

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY  
Regular Audit  
For the Years Ended December 31, 2009 and 2008**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

Village Council  
Village of Salesville  
111 Washington St.  
Salesville, OH 43778

We have reviewed the *Independent Accountants' Report* of the Village of Salesville, Guernsey County, prepared by Perry & Associates, Certified Public Accountants, A. C., for the period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

## **Finding for Recovery:**

**Ohio Rev. Code 149.351(A)** states, in pertinent part, that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Sections 149.38 to 149.42 of the Revised Code.

Auditor of State Bulletin 2003-005 states that government entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin addresses the requirements necessary to ensure that an entity's expenditure of public funds is for a proper public purpose. Ohio Attorney General Opinion 82-006 addressed the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court case *State ex rel. McClure v. Hagerman*, 155 Ohio St. 320 (1951), states that expenditures made by a governmental unit should serve a public purpose. and, 155 Ohio St. 320 (1951), provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. Second, the primary objective of the expenditure is to further a public purpose.

The Village of Salesville Fiscal Officer, Jessica E. Fraley wrote a total of 13 checks/debit memos to various vendors in amounts totaling \$2,843 (see table below). There was no documentation or resolution to support that the payments were made pursuant to a proper public purpose.

Additionally, there was no indication that the Village Council otherwise approved payments to these vendors. The Village used the Auditor of State Uniform Accounting System for accounting services during this period. The Fiscal Officer wiped the computer hard drive for the 2009 and 2010 accounting records, making the accounting records during this period inaccessible.

Check Number	Date of Check	Amount of Check		
2146	2/21/2006	\$45		
2152	3/22/2006	\$60		
2154	3/17/2006	\$77		
2203	9/21/2006	\$78		
2178	6/15/2006	\$119		
9999	8/14/2007	\$255		
2291	9/28/2007	\$108		
2307	10/31/2007	\$65		
2309	11/9/2007	\$1,000		
bank debit	12/14/2007	\$255		
2418	10/30/2009	\$300		
2535	4/28/2010	\$60		
2631	12/22/2008	\$421		
<b>Total</b>		<b>\$2,843</b>		

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Jessica E. Fraley, Village of Salesville Fiscal Officer, and her bonding company, the Old Republic Surety Company, jointly and severally, in the amount of \$2,843, and in favor of Village Salesville General Fund, in the amount of \$2,843.

**Finding for Recovery:**

Auditor of State Bulletin 2003-005 states that government entities may not make expenditures of public monies unless they are for a valid public purpose. Ohio Attorney General Opinion 82-006, citing the Ohio Supreme Court case of *State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)*, provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. Second, the primary objective of the expenditure is to further a public purpose.

The Village of Salesville Fiscal Officer, Jessica E. Fraley, made a total of 22 direct payments to herself totaling \$17,698 (see table below). There was no documentation to support that the payments were made pursuant to a proper public purpose. Additionally, there was no indication that the Village Council otherwise approved these direct payments to Ms. Fraley.

<b>Check Number</b>	<b>Date of Check</b>	<b>Amount of Check</b>
2209	10/27/2006	\$1,259
2227	12/12/2006	\$700
2239	3/26/2007	\$299
2241	4/23/2007	\$531
2245	5/23/2007	\$263
2308	11/9/2007	\$1,000
2312	12/12/2007	\$750
2317	12/27/2007	\$651
2366	5/27/2009	\$1,359
2618	6/22/2009	\$585
2413	8/24/2009	\$744
2414	8/21/2009	\$583
2415	9/18/2009	\$458
2417	9/25/2009	\$1,375
2466	11/8/2009	\$1,375
2480	11/28/2009	\$1,199
2505	1/1/2010	\$959
2506	1/1/2010	\$583
2513	1/31/2010	\$753
2515	1/31/2010	\$751
2516	1/31/2010	\$979
2548	6/30/2010	\$542
<b>Total</b>		<b>\$17,698</b>

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Jessica E. Fraley, Village of Salesville Fiscal Officer, and her bonding company, the Old Republic Surety Company, jointly and severally, in the amount of \$17,698, and in favor of Village Salesville General Fund, in the amount of \$17,698.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Salesville is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

September 8, 2011

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**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT**

November 18, 2010

Village of Salesville  
Guernsey County  
PO Box 306  
Quaker City, Ohio 43773

To the Village Council:

We were engaged to audit the accompanying financial statements of the **Village of Salesville, Guernsey County, Ohio**, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management.

