



Dave Yost • Auditor of State

VILLAGE OF NORTH STAR
DARKE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary Funds - For the Year Ended December 31, 2011	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2010	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary Funds - For the Year Ended December 31, 2010	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19
Schedule of Prior Audit Findings.....	28

This page intentionally left blank.



Dave Yost • Auditor of State

Village of North Star
Darke County
P.O. Box 87
North Star, Ohio 45350

To the Village Council Members:

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 7, 2013

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of North Star
Darke County
P.O. Box 87
North Star, Ohio 45350

To the Village Council Members:

We have audited the accompanying financial statements of the Village of North Star, Darke County, (the Village) as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Village of North Star, Darke County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Village of North Star, Darke County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2013, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

January 7, 2013

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Other Local Taxes	\$3,490	\$3,241			\$6,731
Municipal Income Tax	15,870				15,870
Intergovernmental	44,263	9,659		\$5,118	59,040
Special Assessments			\$8,782		8,782
Charges for Services	9,721				9,721
Fines, Licenses and Permits	947				947
Earnings on Investments	1,006	102			1,108
Miscellaneous	803				803
Total Cash Receipts	<u>76,100</u>	<u>13,002</u>	<u>8,782</u>	<u>5,118</u>	<u>103,002</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	3,229				3,229
Public Health Services	593				593
Leisure Time Activities	25,138				25,138
Basic Utility Services	18,601				18,601
Transportation	8,167	1,096			9,263
General Government	19,165		256		19,421
Capital Outlay				5,118	5,118
Debt Service:					
Principal Retirement			2,329		2,329
Total Cash Disbursements	<u>74,893</u>	<u>1,096</u>	<u>2,585</u>	<u>5,118</u>	<u>83,692</u>
Excess of Receipts Over (Under) Disbursements	<u>1,207</u>	<u>11,906</u>	<u>6,197</u>		<u>19,310</u>
Fund Cash Balances, January 1	<u>279,568</u>	<u>109,288</u>	<u>6,073</u>		<u>394,929</u>
Fund Cash Balances, December 31;					
Non-spendable					
Restricted		121,194	12,270		133,464
Committed					
Assigned	2,286				2,286
Unassigned (Deficit)	278,489				278,489
Fund Cash Balances, December 31	<u>\$280,775</u>	<u>\$121,194</u>	<u>\$12,270</u>	<u>\$0</u>	<u>\$414,239</u>

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

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$35,510
Total Operating Cash Receipts	35,510
Operating Cash Disbursements:	
Contractual Services	3,694
Supplies and Materials	305
Capital Outlay	929,249
Total Operating Cash Disbursements	933,248
Operating Income (Loss)	(897,738)
Non-Operating Receipts (Disbursements):	
Intergovernmental	918,049
Other Debt Proceeds	449,185
Principal Retirement	(449,185)
Total Non-Operating Receipts (Disbursements)	918,049
Net Change in Fund Cash Balances	20,311
Fund Cash Balances, January 1	11,200
Fund Cash Balances, December 31	\$31,511

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

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Local Taxes	\$3,508	\$3,386		\$6,894
Municipal Income Tax	1,305			1,305
Intergovernmental	42,367	9,142		51,509
Special Assessments			\$8,654	8,654
Charges for Services	4,742			4,742
Fines, Licenses and Permits	882			882
Earnings on Investments	2,304	188		2,492
Miscellaneous	160			160
Total Cash Receipts	<u>55,268</u>	<u>12,716</u>	<u>8,654</u>	<u>76,638</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	2,112			2,112
Leisure Time Activities	35,043			35,043
Community Environment	24,847			24,847
Basic Utility Service	7,410			7,410
Transportation	5,839	1,019		6,858
General Government	19,600		252	19,852
Debt Service:				
Redemption of Principal			2,329	2,329
Interest and Fiscal Charges	757			757
Capital Outlay	15,000			15,000
Total Cash Disbursements	<u>110,608</u>	<u>1,019</u>	<u>2,581</u>	<u>114,208</u>
Total Receipts Over/(Under) Disbursements	<u>(55,340)</u>	<u>11,697</u>	<u>6,073</u>	<u>(37,570)</u>
Fund Cash Balances, January 1	<u>334,908</u>	<u>97,591</u>		<u>432,499</u>
Fund Cash Balances, December 31	<u>\$279,568</u>	<u>\$109,288</u>	<u>\$6,073</u>	<u>\$394,929</u>
Reserve for Encumbrances, December 31	<u>\$2,730</u>	<u>\$79</u>	<u>\$0</u>	<u>\$2,809</u>

