

VILLAGE OF COVINGTON

DAYTON REGION, MIAMI COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Covington
1 South High Street
Covington, Ohio 45318

We have reviewed the *Independent Auditors' Report* of the Village of Covington, Miami County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2008 through December 31, 2009. 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 Auditors' 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 Auditors' 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 Covington 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

June 18, 2010

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**VILLAGE OF COVINGTON
MIAMI COUNTY**

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

Mayor and Members of Council
Village of Covington
1 S. High St.
Covington, Ohio 45318

We have audited the accompanying financial statements of the Village of Covington, Miami County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the 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 that 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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position or cash flows, where applicable 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 Covington, Miami County, Ohio, as of December 31, 2009 and 2008, 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 a part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2010, 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

April 15, 2010

**VILLAGE OF COVINGTON
MIAMI COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property & Local Taxes	\$ 247,056	\$ 0	\$ 0	\$ 247,056
Municipal Income Taxes	646,628	161,657	0	808,285
Intergovernmental Receipts	172,522	122,128	14,855	309,505
Special Assessments	2,790	0	0	2,790
Charges for Services	73,092	0	0	73,092
Fines, Licenses, Permits	17,023	0	0	17,023
Earnings on Investments	452	0	0	452
Miscellaneous	37,174	2,818	18,165	58,157
Total Cash Receipts	<u>1,196,737</u>	<u>286,603</u>	<u>33,020</u>	<u>1,516,360</u>
Cash Disbursements:				
Current:				
Security of Persons & Property	657,591	0	0	657,591
Leisure Time Activities	27,660	0	0	27,660
Community Environment	1,034	0	0	1,034
Transportation	0	304,904	0	304,904
General Government	280,686	0	0	280,686
Capital Outlay	89,639	57,943	59,742	207,324
Debt:				
Principal	90,000	0	0	90,000
Interest and Other Fiscal Charges	26,775	0	0	26,775
Total Cash Disbursements	<u>1,173,385</u>	<u>362,847</u>	<u>59,742</u>	<u>1,595,974</u>
Total Receipts Over/(Under) Disbursements	<u>23,352</u>	<u>(76,244)</u>	<u>(26,722)</u>	<u>(79,614)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	0	75,000	0	75,000
Transfers-Out	(75,000)	0	0	(75,000)
Total Other Financing Receipts (Disbursements)	<u>(75,000)</u>	<u>75,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(51,648)</u>	<u>(1,244)</u>	<u>(26,722)</u>	<u>(79,614)</u>
Fund Cash Balances, January 1	<u>327,665</u>	<u>51,188</u>	<u>111,118</u>	<u>489,971</u>
Fund Cash Balances, December 31	<u>\$ 276,017</u>	<u>\$ 49,944</u>	<u>\$ 84,396</u>	<u>\$ 410,357</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 896,335
Miscellaneous	1,392
	897,727
Total Operating Cash Receipts	897,727
Operating Cash Disbursements:	
Personal Service	321,261
Travel Transportation	10,508
Contractual Services	192,890
Supplies & Materials	68,383
Capital Outlay	26,794
	619,836
Total Operating Cash Disbursements	619,836
Operating Income (Loss)	277,891
Non-Operating Receipts/(Disbursements):	
Loan Proceeds	7,500
Earnings on Investments	169
Debt Service: Redemption of Principal	(153,647)
Interest & Other Fiscal Charges	(89,124)
	(235,102)
Total Non-Operating Receipts/(Disbursements)	(235,102)
Net Income/(Loss)	42,789
Fund Cash Balances, January 1	262,253
Fund Cash Balances, December 31	\$ 305,042

