



**Auditor of State
Betty Montgomery**

VILLAGE OF MACKSBURG
WASHINGTON COUNTY

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**Auditor of State
Betty Montgomery**

Village of Macksburg
Washington County
P.O. Box 51
Dexter City, Ohio 45727

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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 25, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Macksburg
Washington County
P.O. Box 51
Dexter City, Ohio 45727

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, 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 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 the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reflected 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 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 Macksburg, Washington County, Ohio, 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 July 25, 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

July 25, 2005

**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, 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 | \$ 1,752 | \$ | \$ 37,120 | \$ 1,752 |
| Intergovernmental Receipts | 36,960 | 7,033 | 37,120 | 81,113 |
| Special Assessments | | 598 | | 598 |
| Earnings on Investments | 88 | | | 88 |
| Miscellaneous | 265 | | | 265 |
| | <u>39,065</u> | <u>7,631</u> | <u>37,120</u> | <u>83,816</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Security of Persons and Property | 5,252 | 1,149 | | 6,401 |
| Public Health Services | 219 | | | 219 |
| Transportation | 876 | 29,633 | 37,120 | 67,629 |
| General Government | 16,176 | 5 | | 16,181 |
| | <u>22,523</u> | <u>30,787</u> | <u>37,120</u> | <u>90,430</u> |
| Total Cash Receipts Over/ (Under) Cash Disbursements | <u>16,542</u> | <u>(23,156)</u> | <u>0</u> | <u>(6,614)</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | | 15,000 | | 15,000 |
| Transfers-Out | (15,000) | | | (15,000) |
| | <u>(15,000)</u> | <u>15,000</u> | <u>0</u> | <u>0</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 1,542 | (8,156) | 0 | (6,614) |
| Fund Cash Balances, January 1 | <u>24,003</u> | <u>12,716</u> | | <u>36,719</u> |
| Fund Cash Balances, December 31 | <u>\$ 25,545</u> | <u>\$ 4,560</u> | <u>\$ 0</u> | <u>\$ 30,105</u> |

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, 2003**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax and Other Local Taxes | \$ 2,115 | \$ | \$ 2,115 |
| Intergovernmental Receipts | 36,960 | 7,595 | 44,555 |
| Special Assessments | | 102 | 102 |
| Fines, Licenses, and Permits | | 60 | 60 |
| Earnings on Investments | 144 | | 144 |
| Miscellaneous | 170 | | 170 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 39,389 | 7,757 | 47,146 |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 5,265 | 1,738 | 7,003 |
| Public Health Services | 220 | | 220 |
| Transportation | 2,832 | 7,813 | 10,645 |
| General Government | 23,359 | | 23,359 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 31,676 | 9,551 | 41,227 |
| Total Cash Receipts Over/ (Under) Cash Disbursements | <hr/> | <hr/> | <hr/> |
| | 7,713 | (1,794) | 5,919 |
| Other Financing Receipts/(Disbursements): | | | |
| Transfers-In | | 5,000 | 5,000 |
| Transfers-Out | (5,000) | | (5,000) |
| | <hr/> | <hr/> | <hr/> |
| Total Other Financing Receipts/(Disbursements) | (5,000) | 5,000 | 0 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | <hr/> | <hr/> | <hr/> |
| | 2,713 | 3,206 | 5,919 |
| Fund Cash Balances, January 1 | <hr/> | <hr/> | <hr/> |
| | 21,290 | 9,510 | 30,800 |
| Fund Cash Balances, December 31 | <hr/> \$ 24,003 | <hr/> \$ 12,716 | <hr/> \$ 36,719 |

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, 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 Macksburg, Washington County (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village, as well as an elected Mayor and appointed Clerk. The Village provides maintenance of streets and street lighting 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 basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Village Clerk invests all available funds of the Village in an interest-bearing checking account.

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 from 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 tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Village had the following significant Capital Project Fund:

Issue II Fund – This fund received Issue II money to complete a paving project in conjunction with the City of Belpre.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted 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.

