



**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003-2004



**Auditor of State
Betty Montgomery**

VILLAGE OF BAIRDSTOWN
WOOD COUNTY

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**Auditor of State
Betty Montgomery**

Village of Bairdstown
Wood County
101½ West Main Street
Bairdstown, Ohio 45872-9309

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 a February 2, 2005 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 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.

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Betty Montgomery
Auditor of State

September 29, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Bairdstown
Wood County
101½ West Main Street
Bairdstown, Ohio 45872-9309

To the Village Council:

We have audited the accompanying financial statements of the Village of Bairdstown, Wood County, (the Village) as of and for the years ended December 31, 2004 and 2003. 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village

has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, 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 year ended December 31, 2004 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, 2004, or its changes in financial position or cash flows of its proprietary funds for the year 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 Bairdstown, Wood County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 September 29, 2005, 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.



Betty Montgomery
Auditor of State

September 29, 2005

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$2,302			\$2,302
Special Assessments			\$2,750	2,750
Intergovernmental Receipts	9,644	\$4,011		13,655
Charges for Services	101			101
Fines, Licenses, and Permits	2,377			2,377
Miscellaneous	615			615
	<u>15,039</u>	<u>4,011</u>	<u>2,750</u>	<u>21,800</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	3,972		1,879	5,851
Public Health Services	49			49
Leisure Time Activities		264		264
Community Environment			1,396	1,396
Transportation		8,900		8,900
General Government	11,760	1,776		13,536
	<u>15,781</u>	<u>10,940</u>	<u>3,275</u>	<u>29,996</u>
Total Cash Disbursements				
Total Disbursements Over Receipts	(742)	(6,929)	(525)	(8,196)
Fund Cash Balances, January 1	<u>(520)</u>	<u>13,005</u>	<u>4,940</u>	<u>17,425</u>
Fund Cash Balances, December 31	<u>(\$1,262)</u>	<u>\$6,076</u>	<u>\$4,415</u>	<u>\$9,229</u>

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

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$25,168
Miscellaneous	96
	25,264
Total Operating Cash Receipts	25,264
Operating Cash Disbursements:	
Personal Services	5,914
Contractual Services	19,536
Supplies and Materials	2,378
	27,828
Total Operating Cash Disbursements	27,828
Operating Loss	(2,564)
Non-Operating Cash Disbursements:	
Debt Service	2,655
Other Non-Operating Cash Disbursements	6
	2,661
Total Non-Operating Cash Disbursements	2,661
Excess of Disbursements Over Receipts Before Interfund Transfers	(5,225)
Transfers-In	2,340
Transfers-Out	(2,340)
	(5,225)
Net Disbursements Over Receipts	(5,225)
Fund Cash Balances, January 1	24,034
Fund Cash Balances, December 31	\$18,809

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

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$3,442			\$3,442
Special Assessments			\$2,659	2,659
Intergovernmental Receipts	9,644	\$2,606		12,250
Fines, Licenses, and Permits	2,740			2,740
Miscellaneous	1,136			1,136
	<u>16,962</u>	<u>2,606</u>	<u>2,659</u>	<u>22,227</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	4,899	500		5,399
Public Health Services	52			52
Leisure Time Activities		170		170
Community Environment			1,874	1,874
General Government	27,232	331	2,688	30,251
	<u>32,183</u>	<u>1,001</u>	<u>4,562</u>	<u>37,746</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(15,221)</u>	<u>1,605</u>	<u>(1,903)</u>	<u>(15,519)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In			155	155
Transfers-Out	(155)			(155)
	<u>(155)</u>		<u>155</u>	
Total Other Financing Receipts and (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(15,376)	1,605	(1,748)	(15,519)
Fund Cash Balances, January 1	14,856	11,400	6,688	32,944
Fund Cash Balances, December 31	<u>(\$520)</u>	<u>\$13,005</u>	<u>\$4,940</u>	<u>\$17,425</u>

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

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$22,518
Miscellaneous	321
	22,839
Total Operating Cash Receipts	22,839
Operating Cash Disbursements:	
Personal Services	5,451
Contractual Services	18,371
Supplies and Materials	1,805
	25,627
Total Operating Cash Disbursements	25,627
Operating Loss	(2,788)
Non-Operating Cash Disbursements:	
Debt Service	2,695
	2,695
Total Non-Operating Cash Disbursements	2,695
Excess of Disbursements Over Receipts Before Interfund Transfers	(5,483)
Transfers-In	3,030
Transfers-Out	(3,030)
	(5,483)
Net Disbursements Over Receipts	(5,483)
Fund Cash Balances, January 1	29,517
Fund Cash Balances, December 31	\$24,034

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

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

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 Bairdstown, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water utilities, park operations, and police services. The Village contracts with the Village of Bloomdale to purchase water for utility services and to receive fire protection services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. 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 from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Park Fund -This fund receives donations to fund the maintenance of the Park.

