



Mary Taylor, CPA  
Auditor of State



VILLAGE OF BUCHEL  
ATHENS 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, 2006.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Fiduciary Fund Type - For the Year Ended December 31, 2006.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	7
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Fiduciary Fund Type - For the Year Ended December 31, 2005.....	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 .....	21

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Mary Taylor, CPA  
Auditor of State

Village of Buchtel  
Athens County  
P.O. Box 311  
Buchtel, Ohio 43716

To the Village Council:

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 24, 2007

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Buchtel  
Athens County  
P.O. Box 311  
Buchtel, Ohio 43716

To the Village Council:

We have audited the accompanying financial statements of the Village of Buchtel, Athens County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005. 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 described in paragraph six, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e., major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 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, 2006 and 2005 or its changes in financial position for the years then ended.

The basis of accounting prescribed by the Auditor of State requires the Village to report outstanding encumbrances at year end as budgetary expenditures. The Village did not record encumbrances for the years ended December 31, 2006 and 2005. Accordingly, budgetary expenditures in Note 3 do not include encumbrances. It was not practical for us to determine the amount of unrecorded encumbrances for the years ended December 31, 2006 and 2005.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we performed a search for unrecorded year end outstanding encumbrances as discussed in the above paragraph, for the years ended December 31, 2006 and 2005, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Buchtel, Athens County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2007, 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.



**Mary Taylor, CPA**  
Auditor of State

September 24, 2007



**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$59,835	\$0	\$59,835
Intergovernmental	9,568	18,863	28,431
Fines, Licenses and Permits	17,371		17,371
Earnings on Investments	594		594
Miscellaneous	9,066		9,066
	<u>96,434</u>	<u>18,863</u>	<u>115,297</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	27,066	397	27,463
Leisure Time Activities		4,719	4,719
Transportation		5,833	5,833
General Government	62,072	205	62,277
	<u>89,138</u>	<u>11,154</u>	<u>100,292</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>7,296</u>	<u>7,709</u>	<u>15,005</u>
Fund Cash Balances, January 1	<u>52,801</u>	<u>19,008</u>	<u>71,809</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$60,097</u></b>	<b><u>\$26,717</u></b>	<b><u>\$86,814</u></b>

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

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	\$26,280
Total Non-Operating Cash Receipts	26,280
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	26,302
Total Non-Operating Cash Disbursements	26,302
Net Receipts Over/(Under) Disbursements	(22)
Fund Cash Balance, January 1	670
<b>Fund Cash Balance, December 31</b>	<b>\$648</b>

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

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$58,215	\$0	\$58,215
Intergovernmental	12,888	35,454	48,342
Fines, Licenses and Permits	28,898		28,898
Earnings on Investments	432		432
Miscellaneous	5,899		5,899
	<u>106,332</u>	<u>35,454</u>	<u>141,786</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	37,044		37,044
Leisure Time Activities		5,177	5,177
Transportation	2,919	19,766	22,685
General Government	61,901		61,901
	<u>101,864</u>	<u>24,943</u>	<u>126,807</u>
<b>Total Cash Disbursements</b>			
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>4,468</u>	<u>10,511</u>	<u>14,979</u>
Fund Cash Balances, January 1	<u>48,333</u>	<u>8,497</u>	<u>56,830</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$52,801</b></u>	<u><b>\$19,008</b></u>	<u><b>\$71,809</b></u>

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

VILLAGE OF BUCHEL  
ATHENS COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	<u>\$33,288</u>
Total Non-Operating Cash Receipts	<u>33,288</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>33,288</u>
Total Non-Operating Cash Disbursements	<u>33,288</u>
Net Receipts Over/(Under) Disbursements	<u>0</u>
Fund Cash Balance, January 1	<u>670</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$670</u></u>

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

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005**

**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 Buchtel, Athens County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, fire protection, police services, and maintenance of Village streets and highways.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

Permissive Motor Vehicle License Fund – This fund receives permissive tax money for maintaining and repairing Village streets.

**3. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the financial activity of the Mayor's Court.

**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 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not use the encumbrance method of accounting.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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.

**2. Equity in Pooled Cash and Investments**

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

	2006	2005
Demand deposits	\$74,753	\$60,021
Certificates of deposit	12,709	12,458
Total deposits	\$87,462	\$72,479

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$95,000	\$96,434	\$1,434
Special Revenue	15,775	18,863	3,088
Total	\$110,775	\$115,297	\$4,522

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,801	\$89,138	\$58,663
Special Revenue	34,784	11,154	23,630
Total	\$182,585	\$100,292	\$82,293

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. Budgetary Activity (Continued)**

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$95,000	\$106,332	\$11,332
Special Revenue	10,000	35,454	25,454
Total	\$105,000	\$141,786	\$36,786

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$143,333	\$101,864	\$41,469
Special Revenue	18,497	24,943	(6,446)
Total	\$161,830	\$126,807	\$35,023

**4. Property Tax**

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

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

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

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

**5. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Village contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.



**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**6. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- General liability and casualty;
- Public officials' liability
- Vehicles; and
- Property.

There has been no significant reduction in insurance coverage from the prior year by major category of risk. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three years.

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# Mary Taylor, CPA

Auditor of State

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

Village of Buchtel  
Athens County  
P.O. Box 311  
Buchtel, Ohio 43716

To the Village Council:

We have audited the financial statements of the Village of Buchtel, Athens County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated September 24, 2007, wherein we noted the Village did not properly record encumbrances in its budgetary presentation. We also noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control over Financial Reporting**

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

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

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

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-002 through 2006-004.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2006-002 and 2006-004 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated September 24, 2007.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as finding numbers 2006-001 through 2006-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 24, 2007.

