



Mary Taylor, CPA  
Auditor of State



VILLAGE OF YORKSHIRE  
DARKE COUNTY

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**Mary Taylor, CPA**  
Auditor of State

Village of Yorkshire  
Darke County  
P.O. Box 567  
Yorkshire, Ohio 45388

To the 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 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. 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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

October 11, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Yorkshire  
Darke County  
P.O. Box 567  
Yorkshire, Ohio 45388

To the Board of Trustees:

We have audited the accompanying financial statements of the Village of Yorkshire, Darke County, (the Village), as of and for the years ended December 31, 2006 and 2005. 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.

Instead of the combined funds the accompanying financial statements present, GAAP requires 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, 2006 and 2005 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, 2006 and 2005, 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 of the Village of Yorkshire, Darke County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 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.

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

**Mary Taylor, CPA**  
Auditor of State

October 11, 2007



**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$1,516			\$1,516
Intergovernmental	28,601	\$5,926	\$399,577	434,104
Earnings on Investments	1,031	208		1,239
Miscellaneous	1,816			1,816
Total Cash Receipts	<u>32,964</u>	<u>6,134</u>	<u>399,577</u>	<u>438,675</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	2,862			2,862
Public Health Services	300			300
Basic Utility Service	5,023			5,023
Transportation		27,825	399,577	427,402
General Government	16,689			16,689
Total Cash Disbursements	<u>24,874</u>	<u>27,825</u>	<u>399,577</u>	<u>452,276</u>
Total Receipts Over/(Under) Disbursements	<u>8,090</u>	<u>(21,691)</u>		<u>(13,601)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In		25,000		25,000
Transfers-Out	<u>(25,000)</u>			<u>(25,000)</u>
Total Other Financing Receipts / (Disbursements)	<u>(25,000)</u>	<u>25,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(16,910)	3,309		(13,601)
Fund Cash Balances, January 1	<u>131,724</u>	<u>22,183</u>		<u>153,907</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$114,814</b></u>	<u><b>\$25,492</b></u>	<u><b>\$0</b></u>	<u><b>\$140,306</b></u>

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

**VILLAGE OF YORKSHIRE  
DARKE 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$1,332		\$1,332
Intergovernmental	28,486	\$7,056	35,542
Earnings on Investments	911	77	988
Miscellaneous	1,355		1,355
Total Cash Receipts	<u>32,084</u>	<u>7,133</u>	<u>39,217</u>
<b>Cash Disbursements:</b>			
<b>Current:</b>			
Security of Persons and Property	2,349		2,349
Basic Utility Service	5,023		5,023
Transportation		14,139	14,139
General Government	17,861		17,861
Total Cash Disbursements	<u>25,233</u>	<u>14,139</u>	<u>39,372</u>
Total Receipts Over/(Under) Disbursements	<u>6,851</u>	<u>(7,006)</u>	<u>(155)</u>
Fund Cash Balances, January 1	<u>124,873</u>	<u>29,189</u>	<u>154,062</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$131,724</u></b>	<b><u>\$22,183</u></b>	<b><u>\$153,907</u></b>

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

**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**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 Yorkshire, Darke County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general government services. The Village contracts with Osgood Fire Department for fire and emergency medical 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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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.

**3. Capital Projects Fund**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or private-purpose trust funds). The Village had the following significant capital project fund in 2006:

**OPWC Fund** – This fund accounts for proceeds from Ohio Public Works Commission for road reconstruction.

**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. The Village did not use the encumbrance method of accounting.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<b>2006</b>	<b>2005</b>
Demand deposits	\$96,008	\$110,640
Certificates of deposit	44,298	43,267
Total deposits	\$140,306	153,907

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village. At December 31, 2006, \$40,357 of deposits were not insured or collateralized, contrary to Ohio law.

**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and 2005, follows:

<b>2006 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$26,250	\$32,964	\$6,714
Special Revenue	15,000	31,134	16,134
Capital Projects	0	399,577	399,577
Total	<u>\$41,250</u>	<u>\$463,675</u>	<u>\$422,425</u>

<b>2006 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$78,725	\$49,874	\$28,851
Special Revenue	36,750	27,825	8,925
Capital Projects	0	399,577	(399,577)
Total	<u>\$115,475</u>	<u>\$477,276</u>	<u>(\$361,801)</u>

<b>2005 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$26,240	\$32,084	\$5,844
Special Revenue	6,000	7,133	1,133
Total	<u>\$32,240</u>	<u>\$39,217</u>	<u>\$6,977</u>

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$88,222	\$25,233	\$62,989
Special Revenue	24,750	14,139	10,611
Total	<u>\$112,972</u>	<u>\$39,372</u>	<u>\$73,600</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**4. PROPERTY TAX (Continued)**

Public utilities are also taxed on personal and real property located within the Village.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**5. DEBT**

Debt outstanding at December 31, 2006 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Ohio Public Works Commission Loan	85,577	0%
Total	\$85,577	

The Ohio Public Works Commission (OPWC) loan relates to a street reconstruction project. The OPWC approved up to \$85,577 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$2,140 over 20 years. The scheduled payment amount below reflects the \$85,577 borrowed.

