



Mary Taylor, CPA
Auditor of State

VILLAGE OF RENDVILLE
PERRY COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Rendville
Perry County
P.O. Box 422
Moxahala, Ohio 43761

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.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

October 22, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Rendville
Perry County
P.O. Box 422
Moxahala, Ohio 43761

To the Village Council:

We have audited the accompanying financial statements of the Village of Rendville, Perry County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Village's larger (i.e., major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

Management did not provide us with the minutes for the October 24, 2006 meeting of Village Council. Appropriation amounts were posted to the Village's appropriations ledger while no annual appropriation resolutions were noted as being adopted in Village Council's minutes. We cannot reasonably determine what effect, if any, actions taken at the October 24, 2006 meeting, for which minutes were not provided, or actions taken at any other meeting for which minutes were provided but may not have included all official actions of Village Council, would have on the Village's financial statements.

During 2006, the Village wrote and signed three checks and posted them as disbursements in the General Fund. Although the Village signed the checks, they never actually issued them. As a result, the Village's General Fund disbursements are overstated by \$461 in the General Government account. The Village has declined to post these adjustments.

Also, in our opinion, because of the effect of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly the combined fund cash balances of the Village of Rendville, Perry County, Ohio, as of December 31, 2007 and 2006, 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 22, 2008, 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.



Mary Taylor, CPA
Auditor of State

October 22, 2008

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$155		\$155
Intergovernmental	5,508	\$2,362	7,870
Earnings on Investments	70	24	94
Miscellaneous	6		6
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	5,739	2,386	8,125
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	765		765
Basic Utility Service	189		189
Transportation	100		100
General Government	3,944		3,944
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	4,998	0	4,998
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	741	2,386	3,127
Fund Cash Balances, January 1	9,767	7,910	17,677
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$10,508</u>	<u>\$10,296</u>	<u>\$20,804</u>

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

**VILLAGE OF RENDVILLE
PERRY 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$290		\$290
Intergovernmental	5,480	\$2,098	7,578
Earnings on Investments	76	21	97
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	5,846	2,119	7,965
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	776		776
Basic Utility Service	200		200
Transportation	114		100
General Government	6,540		6,540
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	7,630	0	7,616
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,784)	2,119	335
Fund Cash Balances, January 1	11,551	5,791	17,342
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$9,767</u>	<u>\$7,910</u>	<u>\$17,677</u>

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

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 Rendville, Perry County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including maintenance of Village streets and highways.

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. Cash and Investments

The Village Fiscal Officer deposits all available funds of the Village in an interest bearing checking account.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(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 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.

Village Council did not adopt annual appropriation measures contrary to Ohio law.

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 purchase commitments as required by Ohio Rev. Code Section 5705.41(D).

A summary of 2007 and 2006 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

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

	2007	2006
Demand deposits	\$18,883	\$17,677
Cash on hand	1,921	
Total	\$20,804	\$17,677

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. Equity in Pooled Cash (Continued)

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

Cash on hand: As of December 31, 2007, the Village had \$1,921 in undeposited cash on hand which is included within the accompanying financial statements.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,723	\$5,739	\$16
Special Revenue	439	2,386	1,948
Total	\$6,162	\$8,125	\$1,963

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$4,998	(\$4,998)
Special Revenue	0	0	0
Total	\$0	\$4,998	(\$4,998)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$5,846	\$5,846
Special Revenue	0	2,119	2,119
Total	\$0	\$7,965	\$7,965

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$11,675	\$7,630	\$4,045
Special Revenue	5,667	0	5,667
Total	\$17,342	\$7,630	\$9,712

In 2006 and 2007, the Village did not have evidence that permanent appropriations were legally adopted, which is contrary to Ohio Rev. Code Section 5705.38(A) and therefore all expenditures made were in excess of appropriations contrary to Ohio Rev. Code Section 5705.41(B). The above disclosure for 2006 includes amounts from the Village's temporary appropriation resolution.

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

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.

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.

5. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85% and 13.70%, respectively, of participants' gross salaries. The Village has not paid the required contributions for 2007.

6. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



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 Rendville
Perry County
P.O. Box 422
Moxahala, Ohio 43761

To the Village Council:

We have audited the financial statements of the Village of Rendville, Perry County, Ohio (the Village), as of and for the year ended December 31, 2007 and 2006, and have issued our report thereon dated October 22, 2008, wherein we qualified our opinion because the Village did not present minutes for certain Village Council meetings and did not post audit adjustments. In addition, 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 also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions 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.

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We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

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.

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 finding numbers 2007-001 and 2007-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated October 22, 2008.

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 items 2007-002 through 2007-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 22, 2008.

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

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



Mary Taylor, CPA
Auditor of State

October 22, 2008

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Material Weakness

Ohio Admin. Code Section 117-2-02(A) states that all local public offices shall 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 and contractual requirements and prepare financial statements.

As such, the Fiscal Officer should post receipts to the Village's accounting system upon receipt. In addition, the Village should have formal policies in place requiring timely deposits be made by the Fiscal Officer to the Village's financial institution. In previous years, the Village Council approved the Fiscal Officer to hold receipts less than \$500 and deposit at the end of each month.

As of December 31, 2007, receipts totaling \$1,326, \$550 and \$45 in the General, Street Construction, Maintenance and Repair and State Highway Improvement Funds for the months of October, November, and December 2007 had not been deposited with the Village's financial institution. In addition, these receipts were not posted to the Village's accounting system until 2008, resulting in an understatement of receipts in the Village's financial statements. Failure to deposit monies on a more frequent basis could also result in errors or irregularities to occur without being detected in a timely fashion.

Adjustments with which management agrees have been posted to the financial statements.

In addition, the Fiscal Officer should post disbursements to the Village's accounting system when writing the check. Furthermore, the Fiscal Officer should either issue such checks for payment or void the checks, if no longer needed.

During 2006, the Village wrote and signed check numbers 1262, 1267, and 1273 in the amounts of \$274, \$180, and \$7, respectively, and posted them as disbursements in the General Fund. Although the Village signed the checks, they never actually issued them. As a result, the Village's General Fund disbursements are overstated by \$461 in the General Government account. The Village has declined to post these adjustments.

We recommend receipts be posted to the Village's accounting system by the Fiscal Officer immediately upon receipt. In addition, we recommend Village Council adopt a policy that requires deposits to be made on a more frequent basis. We also recommend the Fiscal Officer deposit in accordance with Council's policy.

Officials' Response

The Village switched Fiscal Officers mid year and the new Fiscal Officer was still trying to figure out how to juggle the responsibilities of being a part time fiscal officer while working full time and raising a family. Neglecting to deposit the funds in a timely manner was an oversight.

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-002

Material Weakness and Noncompliance Citation

Ohio Rev. Code Section 121.22(C) states, in part, that the minutes of a regular or special meeting of any public body shall be promptly prepared, filed, and maintained and shall be open to public inspection. In addition, Ohio Rev. Code Section 731.20 states, in part, that ordinances, resolutions, and bylaws shall be authenticated by the signature of the presiding officer and clerk of the legislative authority of the municipal corporation. As soon as a bylaw, resolution, or ordinance is passed and signed, it shall be recorded by the clerk in a book furnished by the legislative authority for that purpose.

Upon receipt of the Village's records, we noted that the minutes and resolutions of the Village Council were kept in file folders. In addition, the Village's minutes were silent regarding certain actions of the Council. The minutes indicated the Village adopted temporary appropriations for both 2006 and 2007; however, the minutes were silent regarding the adoption of annual permanent appropriation measures for either fiscal year. No copies of an annual appropriation measure were noted in the records presented for audit for either year, nor were any appropriations noted to be on file with the Perry County Auditor. In addition, only the resolution for temporary appropriations was provided for 2006.

The Village's failure to maintain the minutes of the meetings and resolutions of the Village Council in a permanent bound record with all other meetings and resolutions resulted in the Village not being able to provide for audit the minutes for the Village Council meeting held October 24, 2006. In addition, we noted that the minutes of thirteen meetings were not always signed by the Fiscal Officer and/or the Mayor. The failure to present the October 24, 2006 minutes, as well as the general lack of detail in the minutes presented, resulted in the opinion on the Village's financial statements being qualified.

Appropriations reported in the Village's notes to the financial statements reflect only the 2006 temporary appropriations since only those appropriation amounts were both noted in the minutes as being adopted and evidenced by an actual appropriation resolution.

