



Mary Taylor, CPA
Auditor of State

VILLAGE OF MACKSBURG
WASHINGTON COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Macksburg
Washington County
P.O. Box 166
Macksburg, Ohio 45746

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 15, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Macksburg
Washington County
P.O. Box 166
Macksburg, Ohio 45746

To the Village Council:

We have audited the accompanying financial statements of the Village of Macksburg, Washington County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007. 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 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, 2008 and 2007 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, 2008 and 2007, 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 Macksburg, Washington County, Ohio, as of December 31, 2008 and 2007, 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 June 15, 2009, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 15, 2009

**VILLAGE OF MACKSBURG
WASHINGTON 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**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$2,984			\$2,984
Intergovernmental	36,384	\$8,260	\$26,847	71,491
Special Assessments		427		427
Fines, Licenses and Permits		50		50
Earnings on Investments	100			100
Miscellaneous	175	704		879
	39,643	9,441	26,847	75,931
Total Cash Receipts	39,643	9,441	26,847	75,931
Cash Disbursements:				
Current:				
Security of Persons and Property	4,245			4,245
Public Health Services	245			245
Community Environment	12			12
Basic Utility Service	2,948			2,948
Transportation	3,099	25,690		28,789
General Government	17,956	99		18,055
Capital Outlay			26,847	26,847
	28,505	25,789	26,847	81,141
Total Cash Disbursements	28,505	25,789	26,847	81,141
Total Cash Receipts Over/(Under) Cash Disbursements	11,138	(16,348)	0	(5,210)
Other Financing Receipts / (Disbursements):				
Transfers-In		15,000		15,000
Transfers-Out	(15,000)			(15,000)
	(15,000)	15,000	0	0
Total Other Financing Receipts / (Disbursements)	(15,000)	15,000	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,862)	(1,348)	0	(5,210)
Fund Cash Balances, January 1	33,242	7,859		41,101
Fund Cash Balances, December 31	\$29,380	\$6,511	\$0	\$35,891

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

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$1,748		\$1,748
Intergovernmental	37,376	\$7,767	45,143
Special Assessments		462	462
Fines, Licenses and Permits		50	50
Earnings on Investments	188		188
Miscellaneous	761	1,139	1,900
	<u>40,073</u>	<u>9,418</u>	<u>49,491</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	4,118		4,118
Public Health Services	249		249
Community Environment	1,040		1,040
Basic Utility Service	2,380		2,380
Transportation	3,151	12,915	16,066
General Government	15,177	1,810	16,987
	<u>26,115</u>	<u>14,725</u>	<u>40,840</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>13,958</u>	<u>(5,307)</u>	<u>8,651</u>
Other Financing Receipts / (Disbursements):			
Transfers-In		5,000	5,000
Transfers-Out	(5,000)		(5,000)
	<u>(5,000)</u>	<u>5,000</u>	<u>0</u>
Total Other Financing Receipts / (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,958	(307)	8,651
Fund Cash Balances, January 1	<u>24,284</u>	<u>8,166</u>	<u>32,450</u>
Fund Cash Balances, December 31	<u>\$33,242</u>	<u>\$7,859</u>	<u>\$41,101</u>

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

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Macksburg, Washington County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides maintenance of the Village's streets and also provides street lighting 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. 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 Fund:

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

3. Capital Project Funds

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

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Project Funds (Continued)

Issue II Fund - This fund received money through Ohio Public Works for a cooperative paving project with the City of Belpre, Village of Beverly and Village of Matamoras.

CDBG Formula Project Fund - This fund received money as part of the Washington County Formula project for the installation of sidewalks in the Village.

D. 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 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.

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. The Village did not use the encumbrance method of accounting.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED DEPOSITS

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

	2008	2007
Demand deposits	<u>\$ 35,891</u>	<u>\$ 41,101</u>

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

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 35,000	\$ 39,643	\$ 4,643
Special Revenue	9,000	24,441	15,441
Capital Project	0	26,847	26,847
Total	\$ 44,000	\$ 90,931	\$ 46,931

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 52,100	\$ 43,505	\$ 8,595
Special Revenue	12,000	25,789	(13,789)
Capital Projects	0	26,847	(26,847)
Total	\$ 64,100	\$ 96,141	\$ (32,041)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 0	\$ 40,073	\$ 40,073
Special Revenue	0	14,418	14,418
Total	\$ 0	\$ 54,491	\$ 54,491

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 31,115	\$ (31,115)
Special Revenue	0	14,725	(14,725)
Total	\$ 0	\$ 45,840	\$ (45,840)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street, Construction, Maintenance and Repair Fund, CDBG Formula Project Fund and the Issue II Fund, respectively, in the amounts of \$13,690, \$14,500 and \$12,347 for the year ended December 31, 2008.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, Street Construction, Maintenance and Repair Fund and Police Fund, respectively, in the amounts of \$31,115, \$12,915 and \$1,804 for the year ended December 31, 2007.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. SOCIAL SECURITY BENEFITS

The elected officials and remaining employees contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2008 and 2007, these elected officials and employees contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participant's gross salaries through December 31, 2008.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

7. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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 Macksburg
Washington County
P.O. Box 166
Macksburg, Ohio 45746

To the Village Council:

We have audited the financial statements of the Village of Macksburg, Washington County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 15, 2009, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-005 and 2008-006 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding number 2008-006 is also a material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 15, 2009.