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property & Local Taxes	\$ 303,434	\$ 0	\$ 0	\$ 303,434
Municipal Income Taxes	723,126	180,761	0	903,887
Intergovernmental Receipts	133,979	121,615	36,448	292,042
Special Assessments	4,544	0	0	4,544
Charges for Services	11,052	0	0	11,052
Fines, Licenses, Permits	17,844	0	0	17,844
Earnings on Investments	3,258	0	0	3,258
Miscellaneous	19,048	3,365	21,242	43,655
Total Cash Receipts	<u>1,216,285</u>	<u>305,741</u>	<u>57,690</u>	<u>1,579,716</u>
Cash Disbursements:				
Current:				
Security of Persons & Property	639,148	0	0	639,148
Leisure Time Activities	20,982	0	0	20,982
Community Environment	1,127	0	0	1,127
Transportation	0	299,405	0	299,405
General Government	281,062	0	0	281,062
Capital Outlay	55,971	61,165	78,142	195,278
Debt:				
Principal	90,000	0	0	90,000
Interest and Other Fiscal Charges	30,600	0	0	30,600
Total Cash Disbursements	<u>1,118,890</u>	<u>360,570</u>	<u>78,142</u>	<u>1,557,602</u>
Total Receipts Over/(Under) Disbursements	<u>97,395</u>	<u>(54,829)</u>	<u>(20,452)</u>	<u>22,114</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	9,645	0	0	9,645
Transfers-In	0	80,000	0	80,000
Transfers-Out	(80,000)	0	0	(80,000)
Total Other Financing Receipts (Disbursements)	<u>(70,355)</u>	<u>80,000</u>	<u>0</u>	<u>9,645</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>27,040</u>	<u>25,171</u>	<u>(20,452)</u>	<u>31,759</u>
Fund Cash Balances, January 1	<u>300,625</u>	<u>26,017</u>	<u>131,570</u>	<u>458,212</u>
Fund Cash Balances, December 31	<u>\$ 327,665</u>	<u>\$ 51,188</u>	<u>\$ 111,118</u>	<u>\$ 489,971</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 873,430
Total Operating Cash Receipts	873,430
Operating Cash Disbursements:	
Personal Service	335,483
Travel Transportation	9,021
Contractual Services	205,200
Supplies & Materials	116,501
Other	58,389
Capital Outlay	158,620
Total Operating Cash Disbursements	883,214
Operating Income (Loss)	(9,784)
Non-Operating Receipts/(Disbursements):	
Loan Proceeds	55,844
Special Assessments	1,667
Earnings on Investments	1,945
Debt Service: Redemption of Principal	(149,507)
Interest & Other Fiscal Charges	(93,264)
Total Non-Operating Receipts/(Disbursements)	(183,315)
Net Income/(Loss)	(193,099)
Fund Cash Balances, January 1	455,352
Fund Cash Balances, December 31	\$ 262,253

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Covington, Miami County, and (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 general governmental services, including water and sewer utilities, refuse services, street maintenance, and police protection.

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 a payment is made 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains and losses at the time of sale are recorded as receipts or disbursements, respectively.

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 is used to account for all activities of the Village not required to be included in another fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 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.

3. Capital Project Funds

These funds are used to accumulate resources for the payment of construction, improvements, and purchase of equipment for the Village. The Village had the following significant capital project funds:

Equipment Fund – This fund accumulates resources for the payment of capital equipment.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

Water Fund – This fund receives charges for services from residents to cover the cost of providing water services to residents.

Sewer Fund – This fund receives charges for services from residents to cover the cost of providing sewer services to residents.

E. Budgetary Process

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

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. Unencumbered appropriations lapse at year end.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process, (Continued)

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are cancelled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Demand Deposits	\$ 630,573	\$ 668,055
Certificates of Deposit	<u>84,826</u>	<u>84,169</u>
Total Deposits	<u>\$ 715,399</u>	<u>\$ 752,224</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 as follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,222,293	\$ 1,196,737	\$ (25,556)
Special Revenue	378,210	361,603	(16,607)
Capital Projects	25,000	33,020	8,020
Enterprise	898,000	905,396	7,396
Total	<u>\$ 2,523,503</u>	<u>\$ 2,496,756</u>	<u>\$ (26,747)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,318,746	\$ 1,248,385	\$ 70,361
Special Revenue	395,102	362,847	32,255
Capital Projects	127,712	59,742	67,970
Enterprise	959,780	862,607	97,173
Total	<u>\$ 2,801,340</u>	<u>\$ 2,533,581</u>	<u>\$ 267,759</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,210,827	\$ 1,225,930	\$ 15,103
Special Revenue	326,700	385,741	59,041
Capital Projects	5,000	57,690	52,690
Enterprise	748,000	932,886	184,886
Total	<u>\$ 2,290,527</u>	<u>\$ 2,602,247</u>	<u>\$ 311,720</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,341,964	\$ 1,198,890	\$ 143,074
Special Revenue	389,007	360,570	28,437
Capital Projects	147,152	78,142	69,010
Enterprise	1,022,993	1,125,985	(102,992)
Total	<u>\$ 2,901,116</u>	<u>\$ 2,763,587</u>	<u>\$ 137,529</u>

