

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY
Regular Audit
December 31, 2005 and 2004**



Mary Taylor, CPA

Auditor of State

Village Council
Village of Barnhill
P.O. Box 558
Midvale, Ohio 44653

We have reviewed the *Independent Accountants' Report* of the Village of Barnhill, Tuscarawas County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2004 through December 31, 2005. 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 Barnhill is responsible for compliance with these laws and regulations.

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

Mary Taylor, CPA
Auditor of State

September 7, 2007

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**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

July 23, 2007

Village of Barnhill
Tuscarawas County
P.O. Box 558
Midvale, Ohio 44653

To the Village Council:

We have audited the accompanying financial statements of the **Village of Barnhill, Tuscarawas County, Ohio**, (the Village) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present it's larger (i.e. major) funds separately for 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, 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, 2005 and 2004 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, 2005 and 2004 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Barnhill, Tuscarawas County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 July 23, 2007, 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 BARNHILL
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

| | <u>Governmental Fund Types</u> | | |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Totals (Memorandum Only)</u> |
| Cash Receipts: | | | |
| Local Taxes | \$ 26,123 | \$ 3,352 | \$ 29,475 |
| Intergovernmental | 13,254 | 9,829 | 23,083 |
| Licenses, Permits, and Fees | 637 | - | 637 |
| Earnings on Investments | 160 | 50 | 210 |
| Other Revenue | 2,313 | 3 | 2,316 |
| | <u>42,487</u> | <u>13,234</u> | <u>55,721</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 21,524 | - | 21,524 |
| Health | 84 | - | 84 |
| Transportation | - | 5,882 | 5,882 |
| Basic Utility Services | 5,197 | - | 5,197 |
| Security of Persons and Property | 17,470 | - | 17,470 |
| | <u>44,275</u> | <u>5,882</u> | <u>50,157</u> |
| Total Cash Disbursements | | | |
| Total Receipts Over/(Under) Cash Disbursements | <u>(1,788)</u> | <u>7,352</u> | <u>5,564</u> |
| Fund Cash Balances, January 1 | <u>\$ 31,795</u> | <u>\$ 6,236</u> | <u>\$ 38,031</u> |
| Fund Cash Balances, December 31 | <u>\$ 30,007</u> | <u>\$ 13,588</u> | <u>\$ 43,595</u> |

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

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

| | Governmental Fund Types | | |
|---|--------------------------------|----------------------------|---|
| | General | Special Revenue | Totals (Memorandum Only) |
| Cash Receipts: | | | |
| Local Taxes | \$ 22,130 | \$ - | \$ 22,130 |
| Intergovernmental | 14,449 | 10,173 | 24,622 |
| Licenses, Permits, and Fees | 1,385 | - | 1,385 |
| Earnings on Investments | 175 | 30 | 205 |
| Other Revenue | 1,001 | - | 1,001 |
| | <u>39,140</u> | <u>10,203</u> | <u>49,343</u> |
| Total Cash Receipts | | | |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 27,463 | - | 27,463 |
| Health | 51 | - | 51 |
| Transportation | - | 9,784 | 9,784 |
| Security of Persons and Property | 10,408 | - | 10,408 |
| | <u>37,922</u> | <u>9,784</u> | <u>47,706</u> |
| Total Cash Disbursements | | | |
| | <u>37,922</u> | <u>9,784</u> | <u>47,706</u> |
| Total Receipts Over/(Under) Cash Disbursements | <u>1,218</u> | <u>419</u> | <u>1,637</u> |
| Fund Cash Balances, January 1 | <u>\$ 30,577</u> | <u>\$ 5,817</u> | <u>\$ 36,394</u> |
| Fund Cash Balances, December 31 | <u>\$ 31,795</u> | <u>\$ 6,236</u> | <u>\$ 38,031</u> |

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

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Barnhill, Tuscarawas County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council. The Village provides street construction, maintenance, and repair. The Village contracts with the Tuscarawas County Sheriff's department to provide security of persons and property. The Village contracts with the Village of Midvale to provide fire protection services.