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 2008-001 through 2008-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 15, 2009.

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 and Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 15, 2009

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Rev. Code Section 9.38 provides public money must be deposited by a public official other than a state officer, employee, or agent, with the treasurer of the public office or to a designated depository on the business day following the day of receipt if the total amount received exceeds one thousand dollars. Public money collected for other public offices must be deposited by the first business day following the date 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 (i.e., counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period.

Ninety percent of the receipts tested from throughout the audit period were not deposited timely (three to six days after receipt), in amounts ranging from \$15 to \$3,964, nor were the receipts safeguarded adequately. Failure to timely deposit receipts could lead to or otherwise indicate that errors, irregularities, misappropriation of assets, or fraud are occurring and going undetected for an extended period of time.

We recommend the Village develop and implement policies that would provide for the deposit of monies received in a timely manner. Further, the Village should take steps to develop safeguards over these receipts prior to deposit, including, but not limited to, placement in a safe, vault, locked cabinet, or other secure and restricted area.

Officials' Response: This is due to when we receive in mail and how often the Clerk-Treasurer gets to the post office. The Clerk-Treasurer keeps the deposits in a safe place until deposited.

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) states, in part, 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 April 1.

Also, Ohio Rev. Code Section 5705.41(B) states no subdivision is to expend money unless it has been appropriated.

The Village Council did not adopt appropriations for 2007 and did not adopt the 2008 appropriations until February 4, 2008. This resulted in expenditures exceeding appropriations in every fund for the period January 1, 2007 through December 31, 2007, and for the period January 1, 2008 through February 4, 2008.

We recommend on or about the first day of each fiscal year, the Village Council pass a temporary appropriation measure for meeting the ordinary expenses until the permanent measure is adopted.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

FINDING NUMBER 2008-002 (Continued)

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

Officials' Response: We do not receive the papers until January, and they do not get passed until the next meeting.

FINDING NUMBER 2008-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Expenditures exceeded appropriations at December 31, 2008, in the following funds:

Fund	Appropriation Authority	Actual Expenditures	Variance
Street Construction, Maintenance & Repair	\$ 12,000	\$ 25,690	\$ (13,690)
CDBG Formula	0	14,500	(14,500)
Issue II	0	12,347	(12,347)

Expenditures exceeded appropriations at December 31, 2007, in the following funds:

Fund	Appropriation Authority	Actual Expenditures	Variance
General	\$ 0	\$ 31,115	\$ (31,115)
Street Construction	0	12,915	(12,915)
Police	0	1,804	(1,804)

This could result in the Village spending more than is available to spend.

The Clerk-Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk-Treasurer may request the Village Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Officials' Response: We do this by transfer of funds.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from 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 the Village.

2. Blanket Certificates - Fiscal officers may prepare so-called "blanket" certificates not running beyond 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. Purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
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 exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

None of the non-payroll transactions issued in 2007 and 2008 had the prior certification of the Clerk-Treasurer, nor was there any evidence the Clerk-Treasurer was using a "then and now" certificate. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-004 (Continued)

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

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk-Treasurer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village obtain the Clerk-Treasurer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Clerk-Treasurer 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.

Officials' Response: At such a small Village, we do not use these.

FINDING NUMBER 2008-005

Significant Deficiency

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

During 2007 and 2008, estimated revenue per the amended certificates was not posted to the Village's receipts journal.

At December 31, 2008, estimated revenue per the amended certificates did not agree to the estimated revenue the Clerk-Treasurer entered into the annual financial report as follows:

Fund	Estimated Receipts Per Budget Commission	Amount Per Annual Financial Report	Variance
General	\$ 35,000	\$ 0	\$ 35,000
Street Construction	8,500	0	8,500
Police	0	0	0
Special Assessments	500	0	500
FEMA	0	1,526	(1,526)

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-005 (Continued)

Significant Deficiency (Continued)

At December 31, 2007, estimated revenue per the amended certificates did not agree to the estimated revenue the Clerk-Treasurer entered into the annual financial report as follows:

Fund	Estimated Receipts Per Budget Commission	Amount Per Annual Financial Report	Variance
FEMA	\$ 0	\$ 1,526	\$ (1,526)

During 2007 and 2008, the appropriations per the annual appropriation ordinances were not posted to the Village's appropriation journal. Also, the line items listed in the appropriation journals were not consistent with the line items listed in the annual appropriation ordinances.

