



Mary Taylor, CPA  
Auditor of State



VILLAGE BATESVILLE  
NOBLE 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, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings .....	15
Schedule of Prior Audit Findings .....	18

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Mary Taylor, CPA  
Auditor of State

Village Batesville  
Noble County  
229 Second Cross Street  
Quaker City, Ohio 43773

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 16, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village Batesville  
Noble County  
229 Second Cross Street  
Quaker City, Ohio 43773

To the Village Council:

We have audited the accompanying financial statements of the Village of Batesville, Noble County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

During 2007, the Village paid \$1,665 from the Street Construction, Maintenance and Repair Fund, Special Revenue Fund type, for playground swings and swing chains. This expenditure should have been paid from the General Fund. Had this amount been properly posted to the financial statements and the Village's accounting system, the 2007 General Fund's expenditures would have increased by \$1,665 and the December 31, 2007 cash fund balance would have decreased by \$1,665 and the 2007 Special Revenue Fund's expenditures would have decreased by \$1,665 and the December 31, 2007 cash fund balance would have been increased by \$1,665.

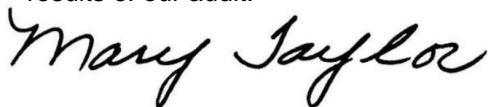
The Village declined to make the adjustment proposed in calendar year 2007. Had this amount been properly posted to the financial statements and the Village's accounting system, the General Fund's December 31, 2008 and 2007 cash fund balance would have decreased by \$1,665 and its 2007 disbursements would have increased by the same amount. Also, Special Revenue Fund's December 31, 2008 and 2007 cash fund balance would have increased by \$1,665 and its 2007 disbursements would have decreased by the same amount.

Also, in our opinion, because of the effects of the matter disclosed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in all material respects, the combined fund cash balances of Village Batesville, Noble County, as of December 31, 2008 and 2007, and its 2007 combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes. Finally, in our opinion, the financial statements referred to above for the year ended December 31, 2008 present fairly, in all material respects, the combined cash receipts and disbursements of Village Batesville, Noble County.

As discussed in Note 8, the Village is experiencing financial difficulties. Management has declined to post the aforementioned adjustments due to the General Fund's cash balance not being sufficient to support these adjustments. Management's plan in regards to these financial difficulties is described in Note 8 to the financial statements. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 16, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

September 16, 2009



**VILLAGE OF BATESVILLE  
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<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	\$2,195		\$2,195
Intergovernmental Receipts	13,101	\$5,195	18,296
Earnings on Investments		7	7
Miscellaneous	44		44
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	15,340	5,202	20,542
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	17,560		17,560
Security of Persons and Property	2,668		2,668
Leisure Time Activities	581		581
Transportation		3,563	3,563
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	20,809	3,563	24,372
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(5,469)	1,639	(3,830)
	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts and (Disbursements):</b>			
Other Debt Proceeds	2,300		2,300
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	2,300	0	2,300
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,169)	1,639	(1,530)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	5,759	3,133	8,892
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$2,590</b>	<b>\$4,772</b>	<b>\$7,362</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**VILLAGE OF BATESVILLE  
NOBLE COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Taxes	\$ 2,034		\$ 2,034
Intergovernmental Receipts	13,225	\$5,419	18,644
Earnings on Investments		8	8
Miscellaneous	36		36
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	15,295	5,427	20,722
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
General Government	10,806		10,806
Security of Persons and Property	2,617		2,617
Leisure Time Activities	578		578
Transportation		5,824	5,824
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	14,001	5,824	19,825
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over/(Under) Cash Disbursements	1,294	(397)	897
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	4,465	3,530	7,995
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$5,759</u></b>	<b><u>\$3,133</u></b>	<b><u>\$8,892</u></b>

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

**VILLAGE BATESVILLE  
NOBLE COUNTY**

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

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village Batesville, Noble County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services including maintenance of streets and recreation services. The Village contracts with Quaker City Volunteer Fire Department to receive fire protection services.

