December 31</i>	<u>\$121,416</u>	<u>\$41,732</u>	<u>\$163,148</u>

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

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Irondale, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, street maintenance, repairs and fire protection services.

The Village participates in Public Entities Pool of Ohio, (PEP) an entity risk pool. Note 7 to the financial statements provides additional information for these entities.

Public Entity Risk Pool:

The Public Entities of Ohio, (PEP) is a risk sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members.

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 and Investments

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.

The Village values Certificates of Deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Fire Contract Fund – This fund receives monies from contracted entities for fire protection.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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.

VILLAGE OF IRONDALE
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

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

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.

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.

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investments 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:

	2013	2012
Demand deposits	\$55,995	\$44,613
Certificates of deposit	\$73,508	\$118,535
Total deposits	\$129,503	\$163,148

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 as follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,000	\$72,513	(\$13,487)
Special Revenue	188,864	160,796	(28,068)
Total	\$274,864	\$233,309	(\$41,555)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,000	\$87,035	\$9,965
Special Revenue	132,622	179,919	(47,297)
Total	\$229,622	\$266,954	(\$37,332)

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,732	\$47,024	(\$7,708)
Special Revenue	172,692	162,291	(10,401)
Total	\$227,424	\$209,315	(\$18,109)

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$9,632	\$170,304	(\$160,672)
Special Revenue	4,500	177,955	(173,455)
Total	\$14,132	\$348,259	(\$334,127)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds for year ended December 31, 2012: General fund by \$160,672; Street, Maintenance and Repairs fund by \$16,600; JB Green Team fund by \$1,000; Recreation Grant fund by \$1,800; Federal Emergency Management Agency fund by \$53,892; Permissive Motor Vehicle License fund by \$1,423 and Fire fund by \$98,740. Expenditures also exceeded appropriation authority in the following fund for year ended December 31, 2013: JB Green Team fund by \$1,000; Recreation Grant fund by \$2,916 and the Fire fund by \$47,771.

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.

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

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Oshkosh Capital Lease	\$215,963	3.466%
Total	\$215,963	

The Oshkosh Capital lease relates to a new Fire Truck. The lease purchase price approved was \$296,128 minus trade in valued at \$20,000. Final lease cost is \$276,128 to the Village for a new fire truck. The Village will pay the lease in annual installments of \$28,335, including interest, over 12 years. The scheduled payment amount below assumes that \$255,015 will be paid. Fire Fund receipts collateralize the lease.

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. Debt (Continued)

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

Year ending December 31:	Oshkosh <u>Capital Lease</u>
2014	\$28,335
2015	28,335
2016	28,335
2017	28,335
2018	28,335
2019-2022	<u>113,340</u>
Total	<u><u>\$255,015</u></u>

6. Retirement Systems

Village 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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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, 2013.

7. Risk Management

Risk Pool Membership

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village 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.

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, 2013, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

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.

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, 2012 and 2013 (the latest information available):

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	(14,208,353)	(12,760,194)
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Village's share of these unpaid claims collectible in future years is approximately \$12,000.

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.

<u>Contributions to PEP</u>	
<u>2012</u>	<u>2013</u>
\$17,430	\$17,000

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.

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

Village of Irondale
Jefferson County
P.O. Box 211
Irondale, Ohio 43932

To Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Irondale, Jefferson County, (the Government) as of and for the year ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated July 29, 2014, wherein we noted the Village followed financial reporting provision Ohio Revised Code Section 117.38 and Ohio Administrative code section 117-2-03(D) permits.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. 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 2013-003 described in the accompanying schedule of findings to be a material weakness.

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, opining 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 2013-001 and 2013-002.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

July 29, 2014

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Noncompliance Citation

Certification of Expenditures

Ohio Rev. Code § 5705.41(D) provides in part that no subdivision 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 no certificate is furnished as required, upon receipt of the Fiscal Officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issues of a warrant in payment of the amount due upon such contract or order by resolution with 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$3,000 the Fiscal Officer may authorize payment through a Then and Now Certificate without the affirmation of Village Council if such expenditure is otherwise valid.

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 Village may also make expenditures and contract for any amount from a specific line item appropriation 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 may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not certify the amount against the applicable appropriation accounts for 58% of tested expenditures during this audit period. The Fiscal Officer did not properly utilize the certification exception described above for those expenditures lacking prior certification.

**FINDING NUMBER 2013-001
 (Continued)**

Failure to certify the availability of funds and encumber appropriations could result in overspending in negative cash balances. 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 Township's funds exceeding budgetary spending limitations, the Fiscal Officer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Fiscal Officer should certify purchases to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the County incurring a commitment, and only when the requirements of Ohio Revised Code 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 2013-002

Noncompliance Citation

Expenditures Exceed Appropriations

Ohio Rev. Code § 5705.41(B) prohibits a subdivision from making expenditure unless it has been properly appropriated.

The following funds had disbursements which exceeded appropriations during the audit period:

2012:

Fund	Approved Appropriated	Disbursements	Variance
General	\$9,632	\$170,304	(\$160,672)
Street, Maintenance and Repairs		\$16,600	(\$16,600)
JB Green Team		\$1,000	(\$1,000)
Recreation Grant		\$1,800	(\$1,800)
Permissive Motor Vehicle License		\$1,423	(\$1,423)
Federal Emergency Management Agency	\$4,500	\$58,392	(\$53,892)
Fire		\$98,740	(\$98,740)

2013:

Fund	Approved Appropriated	Disbursements	Variance
JB Green Team		\$1,000	\$1,000
Recreation Grant		\$1,800	\$1,800
Fire	\$115,776	\$163,547	\$47,771

The Village should monitor disbursements throughout the year so that they are all within total fund appropriations.

FINDING NUMBER 2013-003

Material Weakness

Posting Receipts and Expenditures

The Fiscal Officer did not correctly code and classify the following receipt and expenditure in 2013, which resulted in reclassifications and adjustments to the financial statements. The Village Fiscal Officer has agreed to the reclassifications and adjustments, and the adjustments have been posted to the accounting records. The corrected amounts are reflected in the accompanying financial statements.

Fund	Account Type	Amount	Description
<i>Adjustments:</i>			
Federal Emergency Management Agency	Intergovernmental Revenue	\$24,723	Duplicate Posting
Federal Emergency Management Agency	Transportation Expense	\$24,723	Duplicate Posting
<i>Reclassification:</i>			
General	Fines, License, Permits	\$5,530	Posted as Miscellaneous Revenue

Failure to consistently follow a uniform chart of accounts increase the possibility the Village will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported.

Officials Response: We did not receive a response regarding the findings.

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**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Noncompliance Citation: Ohio Revised Code 5705.41 D – Certification of Expenditures	No	Reissued as Finding Number 2013-001
2011-002	Material Weakness: Posting Revenue/Expenditures	No	Reissued as Finding Number 2013-003

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Dave Yost • Auditor of State

VILLAGE OF IRONDALE

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 14, 2014**