During 2008, appropriations as approved by the Village Council did not agree to the appropriations the Clerk-Treasurer entered into the annual financial report as follows:

Fund	Appropriations Per Village Council	Appropriations Per Annual Financial Report	Variance
General	\$ 52,100	\$ 0	\$ 52,100
Street Construction	12,000	0	12,000

Due to budgetary information being improperly entered into the annual financial report and ledgers, the management of the Village was not able to effectively monitor and report its budgetary vs. actual status throughout the year.

We recommend the Clerk-Treasurer record in the receipts journal the estimated revenue from the amended certificates of estimated resources approved by the Budget Commission. We further recommend the amounts be carried forward to the annual financial report at the correct amounts as approved by the Budget Commission. We recommend the Clerk-Treasurer post appropriations from the appropriation ordinances to the appropriation journal and the annual financial report. We also recommend the line items listed in the appropriation journal be consistent with those listed in the appropriation ordinances. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Officials' Response: The Clerk-Treasurer is not sure about this, but she has no help and keeps the bills paid.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-006

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Village misclassified and misposted tax receipts, intergovernmental receipts, interest, general government disbursements, security of persons and property disbursements, transportation disbursements, transfers, and other various receipts and disbursements to the Village's receipt and disbursement ledgers and to the annual financial report submitted to the Auditor of State for fiscal years 2008 and 2007. In addition, there were certain receipts and disbursements that were posted to the ledgers that were not posted to the annual financial report. Because the financial activity was not posted to the annual financial report but the ending fund balances were properly reported, the combined and combining statements in the annual financial report for 2007 and 2008 did not foot correctly. These misstatements had the following net effect on the Village's financial statements as of December 31, 2008:

- 2007 General Fund receipts were understated by \$7,181;
- 2007 and 2008 Special Revenue receipts were understated by \$7,237 and \$25,366, respectively;
- 2007 and 2008 General Fund disbursements were understated by \$5,028 and \$8,971, respectively; and
- 2007 and 2008 Special Revenue disbursements were understated by \$14,725 and \$26,714, respectively.

In addition, the Village was involved in a project with the City of Belpre and Villages of Beverly and New Matamoras with the Ohio Public Works Commission (OPWC) in the amount of \$12,347 and a CDBG project with Washington County in the amount of \$14,500. The Village did not post the receipts and the expenditures for either project to its books. As a result, receipts and disbursements were understated on the Village's books and annual financial report for 2008.

These misstatements were caused by management oversight. As a result, significant adjustments and reclassifications, with which the Village's management agrees, were made to the financial statements, and are reflected in the accompanying financial statements.

We recommend the Clerk-Treasurer refer to the Ohio Village Handbook for proper classification and take additional care in posting transactions to the Village's ledgers and annual financial report in order to ensure the Village's year-end financial statements reflect the appropriate sources of the Village's receipts and expenditures. In addition, we recommend the Clerk-Treasurer prepare the combining statements and combined statements from the receipts and appropriations journal and ensure that they reconcile to each other.

Officials' Response: Resolutions were made that we would have the amount, and changes are made without notification.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECMEBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2006-001	Ohio Rev. Code Section 9.38 – 80 percent of receipts tested were not timely deposited.	No	Not Corrected; Reissued in the current Schedule of Findings as Finding Number 2008-001.
2006-002	Ohio Rev. Code Section 117.38 - annual report was not filed in a timely manner	Yes	
2006-003	Ohio Rev. Code Section 5705.39 - appropriations exceeded estimated resources.	No	Not Corrected; Reissued in the management letter.
2006-004	Ohio Rev. Code Section 5705.41(B) - expenditures exceeded appropriations.	No	Not Corrected; Reissued in the current Schedule of Findings as Finding Number 2008-003.
2006-005	Ohio Rev. Code Section 5705.41(D)(1) - not certifying the availability of funds prior to incurring an obligation.	No	Not Corrected; Reissued in the current Schedule of Findings as Finding Number 2008-004.
2006-006	Ohio Admin. Code Section 117-2-02(C)(1) - estimated receipts and appropriations not posted to Village's records.	No	Not Corrected; Reissued in the current Schedule of Findings as Finding Number 2008-005.
2006-007	Ohio Admin. Code Section 117-2-02(A) - numerous misclassification and posting errors to Village's records.	No	Not Corrected; Reissued in the current Schedule of Findings as Finding Number 2008-006.



Mary Taylor, CPA
Auditor of State

VILLAGE OF MACKSBURG

WASHINGTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 28, 2009**