**VILLAGE OF COVINGTON
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008**

3. BUDGETARY, (Continued)

Ohio Rev. Code Section 5705.39 states total appropriations from each fund shall not exceed the total estimated resources. Contrary to Ohio Law, the Village's appropriations exceeded resources in 2009 in the State Highway Fund by \$2,084. Appropriations exceeded estimated resources in 2008 in the Street Construction, State Highway and Capital Projects funds by \$34,700, \$3,889 and \$10,582, respectively.

Ohio Rev. Code, Section 5705.41(B), states in part that no subdivision or taxing unit is to expend money unless it has been appropriated. Contrary to Ohio Law, the Village's expenditures exceeded appropriations in the Water and Trash Collection funds by \$103,779 and \$1,052, in 2008.

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by 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.

5. LOCAL INCOME TAX

This locally levied tax of one and one half percent applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. Tax receipts are credited to the Village and amounted to \$808,285 and \$903,887 for 2009 and 2008 respectively.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

6. DEBT

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 3,098,074	2.75%
Village Hall Renovation Bond	<u>540,000</u>	4.25%
Total	<u>\$ 3,638,074</u>	

The Ohio Water Development Authority (OWDA) loan relates to upgrades and improvements to the Village's water treatment plant wells. The Village was approved for \$3,715,577, of which \$3,624,921 has been disbursed. The loan will be repaid in semi-annual installments of \$121,385, over 20 years. Final payment is due January 1, 2026. The loan is collateralized by water and sewer receipts.

The Village issued Village Hall Renovation Bonds, Series 2005, dated July 20, 2005 in the amount of \$900,000. The Series consists of one Bond. Interest is paid semi-annually on June 1 and December 1. The bond will be redeemed in annual installments of \$90,000, with the final payment due on December 1, 2015.

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

	<u>OWDA Water Authority Loan</u>	<u>Village Renovation Bond</u>
2010	\$ 121,385	\$ 112,950
2011	242,770	109,125
2012	242,770	105,300
2013	242,771	101,475
2014	242,770	97,650
2015-2019	1,213,854	93,825
2020-2024	1,213,853	0
2025-2029	<u>321,158</u>	<u>0</u>
TOTAL	<u>\$ 3,841,331</u>	<u>\$ 620,325</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F) or the Ohio Public Employees' Retirement System (OPERS). Other full-time employees belong to OPERS. OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

7. RETIREMENT SYSTEMS, (Continued)

The Ohio Revised Code also prescribes contributions rates. For 2009 and 2008, OP&F participants contributed 10.1 percent of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 17.6 and 17.4 percent of full-time police members' wages, respectively. For 2009 and 2008, OPERS members contributed 10.0 percent of their gross salaries and the Village contributed an amount equal to 17.4 percent of covered payroll for public safety and law enforcement participants and 14.0 percent of covered payroll for all other participants. The Village has paid all contributions required through December 31, 2009.

8. RISK MANAGEMENT

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 and 2008

8. RISK MANAGEMENT, (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008 and 2007. Based on discussions with PEP, the expected rates charges to compute member contributions, used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

Contribution to PEP

2009	\$25,214
2008	\$22,772
2007	\$21,692

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 15, 2010, the date on which the financial statements were available for issue.