The Village did not provide adequate supporting documentation for expenditures to allow us to determine the completeness, occurrence, allocation, cutoff and classification of all expenditures recorded in the General, Special Revenue, Capital Projects and Enterprise Fund Types in 2009 and 2008, nor were we able to apply alternative auditing procedures to satisfy ourselves as to the completeness, occurrence, allocation, cutoff and classification of expenditures.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits.

Because of the effects of the matters discussed in paragraph two, the scope of our work was not sufficient to enable us to express, and we do not express an opinion on the 2009 and 2008 financial statements.

The accompanying financial statements have been prepared assuming the Village will continue as a going concern. As discussed in Note 9 to the financial statements, the Village has suffered recurring net losses and has a deficit in the General Fund of \$4,936 at December 31, 2009. This condition raises substantial doubt about the Village's ability to continue as a going concern. Management does not have any long-term plans for reducing the fund deficit.

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.

Village of Salesville  
Guernsey County  
Independent Accountants' Report  
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2010, 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 work.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Cash Receipts	\$ 8,530	\$ 15,015	\$ 1,322	\$ 24,867
Total Cash Receipts	<u>8,530</u>	<u>15,015</u>	<u>1,322</u>	<u>24,867</u>
<b>Cash Disbursements:</b>				
Cash Disbursements	<u>14,735</u>	<u>20,029</u>	<u>-</u>	<u>34,764</u>
Total Cash Disbursements	<u>14,735</u>	<u>20,029</u>	<u>-</u>	<u>34,764</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(6,205)	(5,014)	1,322	(9,897)
Fund Cash Balances, January 1	<u>1,269</u>	<u>26,117</u>	<u>6,221</u>	<u>33,607</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ (4,936)</u></u>	<u><u>\$ 21,103</u></u>	<u><u>\$ 7,543</u></u>	<u><u>\$ 23,710</u></u>

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

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Cash Receipts:</b>	
Cash Receipts	\$ 3,119
Total Cash Receipts	<u>3,119</u>
<b>Cash Disbursements:</b>	
Cash Disbursements	<u>1,378</u>
Total Cash Disbursements	<u>1,378</u>
Net Receipts Over/(Under) Disbursements	1,741
Fund Cash Balances, January 1	<u>10,588</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 12,329</u></u>

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

**VILLAGE OF SALESVILLE  
GUERNSEY 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>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Cash Receipts	\$ 8,751	\$ 14,353	\$ 1,322	\$ 24,426
Total Cash Receipts	<u>8,751</u>	<u>14,353</u>	<u>1,322</u>	<u>24,426</u>
<b>Cash Disbursements:</b>				
Cash Disbursements	9,544	6,504	-	16,048
Total Cash Disbursements	<u>9,544</u>	<u>6,504</u>	<u>-</u>	<u>16,048</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(793)	7,849	1,322	8,378
Fund Cash Balances, January 1	<u>2,062</u>	<u>18,268</u>	<u>4,899</u>	<u>25,229</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 1,269</u></u>	<u><u>\$ 26,117</u></u>	<u><u>\$ 6,221</u></u>	<u><u>\$ 33,607</u></u>

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

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Cash Receipts:</b>	
Cash Receipts	\$ 1,600
Total Cash Receipts	1,600
<b>Cash Disbursements:</b>	
Cash Disbursements	3,416
Total Cash Disbursements	3,416
Net Receipts Over/(Under) Disbursements	(1,816)
Fund Cash Balances, January 1	12,404
<b>Fund Cash Balances, December 31</b>	<b>\$ 10,588</b>

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

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Salesville, Guernsey County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including the maintenance of roads, park operations, and fire protection services. The Village contracts with the Guernsey County Sheriff's department to provide security of persons and property. The Village contracts with the Village of Quaker City to provide fire protection, emergency services, and water utility services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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).

