



**Auditor of State  
Betty Montgomery**



VILLAGE OF BURTON  
GEAUGA COUNTY

TABLE OF CONTENTS

Title	Page
Independent Accountants' Report	1
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3
Schedule of Findings	5

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Burton  
Geauga County  
14588 West Park Street  
Burton, Ohio 44021

To the Village Council:

We were engaged to audit the financial statements of the Village of Burton, Geauga County, Ohio, (the Village) as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Village's management.

The Village did not provide us with financial statements including notes. The Village was required by the Ohio Revised Code Section 117.38 to prepare financial statements using accounting practices the Auditor of State prescribes or permits. In addition, the Village did not provide us with a representation letter.

Since the Village did not provide the evidence described in the paragraph above, the scope of our work was not sufficient for us to express an opinion, and we do not express an opinion on the financial statements for the year December 31, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2005, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an engagement performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our engagement.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

July 29, 2005

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

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

Village of Burton  
Geauga County  
14588 West Park Street  
Burton, Ohio 44021

To the Village Council:

We were engaged to audit the financial statements of the Village of Burton, Geauga County, Ohio, (the Village) as of and for the year ended December 31, 2002, and have issued our report thereon dated July 29, 2005, in which we disclaimed an opinion upon the financial statements because the Village did not provide us with financial statements including notes and a representation letter.

**Internal Control Over Financial Reporting**

In planning and performing our engagement, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion, wherein we disclaimed an opinion on the financial statements, and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. Reportable conditions are described in the accompanying schedule of findings as item 2002-003.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider item 2003-003 listed above to be a material weakness. In a separate letter to the Village's management dated July 29, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **Compliance and Other Matters**

As part of our procedures, we tested the Village's 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 engagement and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 and 2002-002. In a separate letter to the Village's management dated July 29, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Village Council. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

July 29, 2005

VILLAGE OF BURTON  
GEAUGA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002

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

Noncompliance Citations

Finding Number	2002-001
----------------	----------

Availability of Public Records/Destruction of Records

Ohio Revised Code Section 149.43(B)(1) provides that all public records shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours. Upon request, a person responsible for public records shall make copies available at cost, within a reasonable period of time.

Ohio Revised Code Section 149.351(A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under sections 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully. Ohio Revised Code Section 149.351(B) states that any person who is aggrieved by the removal, destruction, mutilation, or transfer of, or by other damage to or disposition of a record in violation of division (A) of this section, or by threat of such removal, destruction, mutilation, transfer, or other damage to or disposition of such a record, may commence either or both of the following in the court of common pleas of the county in which division (A) of this section allegedly was violated or is threatened to be violated: (1) A civil action for injunctive relief to compel compliance with division (A) of this section, and to obtain an award of the reasonable attorney's fees incurred by the person in the civil action; or (2) A civil action to recover a forfeiture in the amount of one thousand dollars for each violation, and to obtain an award of the reasonable attorney's fees incurred by the person in the civil action.

The prior Clerk-Treasurer was convicted of Theft in Office, Tampering with Records, Unauthorized Use of a Computer and Forgery. The prior Clerk-Treasurer would make an entry in the ledger and prepare a check for a vendor's invoice, however the prior Clerk-Treasurer would cash a separate check for the same amount.

Finding Number	2002-002
----------------	----------

Annual Financial Report By Public Office

Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

The report shall be certified by the proper officer or board and filed with the Auditor of State within sixty days after the close of the fiscal year. The Auditor of State may extend the deadline for filing a financial report and establish terms and conditions for any such extension. At the time the report is filed with the Auditor of State, the chief fiscal officer shall publish notice in a newspaper published in the political subdivision or taxing district, and if there is no such newspaper, then in a newspaper of general circulation in the political subdivision or taxing district. The notice shall state that the financial report has been completed by the public office and is available for public inspection at the office of the chief fiscal officer.