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

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Proprietary Fund
	Enterprise
Operating Cash Disbursements:	
Capital Outlay	\$452,014
Total Operating Cash Disbursements	452,014
 Operating Income/(Loss)	 (452,014)
Non-Operating Cash Receipts:	
Intergovernmental	463,214
Other Debt Proceeds	143,106
Total Non-Operating Cash Receipts	606,320
Non-Operating Cash Disbursements:	
Redemption of Principal	143,106
Total Non-Operating Cash Disbursements	143,106
 Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	 11,200
 Fund Cash Balances, January 1	
Fund Cash Balances, December 31	\$11,200
 Reserve for Encumbrances, December 31	 \$0

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

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 North Star, Darke County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, park operations, and street construction and repair. The Village contracts with North Star Fire Association to receive fire protection services.

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. Deposits and Investments

The Village's certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than 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.

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing state highways.

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Funds:

Main Street Fund – this fund receives sidewalk assessments to pay the debt incurred for construction of a new road.

Star Road Fund - this fund receives sidewalk assessments to pay the debt incurred for construction of a new road.

4. Capital Project Funds

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

East Star Road Fund – This fund receives Ohio Public Works Commission monies. The monies are being used to construct a new road.

5. Enterprise Funds

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

Sewer Operating Fund - This fund receives charges for services collected by Darke County from residents to cover sewer service costs for a sanitary sewer service placed into operation during 2011.

Sewer Capital Project Fund - This fund receives Community Development Block Grant (Administered by Darke County on behalf of the Village) and Ohio Water Development Authority loans to pay for the construction costs of the sewer 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. Unencumbered appropriations lapse at year end.

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Village did not use the encumbrance method of accounting. Management has included audit adjustments in the accompanying budgetary presentations for items that should have been encumbered.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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 AND INVESTMENTS

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

	2011	2010
Demand deposits	\$191,786	\$152,693
Certificates of deposit	178,951	178,417
Other time deposits (money market savings)	75,013	75,019
Total deposits	\$445,750	\$406,129

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 55,000	\$ 76,100	\$ 21,100
Special Revenue	25,000	13,002	(11,998)
Debt Service		8,782	8,782
Capital Projects	80,000	5,118	(74,882)
Enterprise		1,402,744	1,402,744
Total	\$160,000	\$1,505,746	\$1,345,746

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 96,100	\$ 77,179	\$ 18,921
Special Revenue	4,200	1,096	3,104
Debt Service	5,400	2,585	2,815
Capital Projects		5,118	(5,118)
Enterprise	5,000	1,382,433	(1,377,433)
Total	<u>\$110,700</u>	<u>\$1,468,411</u>	<u>(\$1,357,711)</u>

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$20,000	\$55,268	\$ 35,268
Special Revenue	10,000	12,716	2,716
Debt Service		8,654	8,654
Capital Projects	10,000		(10,000)
Enterprise		606,320	606,320
Total	<u>\$40,000</u>	<u>\$682,958</u>	<u>\$642,958</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$238,300	\$113,338	\$124,962
Special Revenue	89,248	1,098	88,150
Debt Service		2,581	(2,581)
Capital Projects			
Enterprise		595,120	(595,120)
Total	<u>\$327,548</u>	<u>\$712,137</u>	<u>(\$384,589)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Project and Enterprise fund by \$5,118 and \$1,377,433, respectively, for the year ended December 31, 2011 and Debt Service and Enterprise Funds by \$2,581 and \$595,120, respectively for the year ended December 31, 2010.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. PROPERTY TAX (Continued)

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

The Village levies a municipal income tax, effective July 1, 2010, of .5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #5473	\$130,648	0%
Ohio Public Works Commission Loan - Main St	11,132	0%
Ohio Public Works Commission Loan - Star Rd	23,125	0%
Total	<u>\$164,905</u>	

The Ohio Water Development Authority (OWDA) Loan #5473 relates to a sanitary sewer system construction project through the Water Pollution Control Loan Fund ("WPCLF"). The loan will be repaid in semi-annual installments over twenty years at zero percent interest. The amortization schedule for this loan has not been completed by OWDA as the project was not complete as of December 31, 2011.