The Village did not classify its receipts and disbursements in the accompanying financial statements. This is a material departure from the requirements of Ohio Administrative Code Section 117-02-02(A) (effective July 1, 2000). These Ohio Administrative Code Sections require classifying receipts and disbursements.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Deposits**

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

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has 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.

Parks Recreation Fund – This fund receives donations to be used for constructing and maintaining the Village Park.

Current Expense Levy Fund – This fund receives tax money to be used for street lighting and general operations.

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village has the following significant Capital Project Funds:

Issue II Fund – This fund receives Issue II monies for street paving projects.

**4. Enterprise Funds**

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

Debt Service Fund – This fund receives payments from water fees to pay for the OPWC loan debt.

Reserve Fund – This fund is used to pay for major water line repairs.

**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 object level of control and appropriations may not exceed estimated resources. The 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.



**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**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 2009 and 2008 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. EQUITY IN POOLED DEPOSITS**

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

	<u>2009</u>	<u>2008</u>
Demand deposits	<u>\$ 36,039</u>	<u>\$ 44,195</u>
Total deposits	<u><u>\$ 36,039</u></u>	<u><u>\$ 44,195</u></u>

Deposits are entirely insured by the Federal Deposit Insurance Corporation.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,229	\$ 8,530	\$ 301
Special Revenue	15,270	15,015	(255)
Capital Projects	1,322	1,322	-
Enterprise	-	3,119	3,119
Total	<u>\$ 24,821</u>	<u>\$ 27,986</u>	<u>\$ 3,165</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 15,300	\$ 14,735	\$ 565
Special Revenue	31,988	20,029	11,959
Capital Projects	2,920	-	2,920
Enterprise	8,891	1,378	7,513
Total	<u>\$ 59,099</u>	<u>\$ 36,142</u>	<u>\$ 22,957</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,800	\$ 8,751	\$ (49)
Special Revenue	14,561	14,353	(208)
Capital Projects	1,322	1,322	-
Enterprise	3,515	1,600	(1,915)
Total	<u>\$ 28,198</u>	<u>\$ 26,026</u>	<u>\$ (2,172)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 15,563	\$ 9,544	\$ 6,019
Special Revenue	32,147	6,504	25,643
Capital Projects	2,920	-	2,920
Enterprise	12,845	3,416	9,429
Total	<u>\$ 63,475</u>	<u>\$ 19,464</u>	<u>\$ 44,011</u>

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio Rev. Code §5705.39, appropriations exceeded total estimated resources for the General, Parks and Recreation, and Grant Construction Funds for 2009 and the General, Street Construction, Maintenance and Repair, and Grant Construction Funds for 2008. Contrary to Ohio Rev. Code §5705.41(B), expenditures exceeded appropriations in the Permissive Motor Vehicle License Tax and Current Expense Funds in 2009. Contrary to Ohio Rev. Code §5705.41(D), a certificate of the fiscal officer that the amount required for the order or contract 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 was not obtained for any expenditure in 2009 or 2008.

**4. PROPERTY TAXES**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. The second half payment is due the following June 20.

Tangible personal property taxes are 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. DEBT**

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$33,071	0.00%

The Ohio Public Works Commission (OPWC) loan relates to a water line project. The loan will be repaid in semiannual installments of \$1,378 over 20 years, maturing July 1, 2021. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

	Ohio Public Works Commission Loan
Year ending December 31:	
2010	2,756
2011	2,756
2012	2,756
2013	2,756
2014	2,756
2015-2019	13,780
2020-2021	5,511
Total	\$33,071

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

**6. RETIREMENT SYSTEMS**

Most officials of the Village have opted to pay into the Social Security System instead of joining the Ohio Public Employees Retirement System (OPERS). Two officials have been paying into OPERS. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has not paid all contributions required through December 31, 2009.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Official's and Employee's Dishonesty Bonds
- Vehicles

Claims have not exceeded coverage for the last three years, and there has been no material reduction in coverage during the last three years.

**8. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal and state governments. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**9. GOING CONCERN**

The Village expenses have exceeded revenues for the years of 2006, 2007, 2008 and 2009 in the General Fund. While the Village is in a positive cash balance position overall, a significant portion of the cash is in the Street Construction, Maintenance and Repair, State Highway, Fire, Capital Projects and Enterprise Funds. The use of these funds is limited either by statute or by levy ballot language and therefore, the Village is not permitted to use these monies to remedy the deficit balances.