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MANNING & ASSOCIATES, CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

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

Mayor and Members of Council
Village of Covington
1 S. High Street
Covington, Ohio 45318

We have audited the financial statements of the Village of Covington, Miami County, Ohio (the Village), as of and for the years ended December 31, 2009, and 2008, and have issued our report thereon dated April 15, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Findings Number 2009-001 through 2009-004, and 2009-007 and 2009-008 described in the accompanying schedule of findings to be material weaknesses.

Internal Control Over Financial Reporting, (continued)

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2009-005 and 2009-006 described in the accompanying schedule of findings to be significant deficiencies.

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 have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompany schedule of findings as items 2009-001, 2009-004 through 2009-006 and 2009-008.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 15, 2010.

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.

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.

Manning & Associates CPAs, LLC
Dayton, Ohio

April 15, 2010

**VILLAGE OF COVINGTON
MIAMI COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Material Weakness - Village Books and Records

Ohio Admin Code Section 117-2 provides that the Fiscal Officer shall keep the books of the Village; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Village and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The following was items were noted:

- Receipts and Disbursements:
 - Proper receipt and disbursement ledgers were not maintained by the Village; transactions were recorded on legal pads and were inaccurate and incomplete
 - There were various expenditures in 2009 and 2008 that were not supported by invoices Failure to maintain original supporting documentation could lead to expenditures being made to fictitious vendors and for items that are not considered a proper public purchase. Failure to maintain documentation indicates noncompliance with Ohio Revised Code section 149.42 and 149.43
 - Check numbers were missing from some vouchers
 - Numerous adjustments were required for both 2009 and 2008 for receipts and disbursements items, which were never recorded or were incorrectly recorded
 - Grant funds paid directly to vendors on the Village's behalf were not recorded
 - Disbursement payments made by Ohio Water Development Authority for the water treatment well project; nor the loan proceeds associated with the project, were not included in the Village's financial records.

- Banking and Reconciliations:
 - Not all bank statements could be provided by the Fiscal Officer, copies of some statements were requested and provided by the Village's banks
 - Capital Bond Fund, with a balance of \$8,456, was not included on the Village's books in 2008
 - Interest was not recorded in proper period, in the proper amount or to the proper fund
 - Bank reconciliations were not completed timely, they were completed in bulk at yearend
 - Outstanding check listings were inaccurate and included checks which should be voided

- Payroll Irregularities
 - Differences were noted between W-3s and 941 totals in 2009 as a result of miscalculations by the Village
 - IRS notices were received for improper calculations and untimely filings
 - OP&F contributions were not remitted for November and December 2009 (remittances were made in the first quarter of 2010)
 - Accumulated sick and vacation balances were not accurately maintained

**VILLAGE OF COVINGTON
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001, (Continued)

- **Budgetary:**
 - The Village's Estimated receipts reported on the annual report did not match the amounts filed with the County Auditor in 2008
 - Comparison of actual receipts and expenditures with budgetary amounts were not calculated on the annual report for 2009 and 2008

- **Other:**
 - Annual Reports did not tie to the record of transactions maintained by the Village for 2009 and 2008, all transactions were recorded on legal pads
 - Annual Reports contained mathematical errors and missing information
 - Transfers reported on the Combined Statement of the 2008 Annual Report did not match the amount reported on the Transfer Reconciliation page of the 2008 Annual Report
 - Some of the Village's accounting records were not stored in an organized and accessible manner. Numerous items were haphazardly stored unorganized in drawers without folders or dividers, current information was not separated from outdated information
 - During the audit period transactions and reports were all computed manually, providing a greater chance of error. We recommend that an accounting software program, such as the Uniform Accounting Network, be implemented to provide for more efficient and effective financial reporting.

Sound financial reporting is the responsibility of the Fiscal Officer and Members of Council and is essential to ensuring the information provided to the readers of the financial statements is complete and accurate. All of these conditions reveal a lack of control over and monitoring of the recording and reporting of the Village's financial activity and resulted in inaccurate accounting records. These financial statements have been adjusted to reflect the above.

Response: The Village recognizes the issues noted above and has taken steps to address those issues and move forward. The Village has been very reactive to the last audit and has implemented numerous changes internally. As of December 2009, an administrative assistant was hired who then took the position of Fiscal Officer effective March 2010.