The Ohio Public Works Commission (OPWC) loans relate to improvements to Main Street and Star Road. Both loans will be repaid in semiannual installments over twenty years. The Main Street loan matures in 2024 with semiannual installments of \$464 and the Star Road loan matures in 2028 with semiannual installments of \$701.

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

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. DEBT (Continued)

<u>Year ending December 31:</u>	<u>OPWC Loan Main St</u>	<u>OPWC Loan Star Rd</u>
2012	\$ 928	\$ 1,402
2013	928	1,402
2014	928	1,402
2015	928	1,402
2016	928	1,402
2017-2021	4,639	7,008
2022-2026	1,853	7,008
2027-2028		2,099
Total	<u>\$11,132</u>	<u>\$23,125</u>

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, 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, 2011.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

9. SUBSEQUENT EVENTS

The Village awarded the Star Rd Phase II project contract to PAB Construction on March 14, 2012 for \$363,000.

This page intentionally left blank.



Dave Yost • 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 North Star
Darke County
P.O. Box 87
North Star, Ohio 45350

To the Village Council Members:

We have audited the financial statements of the Village of North Star, Darke County (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated January 7, 2013 wherein we noted the Village adopted the provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011. We also noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for 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 and another deficiency we consider to be a significant deficiency.

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 2011-001 and 2011-011 described in the accompanying schedule of findings to be material weaknesses.

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 finding 2011-010 described in the accompanying schedule of findings to be a significant deficiency.

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 2011-001 through 2011-009.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated January 7, 2013.

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

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

January 7, 2013

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-001

1. Maintaining the Accounting Records

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code Section 733.28 requires the village clerk shall keep the books of the village, exhibit accurate statements of all moneys received and expended, of all the property owned by the village and the income derived therefrom, and of all taxes and assessments.

The Village did not properly keep the Village books and improperly rolled up the receipts and disbursements to the financial statements. The following errors were noted on the Village's annual reports:

- 2011 and 2010 cash journal entries did not agree to the receipt journal and appropriation ledger entries.
- 2011 governmental fund type statements - there was no individual worksheet filled out for the general fund and the combined statement did not foot, the special revenue and debt service funds combining statements were not footed or cross-footed and did not include fund balances. Also, the general fund receipts were overstated by \$30,839 (29%) and disbursements were overstated by \$29,723 (28%). Special revenue funds receipts were understated by \$102 and debt service funds receipts and disbursements were understated by \$256 due to posting special assessments revenue at net instead of gross. Capital Project fund receipts and disbursements were understated by \$5,118 (100%) due to the Village receiving funding through Ohio Public Works Commission for a road project that was paid directly to the vendor.
- 2011 proprietary fund type statements - the combined statement was not footed or cross-footed and did not include fund balances. Also, the enterprise fund receipts were understated by \$935,241 (200%) and the disbursements were understated by \$903,306 (188%) which also did not show the activity of the operating sewer fund due to the money being billed and collected by Darke County on behalf of the Village.
- 2010 governmental fund type statements - the individual worksheet for the general fund did not roll-up properly to the correct line accounts in the combined statement. General fund receipts were understated by \$21,890 (66%) and the disbursements were understated by \$37,000 (50%). Special revenue funds receipts and disbursements were understated by \$15 and \$109 respectively and debt service funds receipts and disbursements were understated by \$252 due to posting special assessments revenue at net instead of gross.
- 2010 proprietary fund type statements - there were no combined or combining funds presented for the enterprise Sewer capital project fund, therefore the financial statements should have shown \$606,320 of revenue and \$595,120 of expenditures for the Sewer capital project fund.

Additionally there were inconsistencies in fund names noted in the subsidiary ledger and cashbook compared to the prior audit report. The receipt and appropriation ledgers for 2011 and 2010 did not foot. The cash journal had several entries not allocated to individual funds and several entries were not posted to the correct debit/credit column.

