



Mary Taylor, CPA
Auditor of State

VILLAGE OF IRONDALE
JEFFERSON COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Irondale
Jefferson County
PO Box 211
Irondale, Ohio 43932

To Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 15, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Irondale
Jefferson County
PO Box 211
Irondale, Ohio 43932

To Village Council:

We have audited the accompanying financial statements of Village of Irondale, Jefferson County, (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 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, 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, 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 Village of Irondale, Jefferson County, 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 part of, the financial statements.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 15, 2010

VILLAGE OF IRONDALE
JEFFERSON COUNTY

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$16,228			\$16,228
Intergovernmental	16,492	\$17,750	\$4,890	39,132
Charges for Services		109,011		109,011
Fines, Licenses and Permits	4,874			4,874
Earnings on Investments	127			127
Miscellaneous	3,024	8,529		11,553
Total Cash Receipts	40,745	135,290	4,890	180,925
Cash Disbursements:				
Current:				
Security of Persons and Property	6,560	113,823		120,383
Leisure Time Activities	343	5,510		5,853
Transportation	661	8,853		9,514
General Government	37,843			37,843
Capital Outlay	4,380	11,065	4,890	20,335
Total Cash Disbursements	49,787	139,251	\$4,890	193,928
Total Receipts Over/(Under) Disbursements	(9,042)	(3,961)		(13,003)
Other Financing Receipts / (Disbursements):				
Other Financing Sources	51			51
Other Financing Uses	(100)			(100)
Total Other Financing Receipts / (Disbursements)	(49)			(49)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,091)	(3,961)		(13,052)
Fund Cash Balances, January 1	21,459	55,619		77,078
Fund Cash Balances, December 31	\$12,368	\$51,658		\$64,026

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

VILLAGE OF IRONDALE
JEFFERSON COUNTY

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$18,012		\$18,012
Intergovernmental	22,400	\$19,186	41,586
Charges for Services		102,571	102,571
Fines, Licenses and Permits	4,415		4,415
Earnings on Investments	532		532
Miscellaneous	3,725	4,504	8,229
	<u>49,084</u>	<u>126,261</u>	<u>175,345</u>
Total Cash Receipts			
	<u>49,084</u>	<u>126,261</u>	<u>175,345</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	7,341	136,708	144,049
Public Health Services	66		66
Leisure Time Activities	7,455		7,455
Transportation	10,320	17,361	27,681
General Government	34,651		34,651
Capital Outlay	9,104	9,757	18,861
	<u>68,937</u>	<u>163,826</u>	<u>232,763</u>
Total Cash Disbursements			
	<u>68,937</u>	<u>163,826</u>	<u>232,763</u>
Total Receipts Over/(Under) Disbursements	<u>(19,853)</u>	<u>(37,565)</u>	<u>(57,418)</u>
Other Financing Receipts / (Disbursements):			
Other Financing Uses	(91)		(91)
	<u>(91)</u>		<u>(91)</u>
Total Other Financing Receipts / (Disbursements)			
	<u>(91)</u>		<u>(91)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(19,944)</u>	<u>(37,565)</u>	<u>(57,509)</u>
Fund Cash Balances, January 1	<u>41,403</u>	<u>93,184</u>	<u>134,587</u>
Fund Cash Balances, December 31	<u>\$21,459</u>	<u>\$55,619</u>	<u>\$77,078</u>

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

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Irondale, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government, street maintenance and repair, and fire protection services.

The Village participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 6 to the financial statements provide additional information for these entities. This organization is:

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.

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 revenues and disbursements accounting basis. The Village recognizes revenues 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's accounting basis includes investments as assets. This basis does not record disbursements for investment purposes or receipts for investment sales. This basis records gains or losses at the time of sale as receipts and disbursements respectively.

The Village values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

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

VILLAGE OF IRONDALE
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)

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

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 Fund:

Fire Contract Fund - This fund receives monies from contracted entities for fire protection services.

3. **Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Recycling Initiative Competitive Funding Grant Fund - The Village receives intergovernmental receipts for a recycling project.

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.

2. **Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted revenues) 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 all commitments required by Ohio law.

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

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 DEPOSITS

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

	2009	2008
Demand deposits	\$61,204	\$74,288
Certificates of deposit	2,822	2,790
Total deposits	\$64,026	\$77,078

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

3. BUDGETARY ACTIVITY

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,776	\$40,796	(\$4,980)
Special Revenue	135,872	135,290	(582)
Capital Projects	4,890	4,890	
Total	\$186,538	\$180,976	(\$5,562)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$65,681	\$49,887	\$15,794
Special Revenue	181,495	139,251	42,244
Capital Projects		4,890	(4,890)
Total	\$247,176	\$194,028	\$53,148

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,000	\$49,084	\$2,084
Special Revenue	161,500	126,261	(35,239)
Total	\$208,500	\$175,345	(\$33,155)

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$69,028	(\$69,028)
Special Revenue		163,826	(163,826)
Total		\$232,854	(\$232,854)

Contrary to Ohio Revised Code, the Village did not adopt an appropriation resolution for 2008. As a result, all expenditures (\$232,854) of all funds exceeded appropriations in 2008. Additionally, appropriations were not adopted for two funds in 2009, therefore expenditures exceeded appropriations in the Parks and Recreation Fund by \$5,510 and in the Recycling Initiative Competitive Funding Grant Fund by \$4,890.