F. Property, Plant, and Equipment

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

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

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

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 | \$ 30,105 | \$ 36,719 |

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

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 | \$ 36,960 | \$ 39,065 | \$ 2,105 |
| Special Revenue | 13,095 | 22,631 | 9,536 |
| Capital Projects | 0 | 37,120 | 37,120 |
| Total | \$ 50,055 | \$ 98,816 | \$ 48,761 |

2004 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|-----------|
| General | \$ 95,838 | \$ 37,523 | \$ 58,315 |
| Special Revenue | 49,500 | 30,787 | 18,713 |
| Capital Projects | 0 | 37,120 | (37,120) |
| Total | \$ 145,338 | \$ 105,430 | \$ 39,908 |

2003 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General | \$ 36,965 | \$ 39,389 | \$ 2,424 |
| Special Revenue | 12,720 | 12,757 | 37 |
| Total | \$ 49,685 | \$ 52,146 | \$ 2,461 |

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|-----------|
| General | \$ 55,595 | \$ 36,676 | \$ 18,919 |
| Special Revenue | 10,300 | 9,551 | 749 |
| Total | \$ 65,895 | \$ 46,227 | \$ 19,668 |

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund by \$34,876 and in the Street Construction, Maintenance and Repair Fund by \$33,885 for the year ended December 31, 2004.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

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

4. PROPERTY TAX

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

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

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

5. RETIREMENT SYSTEM

The Village's part-time employee and one elected official 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 remainder of the Village's employees and elected officials are members of Social Security. The Village has paid all contributions required through December 31, 2004.

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.

6. SOCIAL BENEFIT PLAN

The remaining employees and elected officials contribute to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. For 2004 and 2003, these officials contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2% of participant's gross salaries through December 31, 2004.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Public officials' liability.



**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 Macksburg
Washington County
P.O. Box 51
Dexter City, Ohio 45727

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, 2004 and 2003, and have issued our report thereon dated July 25, 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 to be material weaknesses. In a separate letter to the Village's management dated July 25, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2004-001 through 2004-003. In a separate letter to the Village's management dated July 25, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

Village of Macksburg
Washington County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*

We intend this report solely for the information and use of the management and the Board of Trustees. 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

July 25, 2005

**VILLAGE OF MACKSBURG
WASHINGTON 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 Rev. Code Section 9.38 provides public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day of the week following the date of collection. 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 (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.

One hundred percent of the receipts tested from throughout the audit period were not deposited timely, in amounts ranging from \$5 to \$2,496, 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.

FINDING NUMBER 2004-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations exceeded estimated resources at December 31, 2004, in the following funds:

| Fund | Budgeted Resources | Appropriation Authority | Variance |
|---|-----------------------|----------------------------|-------------|
| General | \$ 60,962 | \$ 95,838 | \$ (34,876) |
| Street Construction, Maintenance and Repair | 15,615 | 49,500 | (33,885) |

This could result in expenditures exceeding available fund balances.

We recommend the Village monitor its appropriations and estimated resources to ensure that appropriations do not exceed estimated resources at the end of the year.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

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

FINDING NUMBER 2004-003

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.

- a) "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 can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$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 Council.

- b) 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.
- c) 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.

None of the non-payroll transactions issued in 2004 or 2003 had the prior certification of the Village Clerk, nor was there any evidence of the Village Clerk using a "then and now" certificate. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

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

FINDING NUMBER 2004-003 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(D)(1) (Continued)

We recommend the Village obtain the Village Clerk'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 Village Clerk 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.

**VILLAGE OF MACKSBURG
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|--|------------------|--|
| 2002-001 | A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D), for failure to properly certify the availability of funds prior to an obligation being incurred. | No | Not corrected: This item is repeated in the current audit Schedule of Findings as item 2004-003. |
| 2002-002 | A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for actual disbursement exceeding appropriations. | No | Not corrected. This item is no longer as significant and is repeated in the current audit Management Letter. |



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
AUGUST 30, 2005**