**FINDING NUMBER 2011-001
 (Continued)**

The village accounting records contained various errors and miss-postings for 2011 and 2010 which resulted in material errors to the financial statements as noted above. The accumulative fund adjustments were posted as noted below to the 2011 financial statements to correct the fund balances:

Fund	December 31, 2011 Balance as Reported	Adjustment	December 31, 2011 Audited Balance
General Fund	\$273,302	\$7,473	\$280,775
Street Construction, Maintenance & Repair Fund	\$116,126	(68)	116,058
State Highway Fund	5,162	(26)	5,136
Main St. Debt Fund	6,546		6,546
Star Rd Debt Fund	5,724		5,724
Sewer Operating Fund		\$31,511	31,511

The adjustments are reflected on the audited financial statements and have been posted to the Village's records.

The Village should take due care in posting financial activity and review the Village Handbook for proper posting of various revenue and disbursements along with AOS Bulletins 2002-004 and 2000-008 for the proper accounting treatment and budgetary requirements for on behalf money received from Darke County and Ohio Public Works Commission. This will result in the Council having accurate information to make informed financial decisions.

Official's Response: The Village has recently appointed a new fiscal officer that is working to correct past mistakes and move forward.

FINDING NUMBER 2011-002

2. Properly Certifying the Availability of Funds

NONCOMPLIANCE

Ohio Revised Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such 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.

FINDING NUMBER 2011-002
(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 Council (the Council) can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the “then and now” certificate to approve payment by resolution. Amounts of less than \$100 may be paid by the fiscal officer without a resolution upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Council.
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 Council 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 of North Star did not properly certify the availability of funds prior to purchase commitment for 100% of expenditures in 2011 and 2010. The Village filled out the purchase orders, however, no account was assigned to the purchase order and the purchase orders were not included in the appropriation ledger and were not assigned to any appropriation/expenditure account. Failure to properly certify the availability of funds can result in overspending funds and could lead to negative cash fund 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 Village should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, “then and now” certification should be used.

Official’s Response: Purchase orders are correctly filled out and ready for the next fiscal year.

FINDING NUMBER 2011-003

3. Finding Repaid Under Audit - Overpayment of Wages

NONCOMPLIANCE

The Village of North Star Council approved Council rate of pay of \$50 per meeting per the record of proceedings dated July 11, 2007, paid quarterly. In 2010, per the record of proceedings, council held four meetings recorded on July 14, 2010, July 22, 2010, August 11, 2010, and September 8, 2010 for the 3rd quarter and three meetings recorded on October 13, 2010, November 10, 2010, and December 8, 2010 for the 4th quarter. David Barga, Council Member, was paid for five meetings for the 3rd quarter and four meetings for the 4th quarter. As a result, an overpayment of \$100 was paid to David Barga.

**FINDING NUMBER 2011-003
(Continued)**

In 2011, per the record of proceedings, council held three meetings recorded on January 12, 2011, February 9, 2011, and March 9, 2011 for the 1st quarter. David Barga, Council Member, was paid for four meetings for the 1st quarter. As a result, an overpayment of \$50 was paid to David Barga.

There was no documentation to support that the Council held extra meetings per the record of proceedings. Further, there was no indication that the overpayment was for an otherwise proper public purpose. Therefore, there is a total overpayment to David Barga of \$150 for 2011 and 2010 wages.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against David Barga in the amount of \$150, and in favor of the Village of North Star, Darke County General Fund, in the amount of \$150.

Upon notification of the error by the Auditor of State's office, the Village notified the Council Member and he repaid the Village \$150 on 1/5/2013 per receipt# 3958.

Official's Response: Council was unaware that they were overpaid for meetings that did not take place as minutes for the meetings were not documented properly. Once being notified of overpayment all council members promptly repaid monies due.

FINDING NUMBER 2011-004

4. Finding Repaid Under Audit - Overpayment of Wages and Improper Expenditure Reimbursement

NONCOMPLIANCE

The Village of North Star Council approved Council rate of pay of \$50 per meeting per the record of proceedings dated July 11, 2007, paid quarterly. In 2010, per the record of proceedings, council held four meetings recorded on July 14, 2010, July 22, 2010, August 11, 2010, and September 8, 2010 for the 3rd quarter and three meetings recorded on October 13, 2010, November 10, 2010, and December 8, 2010 for the 4th quarter. Shawn Wehrkamp, Council Member, was paid for five meetings for the 3rd quarter and four meetings for the 4th quarter. As a result, an overpayment of \$100 was paid to Shawn Wehrkamp.

