



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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 17, 2010

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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, 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. In addition, the Village has not fully paid the Auditor of State for services provided more than one year prior to our opinion date. AICPA Code of Professional Conduct, ET Section 191 considers this circumstance to impair an auditor's independence. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. Ohio Revised Code § 117.13 also includes provisions to collect unpaid audit fees including negotiating a schedule for payment of the amount due, seeking payment through the office of budget and management or through the county auditor of the county in which the local public office is located. 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, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Rendville, Perry 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 part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 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.



Mary Taylor, CPA
Auditor of State

November 17, 2010

**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, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Intergovernmental	\$3,924	\$1,289	\$5,213
Earnings on Investments	37	28	65
Miscellaneous		5	5
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	3,961	1,322	5,283
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	1,607		1,607
Public Health		1,230	1,230
Transportation		3,060	3,060
General Government	3,930		3,930
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	5,537	4,290	9,827
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,576)	(2,968)	(4,544)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	12,277	13,312	25,589
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u><u>\$10,701</u></u>	<u><u>\$10,344</u></u>	<u><u>\$21,045</u></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, 2008**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$11		\$11
Intergovernmental	4,283	\$2,975	7,258
Earnings on Investments	89	\$41	130
Miscellaneous	11		11
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	4,394	3,016	7,410
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	680		680
Basic Utility Service	197		197
General Government	2,209		2,209
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	3,086	0	3,086
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	1,308	3,016	4,324
Fund Cash Balances, January 1 (As Restated - See Note 2)	10,969	10,296	21,265
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$12,277</u>	<u>\$13,312</u>	<u>\$25,589</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, 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 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

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 that is 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 license tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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. Appropriations lapse at year end.

Village Council did not provide 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 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 2009 and 2008 budgetary activity appears in Note 4.

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. Restatement of Fund Balance

The Village recorded a fund balance adjustment in the amount of \$461 in the current audit period for three checks written and posted as disbursements. These disbursements were recorded in the General Fund during the prior audit, for which the Village declined to post the adjustments.

<u>Governmental Fund</u>	<u>Fund Balance at December 31, 2007</u>	<u>Restatement Amount</u>	<u>Fund Balance at January 1, 2008</u>
General Fund	\$10,508	\$461	\$10,969

**VILLAGE OF RENDVILLE
PERRY COUNTY**

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

3. 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:

	2009	2008
Demand deposits	\$21,045	\$25,589

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

4. Budgetary Activity

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$3,961	\$3,961
Special Revenue	0	1,322	1,322
Total	\$0	\$5,283	\$5,283

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$5,537	(\$5,537)
Special Revenue	0	4,290	(4,290)
Total	\$0	\$9,827	(\$9,827)

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$4,394	\$4,394
Special Revenue	0	3,016	3,016
Total	\$0	\$7,410	\$7,410

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$3,086	(\$3,086)
Special Revenue	0	0	0
Total	\$0	\$3,086	(\$3,086)

**VILLAGE OF RENDVILLE
PERRY COUNTY**

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

4. Budgetary Activity (Continued)

In 2008 and 2009, 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 Village did not have evidence that an amended certificate of estimated resources was adopted by Village Council and certified to the County Budget Commission.

5. 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.

6. 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 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has not paid the required contributions for 2009.

7. 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 years ended December 31, 2009 and 2008, and have issued our report thereon dated November 17, 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. In addition, the Village has not fully paid the Auditor of State for services provided more than one year prior to our opinion date. AICPA Code of Professional Conduct, ET Section 191 considers this circumstance to impair an auditor's independence. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity because Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. Ohio Revised Code § 117.13 also includes provisions to collect unpaid audit fees including negotiating a schedule for payment of the amount due, seeking payment through the office of budget and management or through the county auditor of the county in which the local public office is located. 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 material weaknesses.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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 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 2009-002 and 2009-005 described in the accompanying Schedule of Findings to be material weaknesses.

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 2009-001 through 2009-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated November 17, 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

November 17, 2010

**VILLAGE OF RENDVILLE
PERRY 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 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 the purpose.