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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:

Construction Sewer Fund - This fund receives special assessment revenues for the purpose of construction, improvement, and maintenance of Village sewer lines.

Street Lights Fund - This fund receives special assessment revenues for maintenance of Village street lights.

4. 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:

Water Fund - This fund receives charges for services from residents to cover water service costs.

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 fund, function or object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

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 CASH

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

	2004	2003
Demand deposits	\$28,038	\$41,459

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$13,446	\$15,039	\$1,593
Special Revenue	2,687	4,011	1,324
Capital Projects	3,250	2,750	(500)
Enterprise	26,230	27,604	1,374
Total	\$45,613	\$49,404	\$3,791

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$15,107	\$15,781	(\$674)
Special Revenue	12,875	10,940	1,935
Capital Projects	8,864	3,275	5,589
Enterprise	44,103	32,829	11,274
Total	\$80,949	\$62,825	\$18,124

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,329	\$16,962	(\$10,367)
Special Revenue	897	2,606	1,709
Capital Projects	605	2,814	2,209
Enterprise	25,330	25,869	539
Total	<u>\$54,161</u>	<u>\$48,251</u>	<u>(\$5,910)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,859	\$32,338	\$10,521
Special Revenue	9,480	1,001	8,479
Capital Projects	9,470	4,562	4,908
Enterprise	53,018	31,352	21,666
Total	<u>\$114,827</u>	<u>\$69,253</u>	<u>\$45,574</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Business Loan	\$6,370	6.50%
Mortgage Revenue Bonds	36,300	5.00%
Total	<u>\$42,670</u>	

The Mortgage Revenue Bonds relate to water and sewer lines that were constructed in order to provide water and sewer services to Village residents. The bonds will be repaid in annual installments over 25 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover USDA debt service requirements.

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

The Business Loan relates to the construction of improvements to the Village hall. The loan will be repaid in monthly installments over 5 years.

Amortization of the above debt, including interest, follows:

Year ending December 31:	Business Loan	Mortgage Revenue Bonds
2005	\$2,534	\$2,715
2006	2,534	2,670
2007	1,905	2,725
2008		2,675
2009		2,725
2010-2027		48,335
Total	\$6,973	\$61,845

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the Pool), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per § 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31:

**VILLAGE OF BAIRDSTOWN
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

	<u>2004</u>	<u>2003</u>
Assets	\$2,390,150	\$1,811,340
Liabilities	<u>(3,424,271)</u>	<u>(3,653,152)</u>
Accumulated deficit	<u>(\$1,034,121)</u>	<u>(\$1,841,812)</u>

8. RELATED PARTY TRANSACTIONS

The village clerk's husband is owner of a company which the Village contracted with to make improvements to the Village Municipal Building. The Village paid \$10,885 for this service. In addition, other miscellaneous services were provided by this company to the Village in the amount of \$306.

Village council members' relatives provided mowing and snow plowing services to the Village. Amounts paid for these services were \$1,435 to Clarence Barringer for mowing, \$75 to Joshua Barringer for mowing, and \$700 to J. Shannon Ickes for snow plowing.

9. SUBSEQUENT EVENTS

In May of 2005, the Village Council disbanded the village police department but is keeping the police equipment with the possibility of re-instating the police department.



**Auditor of State
Betty Montgomery**

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

Village of Bairdstown
Wood County
101½ West Main Street
Bairdstown, Ohio 45872-9309

To the Village Council:

We have audited the financial statements of the Village of Bairdstown, Wood County, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 29, 2005, wherein we 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated September 29, 2005, we reported a matter involving internal control over financial reporting we did not deem a reportable condition.

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

Village of Bairdstown
Wood County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2004-001. In a separate letter to the Village's management dated September 29, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

September 29, 2005

VILLAGE OF BAIRDSTOWN
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) (1) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 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 the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) 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 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. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

For forty percent of the transactions tested, prior certification was not obtained nor was a then and now certificate utilized. Certification is not only required by Ohio law but is a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by the Council.

**FINDING NUMBER 2004-001
(Continued)**

To improve controls over disbursements, it is recommended that all Village non-payroll disbursements receive prior certification of the fiscal officer. When that is not possible, a Then and Now Certificate should be executed.

We recommend the Village certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

VILLAGE OF BAIRDSTOWN

WOOD 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
NOVEMBER 10, 2005**