The Auditor of State has various remedies available to it, the most severe of which include placing the Village on fiscal watch or fiscal emergency. The Village does not know if such action will be taken.

The accompanying financial statements do not include any adjustments that might be necessary if the Village is unable to continue as a going concern.

***Perry & Associates***  
**Certified Public Accountants, A.C.**

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

November 18, 2010

Village of Salesville  
Guernsey County  
PO Box 306  
Quaker City, Ohio 43773

To the Village Council:

We were engaged to audit the financial statements of the **Village of Salesville, Guernsey County, Ohio** (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated November 18, 2010, wherein we noted the Village 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 did not opine on all expenditures recorded in the General, Special Revenue, Capital Projects and Enterprise Fund Types because we are unable to satisfy ourselves to the completeness, occurrence, allocation, cutoff and classification of these transactions. We also noted the Village's General Fund has a deficit cash fund balance as of December 31, 2009, and management does not have any long-term plans to reduce the deficit.

**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 opinions 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 the 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 considered significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses and other deficiencies we consider to be significant deficiencies.

### **Internal Control Over Financial Reporting (Continued)**

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-002, 2009-005, 2009-006, 2009-008, and 2009-012 through 2009-016 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2009-001, 2009-003, 2009-004, 2009-007, 2009-009 through 2009-011 and 2009-017 described in the accompanying schedule of findings to be significant deficiencies.

### **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 Standard*, which are described in the accompanying schedule of findings as items 2009-001 through 2009-011.

This report is intended solely for the information and use of Village management and Village Council and is not intended to be, and should not be used by anyone other than these specified parties.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Noncompliance Citation / Significant Deficiency**

**26 U.S.C. Section 3402** states that every employer making payments of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary of the Treasury. The employer is required to submit the employees' withholdings to the Internal Revenue Service either monthly, quarterly or annually, depending upon the monthly gross wages and the amount of withholding expected for the year.

The Village provided 941 reports for 2009 however these reports were not accurate as to wages or withholdings. The Village was not able to provide copies of 941's or proof that they were filed for 2008. We also noted the checks written to pay the federal withholding never cleared the bank for 2006 and 2008.

We recommend the Fiscal Officer take the care necessary to ensure taxes are being remitted in the correct amount and the reports are done timely. The Village should also verify they are filing the proper report as they may qualify to file form 944, an annual report and payment of withholding since the total amount annually is less than \$1,000. We also recommend the Village contact the IRS to determine if the withholdings for 2006 and 2008 have been received.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2009-002**

**Noncompliance Citation/Material Weakness**

**Ohio Revised Code §9.38** states 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 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.

In 2008 and 2009, the Fiscal Officer did not deposit funds to a designated depository in a timely manner. In 2008, we noted only six deposits were made even though the County Auditor sends several checks per month. In 2009 only four deposits were made. This indicates the Fiscal Officer is not depositing receipts as they are received. Since the funds were maintained at the Fiscal Officer's home, we are unable to determine if the checks were properly safeguarded. The delay of several months for depositing some of these payments indicates the Village Council is not monitoring revenue.

We recommend the Village take steps to ensure deposits are made timely as required by Ohio Revised Code. In addition, the Village could adopt the above-mentioned policy to allow deposits of less than \$1,000 to be deposited within three business days. Procedures should be established to ensure the safeguarding of receipts until they can be deposited.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-003**

**Noncompliance Citation / Significant Deficiency**

**Ohio Revised Code §117.38** states, in part, cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the Fiscal Officer.

The Village did not file the 2008 or 2009 annual financial report with the Auditor of State within the 60 days of the fiscal year end. In addition, no evidence was presented to indicate the Village published a notice in a local newspaper stating the financial report is available for public inspection. The Village can be penalized up to \$750 per year for not filing the annual report with the Auditor of State.