In 2011, per the record of proceedings, council held three meetings recorded on January 12, 2011, February 9, 2011, and March 9, 2011 for the 1st quarter. Shawn Wehrkamp, Council Member, was paid for four meetings for the 1st quarter. As a result, an overpayment of \$50 was paid to Shawn Wehrkamp.

Also in 2011, Shawn Wehrkamp was reimbursed \$75 on check number 3676 dated January 12, 2011 for food purchase for North Star Plumbing & Heating. The receipt for the food purchase was at a local bar & grill with no detail as to the purchase.

There was no documentation to support that the Council held extra meetings or approved the food purchase per the record of proceedings. Further, there was no indication that the overpayment or the food purchase was for an otherwise proper public purpose. Therefore, there is a total overpayment to Shawn Wehrkamp of \$225 for 2011 and 2010 wages and food purchase.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Shawn Wehrkamp in the amount of \$225, and in favor of the Village of North Star, Darke County General Fund, in the amount of \$225.

**FINDING NUMBER 2011-004
(Continued)**

Upon notification of the error by the Auditor of State's office, the Village notified the Council Member and he repaid the Village \$225 on 1/5/2013 per receipt# 3958.

Official's Response: Council was unaware that they were overpaid for meetings that did not take place as minutes for the meetings were not documented properly. Once being notified of overpayment all council members promptly repaid monies due.

FINDING NUMBER 2011-005

5. Finding Repaid Under Audit - Overpayment of Wages

NONCOMPLIANCE

The Village of North Star Council approved Council rate of pay of \$50 per meeting per the record of proceedings dated July 11, 2007, paid quarterly. In 2010, per the record of proceedings, council held four meetings recorded on July 14, 2010, July 22, 2010, August 11, 2010, and September 8, 2010 for the 3rd quarter and three meetings recorded on October 13, 2010, November 10, 2010, and December 8, 2010 for the 4th quarter. Robert Hemmelgarn, Council Member, was paid for five meetings for the 3rd quarter and four meetings for the 4th quarter. As a result, an overpayment of \$100 was paid to Robert Hemmelgarn.

In 2011, per the record of proceedings, council held three meetings recorded on January 12, 2011, February 9, 2011, and March 9, 2011 for the 1st quarter. Robert Hemmelgarn, Council Member, was paid for four meetings for the 1st quarter. As a result, an overpayment of \$50 was paid to Robert Hemmelgarn.

There was no documentation to support that the Council held extra meetings per the record of proceedings. Further, there was no indication that the overpayment was for an otherwise proper public purpose. Therefore, there is a total overpayment to Robert Hemmelgarn of \$150 for 2011 and 2010 wages.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Robert Hemmelgarn in the amount of \$150, and in favor of the Village of North Star, Darke County General Fund, in the amount of \$150.

Upon notification of the error by the Auditor of State's office, the Village notified the Council Member and he repaid the Village \$150 on 1/5/2013 per receipt# 3958.

Official's Response: Council was unaware that they were overpaid for meetings that did not take place as minutes for the meetings were not documented properly. Once being notified of overpayment all council members promptly repaid monies due.

FINDING NUMBER 2011-006

6. Finding Repaid Under Audit - Overpayment of Wages

NONCOMPLIANCE

The Village of North Star Council approved Council rate of pay of \$50 per meeting per the record of proceedings dated July 11, 2007, paid quarterly. In 2010, per the record of proceedings, council held four meetings recorded on July 14, 2010, July 22, 2010, August 11, 2010, and September 8, 2010 for the 3rd quarter and three meetings recorded on October 13, 2010, November 10, 2010, and December 8, 2010 for the 4th quarter. Dan Arling, Council Member, was paid for five meetings for the 3rd quarter and four meetings for the 4th quarter. As a result, an overpayment of \$100 was paid to Dan Arling.

In 2011, per the record of proceedings, council held three meetings recorded on January 12, 2011, February 9, 2011, and March 9, 2011 for the 1st quarter. Dan Arling, Council Member, was paid for four meetings for the 1st quarter. As a result, an overpayment of \$50 was paid to Dan Arling.

There was no documentation to support that the Council held extra meetings per the record of proceedings. Further, there was no indication that the overpayment was for an otherwise proper public purpose. Therefore, there is a total overpayment to Dan Arling of \$150 for 2011 and 2010 wages.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Dan Arling in the amount of \$150, and in favor of the Village of North Star, Darke County General Fund, in the amount of \$150.

