



**Auditor of State  
Betty Montgomery**



VILLAGE OF NEW RIEGEL  
SENECA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types - For the Year Ended December 31, 2004.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2003.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types - For the Year Ended December 31, 2003.....	8
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings .....	17
Schedule of Prior Audit Findings .....	18

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**Auditor of State  
Betty Montgomery**

Village of New Riegel  
Seneca County  
13 W. Findlay Street, P. O. Box 8  
New Riegel, Ohio 44853-0008

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 black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

October 6, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of New Riegel  
Seneca County  
13 W. Findlay Street, P. O. Box 8  
New Riegel, Ohio 44853-0008

To the Village Council:

We have audited the accompanying financial statements of the Village of New Riegel, Seneca 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.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

We were unable to obtain sufficient evidential matter supporting the amounts reported as income tax revenue in the General Fund.

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, except for the effects, if any, as might have been determined to be necessary had we been able to obtain sufficient evidential matter supporting the amounts reported as income tax revenue in the General Fund, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of New Riegel, Seneca 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 October 6, 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

October 6, 2005



**VILLAGE OF NEW RIEGEL  
SENECA 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$17,443		\$17,443
Municipal Income Tax	119,180		119,180
Intergovernmental Receipts	94,450	\$13,146	107,596
Charges for Services	31,557		31,557
Fines, Licenses, and Permits	3,344		3,344
Earnings on Investments	1,816	778	2,594
Miscellaneous	5,856		5,856
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	273,646	13,924	287,570
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	84,284		84,284
Leisure Time Activities	431		431
Transportation		13,887	13,887
General Government	83,661		83,661
Capital Outlay	151,168		151,168
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	319,544	13,887	333,431
Total Receipts Over/(Under) Disbursements	(45,898)	37	(45,861)
Fund Cash Balances, January 1	392,623	46,475	439,098
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$346,725</u></b>	<b><u>\$46,512</u></b>	<b><u>\$393,237</u></b>

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

**VILLAGE OF NEW RIEGEL  
SENECA COUNTY**

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$29,764
<b>Operating Cash Disbursements:</b>	
Personal Services	2,100
Fringe Benefits	305
Contractual Services	
Supplies and Materials	
Supplies and Materials	931
Total Operating Cash Disbursements	3,336
Operating Income	26,428
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	27,859
Loan Proceeds	19,426
Total Non-Operating Cash Receipts	47,285
Net Receipts Over Disbursements	73,713
Fund Cash Balances, January 1	60,760
<b>Fund Cash Balances, December 31</b>	<b>\$134,473</b>

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

**VILLAGE OF NEW RIEGEL  
SENECA 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$17,052		\$17,052
Municipal Income Tax	127,852		127,852
Intergovernmental Receipts	68,819	\$11,362	80,181
Charges for Services	31,000		31,000
Fines, Licenses, and Permits	4,975		4,975
Earnings on Investments	2,903	879	3,782
Miscellaneous	2,100		2,100
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	254,701	12,241	266,942
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	75,287		75,287
Transportation	801	7,931	8,732
General Government	97,649		97,649
Capital Outlay	135,563		135,563
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	309,300	7,931	317,231
Total Receipts Over/(Under) Disbursements	(54,599)	4,310	(50,289)
Fund Cash Balances, January 1	447,222	42,165	489,387
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$392,623</u></b>	<b><u>\$46,475</u></b>	<b><u>\$439,098</u></b>

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

**VILLAGE OF NEW RIEGEL  
SENECA COUNTY**

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$5,016
<b>Operating Cash Disbursements:</b>	
Personal Services	1,725
Fringe Benefits	255
Supplies and Materials	2,255
Total Operating Cash Disbursements	4,235
Operating Income	781
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	12,831
Loan Proceeds	32,457
Total Non-Operating Cash Receipts	45,288
Net Receipts Over Disbursements	46,069
Fund Cash Balances, January 1	14,691
<b>Fund Cash Balances, December 31</b>	<b>\$60,760</b>

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

**VILLAGE OF NEW RIEGEL  
SENECA 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 New Riegel, Seneca County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides sewer utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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 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 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.

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF NEW RIEGEL  
SENECA COUNTY**

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

**3. Enterprise Funds**

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

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority and grants from the Ohio Public Works Commission to finance a mandated sewer system.