We recommend the Annual Financial Report be prepared and filed within 60 days of the fiscal year end. In addition, the Village should publish notice in a local newspaper that the financial report is available for public inspection.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2009-004**

**Noncompliance Citation / Significant Deficiency**

**Ohio Revised Code §145.47** indicates the head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants, checks, or electronic payments covering the total of such deductions. In addition, the employer is required to remit the employer contribution.

The Village withholds OPERS for two employees but we found no evidence the Village filed the required report of contributions for either 2008 or 2009. The employee and employer contributions have not been paid for either year.

We recommend the Village contact OPERS to determine the process to submit late reports and make payment for any contributions, employee and employer, that have not been paid.

**Management's Response** – We did not receive a response from officials to this finding.



**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-005**

**Noncompliance Citation / Material Weakness**

**Ohio Rev. Code §149.351(A)** establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law. The completed voucher packages should be the basis for the preparation of checks. The package should include the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of the goods or services and the accuracy of the quantity and price, and a copy of the requisition or purchase order to document the Fiscal Officer's prior certification that sufficient appropriations and resources were available to meet the obligation. In addition, computer files should be backed up and maintained in order to prevent the loss of accounting records.

During our voucher testing, we noted that 20.8% (5 of 24) of tested expenditures in 2008 and 15.8% (15 of 95) of tested expenditures in 2009 did not have adequate voucher documentation. It was determined through alternative testing procedures that three of the 2008 expenditures were allowable and for a proper public purpose. The fourth resulted in a double payment but was refunded by the vendor at a later date and the last could not be verified as a valid expense of the Village. In addition two invoices included sales tax which was paid by the Fiscal Officer. Of the 2009 expenditures, all but five of the payments could be verified as valid expenses of the Village through alternative testing procedures. The lack of adequate supporting documentation could result in loss of Village funds or personal liability of the Village's Officials. The total amount that does not appear to be expenses for proper public purposes is \$9,356 for the audit period and an additional \$4,670 indicated in testing performed for 2010 expenses.

The 2009 UAN system files, the accounting software used by the Village, have been deleted from the Village computer. The Village failed to maintain backup copies of the files as required by the UAN agreement. Because these files were deleted we were unable to obtain the check register, cash journal, appropriation ledger, or any payroll reports for 2009.

We recommend that all expenditures be supported by complete voucher packages, including the voucher signed by the appropriate officials to document their approval, the original invoice approved by the receiving employee or official to document the receipt of goods or services and the accuracy of the quantity and price, a copy of the requisition or purchase order to document the Fiscal Officer's prior certification, to help insure that all Village expenditures are for goods or services received, properly approved, and for a proper public purpose. We also recommend the Village establish procedures to backup the computer system on days transactions are recorded.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-006**

**Noncompliance Citation / Material Weakness**

**Ohio Revised Code §5705.10** requires that monies paid into any fund is used only for purposes for which such fund is established. The Village had a negative general fund balance of \$4,936 as of December 31, 2009. In addition we noted tax levy revenue and revenues for fuel taxes were incorrectly recorded as to fund. Audit adjustments were made to adjust fund balances and record the revenues in the proper funds. The Village has agreed to these adjustments and recorded them in the financial system.

A negative cash fund balance is an indication that revenues from other sources were used to pay obligations of this fund. In this case, money that is restricted to specific purposes was used to pay for operating expenses of the general fund.

Fund activity should be monitored by the Fiscal Officer and Council to prevent future expenditures in excess of available resources.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2009-007**

**Noncompliance Citation / Significant Deficiency**

**Ohio Rev. Code §5705.34** requires the Village to pass a resolution authorizing the necessary tax levies and to certify the levies to the County Auditor before October 1 of the preceding fiscal year.

The Village did not pass resolutions authorizing the necessary tax levies and did not certify the levies to the County Auditor. The County Auditor does not have authority to collect levy monies until the Village has certified the rates and amounts. As a result of this, the Village's collection of tax levy revenues for the 2009 and 2008 fiscal years could have been jeopardized. The Village should ensure the necessary tax levies are formally approved and certified to the County Auditor on a timely basis. This will help ensure monies generated from the Village's tax levies can be collected and available for the Village.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-008**

**Noncompliance Citation / Material Weakness**

**Ohio Rev. Code §5705.38** states that on or about the first day of each fiscal year, an appropriation measure is to be passed. No appropriation measure shall become effective until the County Auditor files with the appropriating authority a certificate that total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed said official certificate.