**VILLAGE OF BURTON  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**Noncompliance Citations (Continued)**

<b>Finding Number</b>	<b>2002-002 (Continued)</b>
-----------------------	-----------------------------

The report shall contain the following:

- (A) Amount of collections and receipts, and accounts due from each source;
- (B) Amount of expenditures for each purpose;
- (C) Income of each public service industry owned or operated by a municipal corporation, and the cost of such ownership or operation; and
- (D) Amount of public debt of each taxing district, the purpose for which each item of such debt was created, and the provision made for the payment thereof. The substance of the report shall be published at the expense of the state in an annual volume of statistics, which shall be submitted to the Governor. The Auditor of State shall transmit the report to the general assembly at its next session.

Any public office that does not file its financial report at the time required by this section shall pay to the Auditor of State twenty-five dollars for each day the report remains unfilled after the filing date; provided, that the penalty payments shall not exceed the sum of seven hundred fifty dollars. The Auditor of State may waive all or any part of the penalty assessed under this section upon the filing of the past due financial report. All sums collected from such penalties shall be placed in the public audit expense fund – local government. The Auditor of State may deduct penalties not paid within one year from the required filing date from any funds under the Auditor of State’s control belonging to the public office. If funds are withheld from a county because of the failure of a taxing district located in whole or in part within the county to file, the county may deduct the amount of penalty from any revenues due the delinquent district.

As a result of the prosecution and conviction of the Village Clerk-Treasurer, as stated in audit finding 2002-001, the Village was unable to file the 2002 financial report with the Auditor of State office and did not place an advertisement in a newspaper that the financial report was available for public inspection.

We recommend the Village take the necessary steps to ensure that the annual financial report is prepared on a cash basis accounting principles format and is published in accordance with the above Revised Code Section.

<b>Finding Number</b>	<b>2002-003</b>
-----------------------	-----------------

**Material Weakness**

**Monitoring**

During the audit period, the prior Clerk-Treasurer, Mrs. Devol, forged many documents. It was difficult for the Village to monitor these financial records because of the accounting procedures implemented by the Mrs. Devol. Mrs. Devol submitted a revenue and expenditure report on a monthly basis. The expenditure reports given to the Council in total could have been compared to the expenditures noted on the bank statements. Also budgetary statements showing budget verse actual expenditures could have been compared to the expenditure reports provided. Another weakness noted was the checks were signed by the Clerk-Treasurer and a Deputy Administrative Assistant, and not a member of Council. A recommendation was issued in the 2000 and the 2001 audit report regarding approval and signing of warrants.

VILLAGE OF BURTON  
GEAUGA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002  
(Continued)

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

Finding Number	2002-003 (Continued)
----------------	----------------------

**Material Weakness (Continued)**

**Monitoring**

We recommend the following controls to help ensure all financial transactions are properly accounted for:

- 1) The Council should review the expenditure reports provided and compare them to the expenditure reports issued off the Village's system.
- 2) The Council should ensure accurate accountability over the check numbers is maintained. Any check numbers not properly accounted for and any hand written checks should be reviewed.
- 3) The Council should review the bank reconciliations to determine if they are properly reconciled to the Village's system. Any adjustments should be thoroughly reviewed. Bank statements can be utilized to compare the amount of expenditures made to the expenditure reports given to them.
- 4) The Council should review all revenues received by the Village. These revenues should have an appropriate receipt and/or pay-ins written. These receipts and/or pay-ins should be reconciled to deposits made and postings to the Village's system. A comparison of receipts issued to the postings made to the system would help detect any monies received and not properly accounted for. Any donations given to the Village should be properly approved by the Council and noted in the minutes.
- 5) The Council should approve all invoices and investigate all carryover amounts listed on the invoices.
- 6) A member of Council or the Mayor, in addition to the Fiscal Officer, should sign all checks.
- 7) The Council should review purchase orders to verify payments are being made in accordance with the purchase orders.

By implementing these controls, the Village will ensure proper accountability over their financial transactions.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF BURTON**

**GEAUGA 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  
SEPTEMBER 13, 2005**