Amortization of the above debt is scheduled as follows:

<b>Year ending December 31:</b>	<b>OWPC Loan</b>
2007	\$2,140
2008	4,278
2009	4,278
2010	4,278
2011	4,278
2012-2016	21,390
2017- 2021	21,390
2022-2026	21,390
2027	2,155
Total	\$85,577

**6. RETIREMENT SYSTEM**

The Village's Council, Mayor and Clerk belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006, members of OPERS participants contributed 9 percent of their wages. The Township contributed an amount equal to 13.7 percent of their wages to OPERS. For 2005, the member contribution rate was 8.5 percent and the employer rate was 13.55 percent. The Village has paid all contributions required through December 31, 2006.

VILLAGE OF YORKSHIRE  
DARKE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

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# Mary Taylor, CPA

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 Yorkshire  
Darke County  
P.O. Box 567  
Yorkshire, Ohio 45388

To the Village Council:

We have audited the financial statements of the Village of Yorkshire, Darke County, (the Village), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 11, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement. We consider the following deficiencies described in the Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001, 2006-002, 2006-003, 2006-004, 2006-005

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control over Financial Reporting  
(Continued)**

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings numbers 2006-001 and 2006-002 are also material weaknesses.

We noted certain matters that we reported to the Village's management in a separate letter dated October 11, 2007.

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2006-001, 2006-002, 2006-003.

We also noted certain noncompliance or other matters that we reported to the Village's management in a separate letter dated October 11, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

October 11, 2007

**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Material Noncompliance / Material Weakness**

**\*Ohio Rev. Code Section 5705.41(D)** 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 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 not exceeding an amount established by resolution or ordinance adopted by the legislative authority, against any specific line item account over a period not 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.
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 one line item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitments for all expenditures tested and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending fund and negative cash fund balances.

**FINDING NUMBER 2006-001  
(Continued)**

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 Village's Fiscal Officer certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 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 2006-002**

**Material Noncompliance/Material Weakness**

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

The annual financial reports filed by the Village for 2006 and 2005 were inaccurate and incomplete. The beginning and ending General Fund balances were not correctly reported for both years since the 2004 ending audited balances containing the Village's \$42,626 in certificates of deposit were not included. In addition, the Village included amounts in the municipal income tax line items on the combined statements of the report, which were properly posted as intergovernmental on the combining statements/worksheets. Also, the interest earned on the Village's certificates of deposit was not reported.

Financial statements presented in this manner prevent users of the Village's financial reports from having reliable information regarding the available fund balances. The Clerk should maintain the fund balances of the Village funds accurately, use due care in posting, and maintain subsidiary ledgers to provide for proper presentation on the annual reports.

**FINDING NUMBER 2006-003**

**Material Noncompliance/Significant Deficiency**

**Ohio Admin. Code Section 117-2-02 (C)(1)** states all local public offices should integrate the budgetary accounts, at legal level of control or lower into the financial accounting system. This includes designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The Village revenue and expenditure ledgers did not indicate the balances of estimated resources available or the balances of remaining appropriations. The failure to maintain balances of available resources and appropriations does not provide timely information for informed financial decisions and could lead to deficit spending and deficit fund balances.

The Village should implement procedures to integrate budgetary information into the accounting system which would provide on-going and essential information to management in which they can make informed financial decisions to avoid deficit spending situations.

#### **FINDING NUMBER 2006-004**

##### **Significant Deficiency**

##### **Financial Monitoring**

The constitution and laws of the State of Ohio establish the Village Council's powers to govern the Village. The most significant power and responsibility that Council can exercise is to monitor the financial activity of the Village. Council needs timely financial information provided by the fiscal officer to review and analyze so they can make sound financial decisions for the benefit of the Village.

The Council minutes for the Village did not indicate that the Council had been provided any financial report which should include budget to actual information, monthly receipts, disbursements, fund balances and the monthly bank reconciliation. Due to the lack of segregation of duties for a small government, such as a Village, this could result in management not being able to make timely informed decisions or to detect errors and/or omissions in a timely manner. The Council should monitor the monthly financial position by being provided monthly budget to actual reports for receipts, disbursements and account balances, as well as the monthly bank reconciliation. The results of this review should be documented in the Village minutes as evidence of being performed.

#### **FINDING NUMBER 2006-005**

##### **Significant Deficiency**

##### **Bank Reconciliations**

Monthly bank reconciliations should be performed. Council can use the monthly bank reconciliations as a vital tool in their monitoring of the Village's financial activity.

The Village's 12/31/06 and 12/31/05 bank balances were not properly reconciled to the book balances. The book balances did not agree to those presented in the Village's annual report. In addition, the Certificates of Deposit were not allocated to a fund type. The outstanding checks at year-end were not presented in the reconciliation. The lack of proper reconciliations could result in cash being over/under stated and irreconcilable amounts carried forward to the next month. To verify the accumulated cash balance per the books agrees to the cash balance per the bank, monthly reconciliations should be performed on each account for completeness and accuracy, and the reconciliation should be reviewed by someone independent of the reconciliation process.

**VILLAGE OF YORKSHIRE  
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	Ohio Admin. Code, Section 117-2-02 (A) requires the Village to maintain an accounting system and records sufficient to enable the Village to prepare financial statements required by rule 117-02-03 of the Administrative Code.	No	Repeated as finding 2006-002
2004-002	Ohio Admin. Code Section 117-2-02 (C)(1) states all local public offices should integrate the budgetary accounts, at legal level of control or lower into the financial accounting system.	No	Repeated as finding 2006-003
2004-003	Ohio Rev. Code Section 5704.41(D) – certifying the availability of funds prior to entering into purchase commitments.	No	Repeated as finding 2006-001



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF YORKSHIRE**

**DARKE 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 8, 2007**