Upon notification of the error by the Auditor of State's office, the Village notified the Council Member and he repaid the Village \$150 on 1/5/2013 per receipt# 3958.

Official's Response: Council was unaware that they were overpaid for meetings that did not take place as minutes for the meetings were not documented properly. Once being notified of overpayment all council members promptly repaid monies due.

FINDING NUMBER 2011-007

7. Finding Repaid Under Audit - Overpayment of Wages

NONCOMPLIANCE

The Village of North Star Council approved Council rate of pay of \$50 per meeting per the record of proceedings dated July 11, 2007, paid quarterly. In 2010, per the record of proceedings, council held four meetings recorded on July 14, 2010, July 22, 2010, August 11, 2010, and September 8, 2010 for the 3rd quarter and three meetings recorded on October 13, 2010, November 10, 2010, and December 8, 2010 for the 4th quarter. Joseph Wagner, Council Member, was paid for five meetings for the 3rd quarter and four meetings for the 4th quarter. As a result, an overpayment of \$100 was paid to Joseph Wagner.

In 2011, per the record of proceedings, council held three meetings recorded on January 12, 2011, February 9, 2011, and March 9, 2011 for the 1st quarter. Joseph Wagner, Council Member, was paid for four meetings for the 1st quarter. As a result, an overpayment of \$50 was paid to Joseph Wagner.

**FINDING NUMBER 2011-007
(Continued)**

There was no documentation to support that the Council held extra meetings per the record of proceedings. Further, there was no indication that the overpayment was for an otherwise proper public purpose. Therefore, there is a total overpayment to Joseph Wagner of \$150 for 2011 and 2010 wages.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Joseph Wagner in the amount of \$150, and in favor of the Village of North Star, Darke County General Fund, in the amount of \$150.

Upon notification of the error by the Auditor of State's office, the Village notified the Council Member and he repaid the Village \$150 on 1/5/2013 per receipt# 3958.

Official's Response: Council was unaware that they were overpaid for meetings that did not take place as minutes for the meetings were not documented properly. Once being notified of overpayment all council members promptly repaid monies due.

FINDING NUMBER 2011-008

8. Finding Repaid Under Audit - Overpayment of Wages

NONCOMPLIANCE

The Village of North Star Council approved Council rate of pay of \$50 per meeting per the record of proceedings dated July 11, 2007, paid quarterly. In 2010, per the record of proceedings, council held four meetings recorded on July 14, 2010, July 22, 2010, August 11, 2010, and September 8, 2010 for the 3rd quarter and three meetings recorded on October 13, 2010, November 10, 2010, and December 8, 2010 for the 4th quarter. Carolyn Wilker, Council Member, was paid for five meetings for the 3rd quarter and four meetings for the 4th quarter. As a result, an overpayment of \$100 was paid to Carolyn Wilker.

In 2011, per the record of proceedings, council held three meetings recorded on January 12, 2011, February 9, 2011, and March 9, 2011 for the 1st quarter. Carolyn Wilker, Council Member, was paid for four meetings for the 1st quarter. As a result, an overpayment of \$50 was paid to Carolyn Wilker.

There was no documentation to support that the Council held extra meetings per the record of proceedings. Further, there was no indication that the overpayment was for an otherwise proper public purpose. Therefore, there is a total overpayment to Carolyn Wilker of \$150 for 2011 and 2010 wages.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is hereby issued against Carolyn Wilker in the amount of \$150, and in favor of the Village of North Star, Darke County General Fund, in the amount of \$150.

Upon notification of the error by the Auditor of State's office, the Village notified the Council Member and she repaid the Village \$150 on 1/5/2013 per receipt# 3958.

Official's Response: Council was unaware that they were overpaid for meetings that did not take place as minutes for the meetings were not documented properly. Once being notified of overpayment all council members promptly repaid monies due.

FINDING NUMBER 2011-009

9. Expenditures Exceeding Appropriations

NONCOMPLIANCE

Ohio Rev. Code Section 5705.41(B) prohibits expenditures unless the funds have been properly appropriated. This prohibits expenditures from exceeding appropriations. Contrary to this requirement the Village had the following funds with expenditures in excess of the amounts appropriated at December 31, 2011:

<u>Fund</u>	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Capital Project Fund		\$ 5,118	(\$ 5,118)
Enterprise Fund	\$5,000	\$1,382,433	(\$1,377,433)

The Village had the following funds with expenditures in excess of the amounts appropriated at December 31, 2010:

<u>Fund</u>	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Debt Service Fund		\$ 2,581	(\$ 2,581)
Enterprise Fund		\$595,120	(\$595,120)

To prevent deficits from occurring, the Village should not expend funds unless the funds have been appropriated by the Council.