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 Revenues. 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 SYSTEMS

The Village's full time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

The Village's part time firefighters pay into Social Security. For 2008 and 2009, Social Security members contributed 6.2% of their gross salaries and the Village contributed an amount equaling 6.2% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. 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. 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.

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	<u>(15,310,206)</u>	<u>(17,340,825)</u>
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, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Government's share of these unpaid claims collectible in future years is approximately \$18,174.

VILLAGE OF IRONDALE
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)

6. RISK MANAGEMENT - (Continued)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are 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.

<u>Contributions to PEP</u>	
2007	\$18,382
2008	\$20,784
2009	\$18,737

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.



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 Irondale
Jefferson County
PO Box 211
Irondale, Ohio 43932

To Village Council:

We have audited the financial statements of the Village of Irondale, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 15, 2010, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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. 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 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of 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 internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-003 to be a significant deficiency. 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.

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 we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

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

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



Mary Taylor, CPA
Auditor of State

July 15, 2010

**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
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 2009-001

Noncompliance Finding

Ohio Revised Code Section 5705.41(D) provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the Fiscal Officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's Fiscal Officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

- 1. Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the Fiscal Officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$3,000 the Fiscal Officer may authorize payment through a Then and Now Certificate without affirmation of the Council if such expenditure is otherwise valid.

- 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 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 may be outstanding a particular time for any line item appropriation.

The Village Clerk/Treasurer did not certify the amount against the applicable appropriation accounts for 64% of the tested 2008 expenditures and 44% of tested 2009 expenditures. The Clerk/Treasurer did not utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. 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, the Clerk/Treasurer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Clerk/Treasurer should certify purchases to which Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires authorizing disbursements. The Clerk/Treasurer should sign the certification prior to the Village incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Clerk/Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Revised Code Section 5705.38 requires, in part, that on or about the first day of the fiscal year, an appropriation measure be passed. **Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village did not adopt an appropriation measure for 2008. As expenditures are limited by the appropriations established for each fund; none of the expenditures made by the Village in 2008 (\$232,853) were in compliance with the Ohio Revised Code. In 2009, expenditures exceeded appropriations in the Parks and Recreation Fund by \$5,510 or 100% and the Recycling Initiative Competitive Funding Grant Fund by \$4,890 or 100%.

Failure to pass an appropriation measure, which serves as a tool by which expenditures can be monitored, could result in overspending. The Village should pass an appropriation measure as required so that expenditures can be monitored and compliance with the Ohio Revised Code provisions can be attained. Expenditures should be limited to established appropriations for each fund.

FINDING NUMBER 2009-003

Significant Deficiency

Posting Revenues and Disbursements

The Clerk/Treasurer did not correctly post to the ledgers all revenues and disbursements in 2008 and 2009, resulting in adjustments and reclassifications to the financial statements. The Clerk/Treasurer has agreed to the adjustments and reclassifications and the adjustments have been posted to the Village's accounting records. The corrected amounts are reflected in the accompanying financial statements.

**FINDING NUMBER 2009-003
 (Continued)**

2008

Fund Name	Account Type	Amount	Description
Adjustments			
General	Earnings on investments	\$67	Not recorded on ledger.
Reclassifications			
General	Intergovernmental revenue	\$3,032	Recorded as local taxes revenue.
General	Intergovernmental revenue	\$3,541	Recorded as miscellaneous revenue.
General	Fines, licenses, and permits	\$4,415	Recorded as miscellaneous revenue.

2009

Fund Name	Account Type	Amount	Description
Reclassifications			
General	Intergovernmental revenue	\$3,371	Recorded as local taxes revenues.
General	Fines, licenses, and permits revenue	\$4,874	Recorded as miscellaneous revenue.
General	Beginning fund cash balance	\$2,790	CD balance recorded as miscellaneous revenue.

Failure to consistently follow a uniform chart of accounts increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Village Clerk/Treasurer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported. The Clerk/Treasurer should also prepare accurate monthly reconciliations with a complete explanation of all reconciling items. In addition, the Village should adopt procedures for the review of posted transactions, subsequent posting to the financial statements and monthly reconciliations.

Officials' Response:

We did not receive a response from officials to the findings reported above.

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**VILLAGE OF IRONDALE
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Revised Code Section 5705.41(D) Disbursements were not properly certified.	No	Cited again as Finding Number 2009-001.
2007-002	Ohio Revised Code Sections 5705.38 and 5705.41(B) No appropriations were approved in 2006 or 2007; therefore, all expenditures exceeded appropriations	No	Cited again as Finding Number 2009-002.
2007-003	Proper Classification of Receipts and Disbursements/Cash Reconciliations – The Village did not reconcile on a timely basis causing errors in posting of receipts and disbursements. Also, a CD balance was not recorded on the ledgers.	No	Reported again as Finding Number 2009-003.
2007-004	Expenditure Cycle – Lack of supporting documentation, manual checks issued, check dates and numbers did not agree to the UAN system, and payments to vendors were not made on a timely basis causing late fees.	Yes	Corrected.



Mary Taylor, CPA
Auditor of State

VILLAGE OF IRONDALE

JEFFERSON 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
AUGUST 24, 2010