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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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).

C. Cash and Investments

The Village maintains its cash in a checking account.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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 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) appropriation when commitments are made. Encumbrances outstanding at year- end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of the 2005 and 2004 budgetary activity appears in Note 3.

2. EQUITY IN POOLED CASH

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

| | <u>2005</u> | <u>2004</u> |
|-----------------|-------------|-------------|
| Demand deposits | \$43,595 | \$38,031 |

Deposits are insured by the Federal Deposit Insurance Corporation.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

| 2005 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 34,000 | \$ 42,487 | \$ 8,487 |
| Special Revenue | 9,500 | 13,234 | 3,734 |
| Total | \$ 43,500 | \$ 55,721 | \$ 12,221 |

| 2005 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 64,900 | \$ 44,275 | \$ 20,625 |
| Special Revenue | 15,600 | 5,882 | 9,718 |
| Total | \$ 80,500 | \$ 50,157 | \$ 30,343 |

| 2004 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 34,432 | \$ 39,140 | \$ 4,708 |
| Special Revenue | 8,000 | 10,203 | 2,203 |
| Total | \$ 42,432 | \$ 49,343 | \$ 6,911 |

| 2004 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 62,250 | \$ 37,922 | \$ 24,328 |
| Special Revenue | 13,816 | 9,784 | 4,032 |
| Total | \$ 76,066 | \$ 47,706 | \$ 28,360 |

Contrary to Ohio Rev. Code 5705.28, a tax budget was not filed with the county auditor for 2004.

Contrary to Ohio Revised Code, Section 5705.34, a resolution form was not filed with the county auditor in 2004, authorizing the necessary tax levies for the following year and certifying them to the County Auditor before the first day of October.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio Revised Code Section 5705.36, during 2005 and 2004, the Village did not obtain a reduced or increased amended certificate for General and Special Revenue Funds when the actual receipts were greater or less than the budgeted receipts.

Contrary to Ohio Revised Code § 5705.41(D)(1), the Village did not properly certify the availability of funds prior to purchase commitment for 76% and 20% of the expenditures tested during 2005 and 2004.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Commercial Crime; and
- Public Officials

The Village is uninsured for the following risks:

- Errors and omissions.

Perry & Associates
Certified Public Accountants, A.C.

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

July 23, 2007

Village of Barnhill
Tuscarawas County
P.O. Box 558
Midvale, Ohio 44653

To the Honorable Mayor and Members of Village Council,

We were engaged to audit the accompanying financial statements of the Village of Barnhill, Tuscarawas County, (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 23, 2007, 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. 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 to determine our auditing procedures in order to express our 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 to be 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 the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 2005-007 through 2005-008.

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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of 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 to be material weaknesses. However, we believe the reportable conditions described above as findings 2005-005 through 2005-008 are material weaknesses. In a separate letter to the Village's management dated July 23, 2007, we reported other matters involving internal control over financial reporting that do not require inclusion in this report.

Village of Barnhill
Tuscarawas County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-006.

In a separate letter to the Village's management dated July 23, 2007, we reported other matters related to noncompliance we deemed immaterial.

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 BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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 (Clerk) 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 (Village Council) 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 \$1,000 (which was increased to \$3,000 on April 7, 2003) 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 not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current 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. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
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.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

**FINDING NUMBER 2005-001
(Continued)**

Ohio Revised Code § 5705.41(D)(1) (Continued)

The Village did not properly certify the availability of funds prior to purchase commitment for 76% and 20% of the expenditures tested during 2005 and 2004, respectively, and there was no evidence that the Village followed the aforementioned exceptions. Without these certifications, the management of the Village lost budgetary 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 Clerk 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 – We did not receive a response from the Village to this finding.