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

**B. Accounting Basis**

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

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

**C. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue 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 motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**D. Budgetary Process**

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

**VILLAGE BATESVILLE  
NOBLE COUNTY**

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

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

**D. Budgetary Process (Continued)**

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees 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.

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

**E. Property, Plant, and Equipment**

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

**2. Equity in Pooled Deposits**

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$7,362</u>	<u>\$8,892</u>

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

**VILLAGE BATESVILLE  
NOBLE COUNTY**

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

**3. Budgetary Activity**

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,110	\$17,640	\$3,530
Special Revenue	2,180	5,202	3,022
Total	\$16,290	\$22,842	\$6,552

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$14,410	\$20,809	(\$6,399)
Special Revenue	5,295	3,563	1,732
Total	\$19,705	\$24,372	(\$4,667)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,230	\$15,295	\$65
Special Revenue	2,680	5,427	2,747
Total	\$17,910	\$20,722	\$2,812

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$15,230	\$14,001	\$1,229
Special Revenue	5,970	5,824	146
Total	\$21,200	\$19,825	\$1,375

Contrary to Ohio law, the Village did not consistently obtain the Clerk's prior certification before incurring obligations.

Contrary to Ohio law, the Village had expenditures that exceeded appropriations at the legal level of control in 2007 and 2008. For 2007, the Street Construction Maintenance & Repair Fund, Special Revenue Fund type, had expenditures that exceeded appropriations by \$1,629. For 2008, the General Fund has expenditures that exceeded appropriations by \$6,399.

**VILLAGE BATESVILLE  
NOBLE COUNTY**

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

**4. Debt**

The Village entered into a cognovit promissory note with Mary Carpenter, Mayor and/or Ray Carpenter, Village Council member, on December 14, 2008 in the amount of \$2,300 with interest at the rate of 5% per annum. This unsecured note shall be payable by the Village in annual installments of \$800 until paid in full. All or any part of the principal sum and accrued interest may be prepaid without penalty.

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Cognovit promissory note	\$2,300	5%
Total	\$2,300	

Amortization of the above debt, including interest, is scheduled as follows:

	Cognovit Promissory Note
Year ending December 31:	
2009	\$915
2010	875
2011	775
Total	\$2,565

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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.

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.

**6. Retirement System**

The Village's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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.

**VILLAGE BATESVILLE  
NOBLE COUNTY**

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

**6. Retirement System (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**7. Risk Management**

The Village has obtained commercial coverage for the following risks:

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

**8. Financial Difficulties**

The Village's General Fund would carry a very small positive cash balance if the proposed 2007 audit adjustment amount was posted. The Village will make arrangements to post the adjustment as the General Fund cash fund balance increases. The Village has no formal plans for increasing the revenue stream of the General Fund but are monitoring all expenditures of the General Fund.

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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 Batesville  
Noble County  
229 Second Cross Street  
Quaker City, Ohio 43773

To the Village Council:

We have audited the financial statements of the Village Batesville, Noble County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 16, 2009, wherein we expressed an adverse opinion on the 2008 and 2007 regulatory financial statements due to certain misstatement of expenditures in the financial statements. Also we noted the Village is experiencing financial difficulties and prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

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

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

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

We consider Findings 2008-001 and 2008-004 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe of the significant deficiencies described above, finding number 2008-001, is a material weakness.

We also noted a certain matter that we reported to the Village's management in a separate letter dated September 16, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2008-001, 2008-002 and 2008-003.

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 16, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

September 16, 2009

**VILLAGE BATESVILLE  
NOBLE COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-001**

**Finding for Adjustment/Material Weakness**

Ohio Rev. Code Section 4503.02 distributed to Villages through Ohio Rev. Code Section 4501.04(A) states that an annual license tax is hereby levied upon the operation of motor vehicles on the public roads or highways. Thirty-four per cent of all such moneys are the use of the municipal corporation or county which constitutes the district of registration. The portion of such money due to the municipal corporation shall be paid into its treasury forthwith upon receipt by the county auditor, and shall be used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133, of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for the purpose of acquiring or constructing roads, highways, bridges, or viaducts, or acquiring or making other highway improvements for which the municipal corporation may issue bonds; and to supplement revenue already available for such purposes.