For 2010, the Village has implemented an integrated computerized accounting system; outsourced payroll to a third party administrator; implemented a better monitoring system of monthly budget and financial reports by Council; completed organization of Village records; implementing procedures for purchase orders and other processing transactions.

Village Council and Fiscal Officer understand importance of data integrity and are moving forward to provide accurate, timely, and reconciled records.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-002

Material Weakness - Lack of Effective Monitoring/Oversight

The Village has not implemented an effective monitoring control system to assist management in detecting material misstatements in financial or other information. The failure of the Village's governing body to monitor the financial activity of the Village could result in financial objectives not being achieved; the violation of Ohio Rev. Code laws, Village Ordinances, grant requirements, or debt covenants; or errors and/or irregularities occurring and not being detected in a timely manner.

Proper monitoring and oversight are the responsibility of management. Numerous material misstatements were noted during the audit period which could have been prevented or detected if an effective monitoring system were in place. The Village should develop and implement a monitoring control system to ensure proper oversight and determine that material misstatements or misappropriation of assets do not occur.

Monitoring controls comprise regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational, legal compliance, and financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action.

Monitoring controls should assist management in detecting material misstatements in the financial or other information presented. Such controls may include, but are not limited to, the following reviews by the Council:

- Monthly review of bank statements and reconciliations;
- Monthly review of budget and actual activity including required submission of budgetary reports;
- Monthly review of unusual or significant items on the bank-to-book reconciliation, such as long outstanding checks or deposits;
- Planning for adequate separation of duties or compensating controls.
- Ensuring the accounting records are properly designed

Response: Council has taken corrective action including establishing and implementing monitoring procedures to ensure effective monitoring and oversight. For 2010, the Village has implemented a computerized system for accounting for financial transactions and processing; this should aid in the monitoring process.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-003

Material Weakness - Monthly Bank Reconciliations

Monthly bank reconciliations were not completed on a timely basis. It was noted reconciliations were only performed annually, if at all. Once completed, reconciliations did not always agree to the Village's Annual Report or ledgers; which had to be restated for both years.

Reconciliations are an effective tool to help management determine the completeness of recorded transactions, as well as ensure that all recorded transactions have been deposited with the financial institutions. We recommend that the Village implement procedures to ensure the timely preparation of monthly bank reconciliations.

Response: As of March 2010 a new Fiscal Officer is in place at the Village. Reconciliations are now completed on a timely basis and given to Council for review. All adjustments have been recorded.

FINDING NUMBER 2009-004

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.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-004, (Continued)

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 or expenditures by the Village.

2. **Blanket certificate** – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super blanket certificate** – The Village may also make expenditures and 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.

Unless the exception noted above is 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.

Testing revealed that the during the audit period the Village routinely issued purchase orders after the incurrence of an expense. During the audit period the Village failed to properly certify 87 percent of expenditures tested in 2009 and 81 percent of expenditures tested in 2008. The corresponding purchase orders for these expenses were issued after the incurrence of the expense without being certified as “then and now.”

**VILLAGE OF COVINGTON
MIAMI COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-004, (Continued)

Failure to properly certify the availability of funds can result in Village overspending and negative cash fund balances. Effort should be made by the Village to properly utilize the encumbrance method of accounting by certifying the availability of funds on properly approved purchase orders.

We recommend that the Village obtain a proper and approved purchase order, including amounts, which contain the Fiscal Officer’s certification indicated by a signature that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment. We further recommend that the Fiscal Officer issue blanket or super blanket purchase orders for qualifying expenses if the purchase order is to be used for more than one invoice.

Response: The Village has implemented purchasing procedures for 2010.

FINDING NUMBER 2009-005

Significant Deficiency

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to 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. The following funds had appropriations in excess of estimated resources as certified by the County Auditor:

<u>Fund</u>		<u>Total Appropriations</u>		<u>Total Estimated Resources</u>		<u>Variance</u>
2009						
State Highway	\$	20,912	\$	18,828	\$	(2,084)
2008						
Street Construction	\$	371,856	\$	337,156	\$	(34,700)
State Highway		17,051		13,162		(3,889)
Capital Projects		147,152		136,570		(10,582)

To comply with this Ohio Revised Code Section and to improve budgetary controls the Village should file their appropriation measures with the county budget commission for certification that the amounts appropriated do not exceed the available resources. In addition, the Certificate of Estimated Resources should be amended on a timely basis to reflect changes in actual or expected revenue and the corresponding appropriations should be amended accordingly.