FINDING NUMBER 2005-002

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

During 2005 and 2004, the Village did not obtain a reduced or increased amended certificate for General and Special Revenue Funds when the actual receipts were greater or less than the budgeted receipts.

The Village should perform a comparison of the estimated resources and the actual receipts periodically in order to determine whether an amended certificate of estimated resources needs to be obtained.

Management's Response – We did not receive a response from the Village to this finding.

FINDING NUMBER 2005-003

Noncompliance Citation

Ohio Admin. Code Section 117-2-02 requires all local public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-003 (Continued)

Such records should include a cash journal, receipts ledger, appropriation ledger, payroll journals, quarterly payroll records, and vouchers.

The Village could not provide any of these records when initially called in for audit except for payroll records and vouchers in 2005. The Village did not provide a receipt ledger, appropriation ledger, budgetary information or financial statements for 2005.

We recommend the Village Clerk maintain an accounting system and accounting records as set forth in Ohio Admin. Code §117-2-02.

Management's Response – We did not receive a response from the Village to this finding.

FINDING NUMBER 2005-004

Noncompliance Citation

Ohio Rev. Code, 117.38, requires each public office to file an annual financial report made in accordance with forms prescribed by the Auditor of State within sixty days after the close of the fiscal year. No evidence was presented for audit that annual financial reports for 2005 or 2004 were prepared or filed as required.

We recommend the annual financial report be completed and filed as required.

Management's Response – We did not receive a response from the Village to this finding.

FINDING NUMBER 2005-005

Noncompliance Citation/Material Weakness

Ohio Rev. Code 5705.28 requires each taxing authority to adopt a tax budget for the next succeeding fiscal year on or before the fifteenth day of July. A tax budget was not filed with the county auditor for 2004.

We recommend the Village adopt and file the tax budget as required and the adoption be noted in the Council minutes.

Management's Response – We did not receive a response from the Village to this finding.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-006

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 5705.34, provides that each taxing authority shall authorize the necessary tax levies for the following year and certify them to the County Auditor before the first day of October in each year.

A resolution form was not filed with the county auditor in 2004.

We recommend the Village adopt and file the required resolution and the adoption be noted in the Council minutes.

Management's Response – We did not receive a response from the Village to this finding.

FINDING NUMBER 2005-007

Reportable Condition/Material Weakness

Budgetary Accounting – Estimated Receipts

Estimated receipts per the Certificate of Estimated Resources (and any amendments thereto, as approved by the County Budget Commission), were not posted to the receipts ledger for the 2004 fiscal year, nor was there any means used to compare actual receipts to estimated receipts at any given point during the year to assure that actual receipts were in line with estimated amounts.

The absence of a system to compare estimated receipts with receipts could lead to excessive appropriations and/or expenditures in any given fund without detection in the normal course of business, and in a timely manner.

Estimated receipts should be posted to the receipts ledger as a means to compare actual receipts to estimated receipts at any given point during the year to assure that revenues are in line with anticipated amounts.

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 – We did not receive a response from the Village to this finding.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

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

FINDING NUMBER 2005-008

Reportable Condition/Material Weakness

The Village Officials have not properly followed Ohio laws as reflected in this audit. These noncompliance problems appear to be caused by a lack of knowledge and training of officials and frequent turnover of personnel. Failure to properly follow the laws as required creates an environment which promotes possible fraud or misappropriation of assets and resulted in unnecessary charges that could have been avoided.

We recommend that the Council members and Clerk attend training on the proper procedures to follow in recording Village records and in conducting Village business.

Management's Response – We did not receive a response from the Village to this finding.

**VILLAGE OF BARNHILL
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|---|
| 2003-001 | Ohio Rev. Code Section 5705.41(D) States that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. | No | Not Corrected. Repeat at Finding Number 2005-001 |



Mary Taylor, CPA
Auditor of State

VILLAGE OF BARNHILL

TUSCARAWAS 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 20, 2007