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

We intend this report solely for the information and use of management, the Village Council, and other officials authorized to receive this report. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 24, 2007

VILLAGE OF BUCHEL  
ATHENS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-001

**Finding for Recovery – Repaid Under Audit**

Ohio Rev. Code Section 2949.091 (A) (1) states that the court, in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, shall impose the sum of fifteen dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. All such moneys collected during the month shall be transmitted on or before the twentieth day of the following month by the Clerk of the Court to the Treasurer of State and deposited by the Treasurer of State into the General Revenue Fund.

Prior to September 26, 2003, the court costs noted above were \$11; however, they were raised to \$15 as a result of House Bill 95. The Mayor's Court was not aware the court costs had increased, so it did not raise the court fee.

From September 26, 2003 to December 31, 2006, the Mayor's Court issued 749 tickets for which it only collected and paid to the Treasurer of the State of Ohio the \$11 fee. Based on the change House Bill 95 made to Ohio Rev. Code Section 2949.091 (A) (1), the Mayor's Court should have collected an additional \$2,996 that is due to the State of Ohio to be deposited by the Treasurer of State into the General Revenue Fund.

In accordance with the foregoing facts and pursuant to the Ohio Revised Code Section 117.28, we hereby issue a Finding for Recovery for public monies due but not collected against Mayor John L. Sullivan, in the amount of \$2,996 and in favor of the State of Ohio, General Fund.

The finding was paid by the Village of Buchtel from its General Fund on September 27, 2007 on check number 8902 for \$2,996.

**Client Response:**

Kirk Grandy, the Village Fiscal Officer, had the following response: "Council approved payment on 9-6-07. Payment will be made as soon as I get a letter from Pam to send with check."

FINDING NUMBER 2006-002

**Material Weakness/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.

VILLAGE OF BUCHEL  
ATHENS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)

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

FINDING NUMBER 2006-002 (Continued)

Material Weakness/Noncompliance Citation (Continued)

**1. “Then and Now” Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made (“then”), and at the time that the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village 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 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. 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 clerk for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village did not use the encumbrance method of accounting. Therefore, 100% of the transactions were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Village followed the aforementioned exceptions.

Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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

We recommend the Village certify purchases to which Section 5705.41(D) applies. 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 Fiscal Officer 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 Village Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-002 (Continued)**

**Material Weakness/Noncompliance Citation (Continued)**

**Client Response:**

Kirk Grandy, the Village Fiscal Officer, had the following response: "I am aware of this reportable issue and will try and resolve in the near future."

**FINDING NUMBER 2006-003**

**Significant Deficiency/Noncompliance Citation**

Ohio Rev. Code Section 9.38 states that 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, if the total amount of such monies received exceeds one thousand dollars or a lesser amount cannot be safeguarded. 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.

The Mayor's Court collected significant amounts of money each month but failed to deposit the collections with the designated depository in a timely manner. Deposits were made one to two times per month resulting in receipts sometimes being held for up to two weeks before deposit. The Village Council did not have a formal policy in place to hold monies for the allowable period of 3 days. This could result in errors and/or irregularities occurring and remaining undetected for an extended period of time.

We recommend the Village Mayor's Court Clerk deposit all monies on the next business day following the day of receipt. If this is not practical, we recommend that Village Mayor's Court Clerk deposit all monies exceeding \$1,000 on the next business day following the day of receipt and that Village Council adopt a policy permitting a different time period, not exceeding three days, for monies received which do not exceed \$1,000.

**Client Response:**

Kirk Grandy, the Village Fiscal Officer, had the following response: "This has been discussed with Council and Pam. She will correct this problem."

**FINDING NUMBER 2006-004**

**Material Weakness**

Ohio Admin. Code Section 117-2-01(D)(3) and (5) states that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

**VILLAGE OF BUCHTEL  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
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**FINDING NUMBER 2006-004 (Continued)**

**Material Weakness (Continued)**

The Mayor's Court maintained a checking account through which its financial activity flowed. However, the Court did not reconcile book balances to bank balances. The account should operate as a clearing account in that the amount collected each month should be disbursed early in the following month, reconciling to a zero balance monthly. However, lack of reconciliations has resulted in a balance of \$669.50 remaining in the account at December 31, 2005 that has not been remitted. The Village has been unable to identify if the balance should be remitted to the Village General Fund or the State of Ohio. Further, this balance was reduced to \$647.50 at December 31, 2006 due to a \$22 check written during 2006 that was not recorded on the Court's ledgers and for which no corresponding receipt exists.

We recommend the Mayor's Court Clerk maintain a running balance for its bank account and reconcile its bank statements and its accounting records on a monthly basis. This reconciliation should be reviewed and approved by an authorized individual not involved directly in the receipting/dispersing process. Furthermore, the Village should investigate the cause of the balance in the Mayor's Court account to determine the party to which remittance should be made. If the cause is unable to be identified, we recommend the Village consult with its legal counsel to determine the appropriate course of action to disburse the balance of this clearing account.

**Client Response:**

Kirk Grandy, the Village Fiscal Officer had the following response: "This issue will be brought to the Mayor's, Council and Mayor's Court Clerk's attention. It will be resolved in the future."



**VILLAGE OF BUCHEL  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

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>
2004-1	Failure to properly encumber funds	No	Reissued as Finding Number 2006-002 in the accompanying Schedule of Findings
2004-2	Failure to deposit public monies in a timely manner	No	Reissued as Finding Number 2006-003 in the accompanying Schedule of Findings
2004-3	Failure to maintain a running balance/reconciliation of bank account	No	Reissued as Finding Number 2006-004 in the accompanying Schedule of Findings





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF BUCHEL**

**ATHENS 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 13, 2007**