An appropriation measure was recorded in the records book as Resolution 1-09 adopted at the January 14, 2008 meeting but there is no evidence of adoption included in the minutes of that meeting. The resolution for 2009, obtained from the County Auditor, indicated the appropriation measure was adopted at the March 11, 2009 regular meeting of Council however, the regular meeting was March 9, 2009 and no approval of the appropriation resolution was indicated at this meeting or any other meeting in 2009. The Fiscal Officer submitted appropriation resolutions and did obtain the required 'does not exceed' certificate but there is no evidence Council formally approved either resolution.

We recommend the Village establish procedures to formally adopt the appropriation measure annually before it is submitted to the County Budget Commission.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2009-009**

**Noncompliance Citation / Significant Deficiency**

**Ohio Rev. Code §5705.39** provides that the total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure shall become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The appropriations exceeded total estimated resources for the General, Street, Construction, Maintenance and Repair and Grant Construction Funds for 2008 and the General, Parks and Recreation and Grant Construction Funds for 2009.

The Village should monitor appropriations to ensure that appropriations do not exceed total estimated resources.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-010**

**Noncompliance Citation / Significant Deficiency**

**Ohio Rev. Code §5705.41(B)** provides that no subdivision or taxing unit is to expend money unless it has been appropriated. The expenditures exceeded appropriations for the Permissive Motor Vehicle License Tax and Current Expense Funds for 2009.

The Village should monitor appropriations to ensure that expenditures do not exceed appropriations at the legal level of control.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2009-011**

**Noncompliance Citation / Significant Deficiency**

**Ohio Rev. Code §5705.41(D)** provides that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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. The Fiscal Officer did not certify any expenditure for 2008 or 2009.

We recommend the Fiscal Officer review the requirements of this Ohio Revised Code section and complete and sign the certifications included on the purchase orders through the UAN system.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2009-012**

**Material Weakness**

**Management Monitoring for Internal Control**

The Village Council has not established effective internal control processes in order to determine proper recording and reporting of financial information and to reduce the risk of the possibility of fraud. Throughout the 2008 and 2009 period, Council was not receiving adequate, timely information from the accounting system in order to make informed decisions about Village finances.

The accounting system used by the Village is capable of generating a variety of financial information reports including budget vs. actual reports, bank reconciliations, a revenue ledger, an appropriation ledger, a cash journal, a payroll register, check registers, and various other reports that could help Council monitor activity. In addition, check writing controls are weak as checks were manually written, not all payments had purchase orders, and only one signature is required on checks.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-012 (CONTINUED)**

**Management Monitoring for Internal Control (Continued)**

Because of the above mentioned internal control weaknesses, payments were made that were unauthorized by Council, revenues received were not deposited timely, revenue was not recorded on the books, manual checks were not properly recorded on the books, revenues and expenses were improperly recorded as to fund and classification, bank reconciliations were not properly done, and payroll withholding may not have been properly remitted.

We recommend Council establish effective internal control processes. This could include such things as receiving the recommended monthly report package from the accounting system (budget vs. actual reports as well as revenue and expense reports), reviewing the monthly bank reconciliation, establishing pay rates annually and having a set time for payroll disbursements, monitoring payroll reports (payroll register and year end reports) and requiring two signatures on all checks. Establishing effective internal controls will eliminate late fees, give Council accurate bank balances, reduce the risk of possible fraud and give Council information in a timely manner so that informed decisions can be made regarding the various functions of the Village.

**Management's Response** - We did not receive a response from officials to this finding.

**FINDING NUMBER 2009-013**

**Material Weakness**

**Accounting for Receipts and Expenditures**

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial reports.