We recommend the Fiscal Officer take necessary care in preparation of the minutes to document all official actions and Village Council carefully review the minutes to ensure they are complete and accurate. Approval of the appropriation measure should be documented in the Village's minutes and the corresponding resolution should be maintained in the Village's record of resolutions. All minutes and resolutions of the Village should be maintained in a separate permanent bound book. Adopted appropriations should be filed with the County Auditor in a timely manner in order to make the appropriation measure become effective.

Officials' Response

Issues regarding record management are a result of neither Fiscal Officer ever being properly trained on proper maintenance. When the Village was "restarted" in 2000 we attempted to set up minute books, etc., but ultimately the records have been kept in files. In regards to the finding regarding the content of the minutes, the acting clerk always included the information in the minutes, which was assumed to be needed. There was never any training offered by the State regarding preparation of minutes and though there are more detailed training offered by other organizations, it is time and cost prohibitive to attend the trainings.

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-003

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1. Furthermore, Ohio Rev. Code Section 5705.39 states, in part, that no appropriation measure shall become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

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

As more fully described in Finding Number 2007-002, there was no evidence presented for audit to indicate Village Council had adopted permanent appropriations. A 2006 temporary appropriations measure was both noted as being adopted by Village Council and on file.

Without legally adopted appropriations, noncompliance with Ohio Rev. Code Section 5705.41(B) occurred.

We recommend the Village adopt its permanent annual appropriations measure on or about the first day of the fiscal year, or operate under temporary appropriations until no later than April 1. The Fiscal Officer should monitor available appropriations, and should deny payments that exceed appropriations. If available resources exist to make the payment, management should request Village Council to consider amending appropriations.

Officials' Response

The Fiscal Officer did not receive the amended certificate of available resources in 2006 due to some personnel issues in the County Auditor's office. In addition the Village Council had decided in late 2005 that they would be dissolving the Village and therefore would not have any budgetary requirements. Unfortunately, the Mayor Chris Harris made a decision on his own without discussing the matter with the clerk and council to not dissolve the Village. The clerk did not find out about this decision until late June 2006. After this revelation the last thing the clerk was thinking about was budgetary requirements. The clerk then proceeded to submit her resignation the following month. There were some meetings to create the position of fiscal officer and they appointed Joanna Burgess as Fiscal Officer. She was at the meeting of October 2006 and took the minutes but did not provide them to the Village. Shortly after this time Ms. Burgess moved out of the area. The former clerk stepped back into the position so as not to leave the Village hanging and spent the next year trying to find someone to fill the position. As a result of all these dynamics, in retrospect she probably was not as attentive to some of the budgeting and appropriation requirements as perhaps she should have been.

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority 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. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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" Certificates** – 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, Village Council can authorize the drawing of a warrant for the payment of the amount due. Village Council 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 Village Council.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not exceeding an amount established by resolution or ordinance of Village Council against any specific line item account not extending beyond the end of the 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. Blanket certificates cannot be issued unless there has been an amount approved by Village Council.
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.

The Village did not certify the availability of funds prior to purchase commitments during 2006 and 2007. Although the obligations paid by the Village had a statement indicating the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund, and free from any previous encumbrance, no permanent appropriations were legally adopted by Village Council as noted in Finding Number 2007-003. Failure to properly certify the availability of funds can result in overspending of funds and negative cash balances.

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2007-004 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (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 the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. In rare instances when prior certification is not possible, "then and now" certification may 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 certification language Section 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 Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. If the Village officials intend to use blanket certificates, then Council should adopt an ordinance or resolution establishing the maximum amount for which blanket certificates can be issued.

Officials' Response

The Fiscal Officer notes the recommendation of the State Auditor on this matter. Many of the issues regarding this finding are related to findings #2007-002 and #2007-003. We were at the mercy of a poorly managed County Auditor's office and then a former Mayor who was making decisions which had eventual impact on whether various budgeting requirements were fulfilled. The current Fiscal Officer will take all considerations as constructive criticism and make every effort to clear any problems.

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Rev. Code Section 5705.41(D)(1) for failure to encumber all commitments as required.	No	Not Corrected. Repeated as Finding 2007-004 in the current audit Schedule of Findings.



Mary Taylor, CPA
Auditor of State

VILLAGE OF RENDVILLE

PERRY 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
DECEMBER 2, 2008**