**Ohio Rev. Code Section 5705.10(D)** provides, in part, that all revenue from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

During 2007, the Village paid \$1,664.90 on May 6, 2007 for park playground swings and swing chains from the Street Construction, Maintenance and Repair Fund, Special Revenue Fund type instead of the General Fund.

A finding for adjustment is hereby issued against the Village of Batesville, Noble County Street Construction, Maintenance and Repair Fund, Special Revenue Fund type, in the amount of \$1,664.90 and in favor of the Village of Batesville, Noble County, General Fund in the amount of \$1,664.90.

**FINDING NUMBER 2008-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

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

VILLAGE BATESVILLE  
NOBLE COUNTY

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

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

FINDING NUMBER 2008-002 (Continued)

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

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

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

**Blanket Certificate** - Fiscal officers may prepare “blanket” certificates for a certain sum of money not exceeding an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account and cannot extend beyond the end of the fiscal year. The blanket certificate 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. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

**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.

The Village did not properly certify the availability of funds prior to purchase commitment for 100% of 2007 and 2008 tested disbursements, and there was no evidence that the Village followed the aforementioned exceptions. The fiscal officer’s failure to properly certify the availability of funds can result in overspending. Some voucher packages did not have supporting documentation attached. This occurred for 3% of 2007 and 7% of 2008 transactions tested.

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 an obligation being incurred 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 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 orders to the appropriation code, to reduce the available appropriation.

**VILLAGE BATESVILLE  
NOBLE COUNTY**

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

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

**FINDING NUMBER 2008-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision to expend money unless it has been appropriated.

The following funds and appropriation accounts had expenditures which exceeded appropriations:

<u>2008</u>	<u>Current Year Appropriations</u>	<u>Actual Disbursements</u>	<u>Variance: Favorable (Unfavorable)</u>
General Fund	\$ 14,410	\$ 20,809	\$ (6,399)
<u>2007</u>			
Special Revenue			
Street Construction	\$ 3,965	\$ 5,594	\$ (1,629)

The Clerk should deny payment requests that exceed appropriations. The Clerk may request the Village Council to approve increased expenditure levels by increasing appropriations and amending estimated resources. For 2008 and 2007 the Village had ample actual receipts and unencumbered fund balances to have obtained an amended certificate to allow for supplemental appropriations.

**FINDING NUMBER 2008-004**

**Significant Deficiency**

When designing the Village's system of internal control and the specific control activities, management should consider the accuracy and completeness of amounts taken from the accounting system and compiling the Annual Financial Report. The amounts in the Annual Financial Report should reconcile to the Village's appropriation and receipt ledgers.

The amounts in the 2008 and 2007 workbooks for the Annual Financial Reports did not reconcile to the Village's accounting system. The amounts reconciled in total, but the revenue and expenditure line account amounts did not reconcile to the accounting records. The lack of accounting controls contributed to the Annual Financial Report submitted by the Village to the Auditor of State not reconciling with the accounting system maintained by the Village.

We recommend the Village develop controls to ensure the financial data maintained by the Village's accounting system be accurately and completely compiled to the Annual Financial Report that is submitted to the Auditor of State.

**Official's Response:**

The Village did not respond to the findings above.

**VILLAGE BATESVILLE  
NOBLE COUNTY**

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

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>
2006-001	Ohio Rev. Code § 5705.41(D)	No	Not Corrected; Reissued as Finding No. 2008-002
2006-002	Ohio Admin. Code § 117-2-02(A)	No	Not Corrected; Addressed in Management Letter.
2006-003	Ohio Rev. Code § 5705.41(B)	No	Not Corrected; Reissued as Finding No. 2008-003



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF BATESVILLE**

**NOBLE 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  
OCTOBER 15, 2009**