**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.

A summary of 2004 and 2003 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 CASH**

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

**VILLAGE OF NEW RIEGEL  
SENECA COUNTY**

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

	2004	2003
Demand deposits	\$527,710	\$499,858

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

**3. BUDGETARY ACTIVITY**

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$186,400	\$273,646	\$87,246
Special Revenue	11,948	13,924	1,976
Enterprise	19,570	77,049	57,479
Total	\$217,918	\$364,619	\$146,701

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$273,297	\$319,544	(\$46,247)
Special Revenue	44,200	13,887	30,313
Enterprise	3,660	3,336	324
Total	\$321,157	\$336,767	(\$15,610)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$246,496	\$254,701	\$8,205
Special Revenue	11,600	12,241	641
Enterprise	19,000	50,304	31,304
Total	\$277,096	\$317,246	\$40,150

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$369,577	\$309,300	\$60,277
Special Revenue	77,183	7,931	69,252
Enterprise	9,519	4,235	5,284
Total	\$456,279	\$321,466	\$134,813

**VILLAGE OF NEW RIEGEL  
SENECA 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 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.

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

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. LOCAL INCOME TAX**

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

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

**6. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	<u>\$92,008</u>	5.65%

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved up to \$92,008 in loans to the Village for this project. The Village will repay the loan in one balloon payment due July 1, 2007. As of December 31, 2004, capitalized interest owed by the Village is \$8,006. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**7. RETIREMENT SYSTEMS**

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



**VILLAGE OF NEW RIEGEL  
SENECA COUNTY**

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

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.

**8. RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (Members).

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5 percent portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5 percent or \$25,000 of casualty losses and the lesser of 5 percent or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31

	<u>2004</u>	<u>2003</u>
Assets	\$6,685,522	\$5,402,167
Liabilities	<u>2,227,808</u>	<u>1,871,123</u>
Members' Equity	<u>\$4,457,714</u>	<u>\$3,531,044</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

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**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 New Riegel  
Seneca County  
13 W. Findlay Street, P. O. Box 8  
New Riegel, Ohio 44853-0008

To the Village Council:

We have audited the financial statements of the Village of New Riegel, Seneca County, (the Village) as of and for the years ended December 31, 2004 and 2003 and have issued our report thereon dated October 6, 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 also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We qualified our report because of our inability to obtain sufficient evidential matter supporting the amounts reported as income tax in the General Fund. Except as discussed in the preceding sentence, 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 in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable condition 2004-001 listed above to be a material weakness. In a separate letter to the Village's management dated October 6, 2005, we reported other matters involving internal control over financial reporting which 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated October 6, 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.



**Betty Montgomery**  
Auditor of State

October 6, 2005

**VILLAGE OF NEW RIEGEL  
SENECA COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2004-001**

**Material Weakness - Income Tax**

The Village Clerk maintains a manual "income tax ledger" that lists the date paid, taxpayer, and amount paid. The Village Clerk totals each day's receipts and a duplicate receipt is made out to the income tax department, amount is posted to the UAN system and deposit slip is prepared and deposit is made to the bank. The amounts posted to the receipt register (UAN system) were compared to the "income tax ledger". The UAN receipts totaled \$127,851 which was \$15,754 more than the \$112,097 recorded in the income tax ledger for fiscal year 2003. In 2004, UAN receipts totaled \$119,180 which was \$48,632 more than the \$70,548 recorded in the income tax ledger. The only record that lists the individual taxpayer is the "income tax ledger" since the duplicate receipt is made out to the income tax department for that day's receipts. This weakness allowed several receipts posted to the UAN system to not be identified by taxpayer.

The following weaknesses were noted during our testing of tax returns:

- Files for 2 individuals could not be located
- Tax forms could not be located for 3 transactions tested
- Amount paid was not noted on the tax form or did not agree, W-2 was not attached to the tax return, or the tax form did not foot resulting in taxpayer overpayments for 5 transactions

The Village Clerk is also the Tax Commissioner. Because of this, he not only collects income tax monies, he also posts them to the system. This results in no secondary review process to insure income tax monies are correctly posted to the system.

To strengthen controls and to assure that all revenues can be identified by taxpayer, we recommend the following:

- The income tax ledger be discontinued and that a UAN receipt be issued in the name of the taxpayer. The receipt number should be noted on the tax form to provide additional assurance that the amount due has been paid and allows easy reference in case of questions. The clerk should run a report at the end of the day on the UAN system and agree the amount of receipts to the cash deposit.
- Due professional care be taken to assure that files are maintained for each taxpayer and that each file contain all the tax forms, that the tax forms foot and agree to the W-2's/supporting documentation and agree to the amounts paid.
- The Audit Committee periodically review tax returns and postings to the revenue ledger to provide a secondary review process and to insure income tax monies are correctly posted to the system.

**VILLAGE OF NEW RIEGEL  
SENECA COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2002-30574-001	ORC § 5705.41(D) Proper expenditure certification	No	Partially corrected. Reported in management letter.
2002-30574-002	ORC § 149.351 Destruction of records	Yes	



**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 NEW RIEGEL**

**SENECA 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**