From our review of the Village records, we noted that the minutes 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 2008 and 2009; however, the minutes were silent regarding the adoption of annual permanent appropriation measures for either year. No copies of annual appropriations measures 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 to the lack of detail in the minutes, we also noted that the minutes were not always signed by the Fiscal Officer and/or the Mayor.

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.

FINDING NUMBER 2009-002

Material Weakness and 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.

Village minutes indicated the passage of the annual appropriation measure occurred after the required date of April 1. No evidence of the annual appropriations was provided for audit except for the mention in the Village minutes.

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-002 (Continued)

Material Weakness and Noncompliance Citation - Ohio Rev. Code Section 5705.38(A) (Continued)

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 payment, management should request Village Council to consider amending appropriations.

FINDING NUMBER 2009-003

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 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. 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 line item appropriation. Blanket certificates cannot be issued unless there has been an amount approved by Village Council.

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

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 2009 and 2008. Although the obligation 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 2009-002. Failure to properly certify the availability of funds can result in overspending of funds 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, 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.

FINDING NUMBER 2009-004

Noncompliance Citation

Ohio Rev. Code Section 9.38 states, in part, that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority, only the legislative authority may adopt the policy.

The Perry County Auditor's Office issued checks to the Village that were not cashed and deposited with the Village's treasury. During 2008, a check in the amount of \$423 was issued and not cashed. During 2009, a check in the amount of \$825 was issued and not cashed and deposited with the Village's treasury. This resulted in the Village receiving less cash in the audit period that could have been available to spend.

**VILLAGE OF RENDVILLE
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-004 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 9.38 (Continued)

We recommend the Fiscal Officer contact the County Auditor's office to have those checks re-issued. We also recommend these checks be cashed and deposited in the Village's treasury in a timely manner.

FINDING NUMBER 2009-005

Material Weakness

A well-designed system of internal control relating to non-payroll related expenditures will assure that transactions are properly authorized. During our test of the Village's non-payroll disbursements, we noted the following weaknesses:

- The Village did not utilize a voucher system for the approval of invoices;
- There were 18 non-payroll disbursements made during 2008 with 8 of those being made without the benefit of an invoice, some of which were as follows:
 - Payment to Monroe Township on May 31, 2008 in the amount of \$500;
 - Payment to AEP on January 31, 2008 in the amount of \$128.22; and
 - Payments to Bruce Bailey on May 31, 2008 and August 1, 2008 in the amounts of \$120 each.
- There were 19 non-payroll disbursements made during 2009 with two of those being made without the benefit of an invoice as follows:
 - Payment to PEP Service Center on December 31, 2009 in the amount of \$2,500; and
 - Payment to Bruce Bailey on July 1, 2009 in the amount of \$240.

This could result in the Village making unauthorized or inappropriate payments to vendors. Other auditing procedures were applied to determine the reasonableness of these disbursements.

We recommend that a voucher be prepared which includes the check number, date, payee, amount and appropriate account coding for each payment. Invoices should be maintained as supporting documentation and should be attached to each voucher and maintained in numerical order by voucher number.

Officials' Response: We did not receive a response from Officials to the findings reported above.

**VILLAGE OF RENDVILLE
PERRY 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 Admin. Code Section 117-2-02(A) for failure to maintain sufficient accounting system and records.	Yes	
2007-002	Ohio Rev. Code Section 121.22(C) & 731.20 for failure to maintain sufficient and detailed meeting minutes.	No	Not Corrected. Repeated as Finding 2009-001 in the current audit Schedule of Findings.
2007-003	Ohio Rev. Code Section 5705.38(A) & 5705.39 for failure to adopt appropriation measure and submit to County Auditor.	No	Not Corrected. Repeated as Finding 2009-002 in the current audit Schedule of Findings.
2007-004	Ohio Rev. Code Section 5705.41(D)(1) for failure to obtain certificate prior to expending money.	No	Not Corrected. Repeated as Finding 2009-003 in the current Schedule of Findings.

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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 9, 2010**