The fiscal officer should closely monitor the Village budgetary financial reports throughout the year so that expenditures do not exceed the appropriations at the legal level of control.

Official's Response: Notes made to make sure when future projects are being government funded and money sent directly from government to contractors that it is documented in the Village's books and appropriated.

FINDING NUMBER 2011-010

10. Bank Reconciliations

SIGNIFICANT DEFICIENCY

The Village's monthly bank reconciliations were not properly performed by the fiscal officer. Throughout the year and at December 31, 2011 and 2010, the certificate of deposit amounts used in the reconciliations did not agree to the bank balances. In addition, the outstanding check amounts presented on the bank reconciliation were overstated by \$797 for the audit period.

The monthly bank reconciliation is a basic control to verify accuracy and completeness of the Village's recording of current receipts and expenditures. The failure to maintain accurate monthly bank reconciliations increases the possibility the Village would not promptly detect miss-postings or funds being altered, lost, or stolen.

To strengthen control over the reconciliation process: monthly bank reconciliations should be promptly performed, all cash reconciliation supporting documentation should be maintained, and reconciliations should agree to the reported fund cash balances. The Council should periodically review the monthly bank reconciliations to determine that proper procedures are being followed and document this review by initialing and dating the documents examined as proof this review was performed.

Official's Response: The new fiscal officer is aware of these issues and will be balancing the monthly statements and depositing weekly.

FINDING NUMBER 2011-011

11. Deposits of Public Monies

MATERIAL WEAKNESS

The fiscal officer was holding significant amounts of cash and checks for an unreasonable period.

The following was noted during the audit period:

- 2010 only had 10 deposits made to the Osgood Bank checking account even though the Village received revenue monthly from various sources that was not direct deposited in the Village's bank account.

<u>Bank Deposit Date</u>	<u>Bank Deposit Amount</u>	<u>Receipts #'s included</u>	<u>Time Held</u>
March 4, 2010	\$ 7,449	3634-3646	Up to 10 weeks
April 7, 2010	10,514	3647-3656	Up to 5 weeks
July 12, 2010	183,444	3670-3679	Up to 6 weeks
December 14, 2010	311,288	3730-3734	Up to 3 weeks

- 2011 only had 14 deposits made to the Osgood Bank checking account (no deposits made in December 2011) even though the Village received revenue monthly from various sources that was not direct deposited in the Village's bank account.

<u>Bank Deposit Date</u>	<u>Bank Deposit Amount</u>	<u>Receipts #'s included</u>	<u>Time Held</u>
April 6, 2011	\$28,589	3763-3773	Up to 4 weeks
January 12, 2012	7,603	3852,3858	Up to 7 weeks

Not depositing timely can lead to miss-recorded, lost, or stolen monies from the Village. Holding cash and checks for unreasonable periods of time subjects the Village to uncontrolled risks such a fire and natural disaster losses. It will lead to inaccurate financial statement presentations when significant cash is held until the next fiscal year.

The Village should deposit all cash and checks with a financial institution in a timely fashion to mitigate risk and present accurate financial data.

Official's Response: The new fiscal officer is aware of these issues and will be balancing the monthly statements and depositing weekly.

**VILLAGE OF NORTH STAR
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev Code Section 5705.41 (D)(1)	No	Not Corrected. Reissued as Finding Number 2011-002
2009-002	Ohio Rev Code Section 5705.36(A)(2)	Yes	
2009-003	Ohio Rev Code Section 5705.41 (B)	No	Not Corrected. Reissued as Finding Number 2011-009
2009-004	Ohio Rev Code Section 733.28	No	Not Corrected. Reissued as Finding Number 2011-001
2009-005	Ohio Const. Article XII, Section 5a and Ohio Attorney General Opinion No. 82-031	No	Partially Corrected. Reported to management of the Village in a separate letter



Dave Yost • Auditor of State

VILLAGE OF NORTH STAR

DARKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 12, 2013