Response: New budgetary monitoring procedures have been implemented. Members of Council are presented with regular comparisons of budget and actual receipts and expenditures and the Village will make any necessary amendments to original estimates.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-006

Significant Deficiency

Ohio Rev. Code, Section 5705.41(B), states in part that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village had expenditures in excess of appropriations in the following funds:

Fund	Appropriation	Actual Expenditure	Variance
2008			
Water	\$ 589,258	\$ 693,037	\$ (103,779)
Trash Collection	88,100	89,152	(1,052)

Expenditures in excess of appropriations could result in negative fund balances and lead to overspending. The Village should ensure that annual appropriations are passed timely, appropriations and expenditures are monitored, and that revisions are made as necessary.

Response: New budgetary monitoring procedures have been implemented. Members of Council are presented with regular comparisons of budget and actual receipts and expenditures and the Village will make any necessary amendments.

FINDING NUMBER 2009-007

Material Weakness - On behalf payments

The Village did not record on-behalf payments made to contractors by Ohio Public Works Commission (OPWC) in the amount of \$74,295 for 2008 or payments made by Ohio Water Development Authority (OWDA) for \$7,500 and \$55,844 for 2009 and 2008, respectively. The disbursements were paid through a grant by OPWC and loan draws through OWDA. These funds should be accounted for and recorded in an appropriately established fund and should be budgeted by the Village. Not recording the receipts and disbursements resulted in total receipts and disbursements on the Village's financial statements being understated. The accompanying financial statements have been adjusted to reflect this activity.

Response: The Village has reviewed AOS Bulletin 2000-008, and will record on behalf payments as directed in the future.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-008

Material Weakness - Depository Agreement Expired

Ohio Rev. Code Section 135.18(A) provides, in part that the treasurer shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for the repayment of all public monies to be deposited in the public depository during the period of designation pursuant the award, eligible securities of aggregate market value equal to the excess of the amount of public monies to be at the time so deposited, over and above the portion of amount of such monies as is at that time insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government.

The Village's deposits exceeded the amount covered by FDIC and were insured by a depository agreement in place with the Village's bank through February 28, 2009. On March 1, 2009, the agreement expired and as of the date of our audit had not been renewed. As a result, the monies of the Village were not adequately protected against loss in the event of a bank failure.

We recommend the Village obtain additional specific pledged collateral for protection of the Village's monies.

Response: The Fiscal Officer has contacted the bank to obtain a new depository agreement.

**VILLAGE OF COVINGTON
MIAMI COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2007-001	OAC Sec. 117-2- Failure to properly maintain books and records	No	Reissued as Finding Number 2009-001
2007-002	Lack of Effective Monitoring/Oversight	No	Reissued as Finding Number 2009-002
2007-003	Failure to reconcile monthly bank statements in a timely manner	No	Reissued as Finding Number 2009-003
2007-004	ORC Sec. 5705.41(D) - Expenditures were not properly certified	No	Reissued as Finding Number 2009-004
2007-005	ORC Sec. 5705.39 - Appropriations exceeding actual receipts	No	Reissued as Finding Number 2009-005
2007-006	ORC 5705.36 - Estimated receipts exceeding actual receipts	Partially	Issued as Management Letter Comment
2007-007	ORC 5705.41 (B) - Failure to properly monitor appropriations	No	Reissued as Finding Number 2009-006
2007-008	ORC Sec. 117.38 - Failure to file annual report within the specified time requirement	Yes	
2007-009	Failure to record on behalf payments made to contractors	No	Reissued as Finding Number 2009-007



Mary Taylor, CPA
Auditor of State

VILLAGE OF COVINGTON

MIAMI 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
JULY 1, 2010**