During testing of receipts and disbursements we noted substantial misclassifications that resulted in the Village issuing unclassified financial statements. The Fiscal Officer did not accurately post all receipts and expenditures to the Village's accounting ledgers. Numerous audit adjustments were recorded from source documents so that the Village system adequately and accurately reflected all transactions.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer and Council refer to the Ohio Village Handbook for guidance to determine the proper classification of receipts and expenditures.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-014**

**Material Weakness**

**Bank Reconciliations**

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. There were significant numbers of reconciling items that were not identified. The lack of proper reconciliations among the bank statements, cashbook and ledgers resulted in numerous errors which remained undetected and/or uncorrected until the audit. The extensive problems with these reconciliations indicate Council was not receiving accurate revenue, expense or fund balance information in order to make informed decision related Village finances.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all transactions and details of any reconciling items. Copies of the outstanding checks and the check register for the month should be attached to the reconciliation. Copies of bank reconciliations and the bank statements should be presented to the Council for their review and use in managing the Village. This review should be indicated by Council member signatures on the bottom of the reconciliation.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2009-015**

**Material Weakness**

**Budgetary Activity**

We noted the Comparison of Budget and Appropriated reports for 2008 and 2009 did not reflect the same budget revenue amount information as the certificate of estimated resources from the county Budget Commission. The appropriation amount for the general fund in 2009 did not agree to the appropriation measure. Amounts in Note 3 – Budgetary Activity reflect the amounts on the Amended Certificate of Estimated Resources and the approved appropriation measures. Because information was not properly recorded in the accounting system, Village management was unable to effectively monitor budgetary activity throughout the year.

We recommend the Fiscal Officer record estimated receipts from the Certificate of Estimated Resources and any amendments thereto during the course of the year into the Village's accounting system and reconcile the accounting system amounts to the certificate or amended certificate obtained from the County. All budgetary changes during the year (receipts and appropriations) should be approved by Council and so noted in the minutes. The Council should review and sign off on budgetary reports as part of the financial information presented monthly.

We recommend the Village Fiscal Officer properly maintain a format to track all estimated receipts and appropriations at the beginning and throughout the year every year as certified by the County Auditor. This will help ensure amounts are properly presented within the annual report at year end and provide an effective monitoring tool for management.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Management’s Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2009-016**

**Material Weakness**

**Timely Recording**

The Village does not have a control procedure for timely recording of deposits of monies received by the Fiscal Officer. In 2008 and 2009, the Fiscal Officer did not update the UAN records in a timely fashion following automatic deposits from the state.

As a result, it is very difficult to ensure that the UAN records are accurate. This also makes it difficult for the Village to maintain proper control over funds. We recommend that the Village records be updated in a more timely fashion. Council should review revenue reports, budget and actual reports and the bank statements monthly to ensure all transactions are recorded.

**Management’s Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2009-017**

**Significant Deficiency**

**Village Council Minutes**

The minutes serve as the official actions taken by the legislative authority of the Village. During our review of the minute record, we noted the Village’s minute record was silent and/or vague concerning various Village matters. We noted no mention of any of the budgetary resolutions that are required by Ohio Rev. Code. Also, the minutes state that the ‘financial report’ is presented, but the report itself is not included in the minutes and the minutes contain no additional information about what the report contains.

We recommend the Fiscal Officer take detailed minutes that would permit the public to understand and appreciate the rationale behind the relevant public body’s decisions. Council should approve all pertinent budgetary actions performed by the Fiscal Officer. Council should also review and approve the bank reconciliations and a detailed listing of expenditures on a monthly basis and reflect the approval of these items in the minutes. Detailed information should be recorded and stored with the minutes reflecting the information that Council has been made aware of and has approved. Once the minutes have been approved at the subsequent meeting, they should be signed and authenticated by Council President and Village Fiscal Officer.

**Management’s Response** – We did not receive a response from officials to this finding.

**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	<b>26 U.S.C. Section 3102(a)</b> requires employers to withhold Social Security/Medicare tax from an employee's wages if the employee was hired after April 1, 1986	Yes	
2007-002	<b>26 U.S.C. Section 3402</b> requires withholding and remitting of federal payroll taxes.	No	Not corrected – reissued as finding 2009-001.
2007-003	<b>Ohio Rev. Code Section 5705.09</b> states that each subdivision is required to establish a special fund for each class of revenues.	Yes	
2007-004	<b>Ohio Rev. Code Section 5705.34</b> requires the Village to pass a resolution authorizing the necessary tax levies and to certify the levies to the County Auditor	No	Not corrected, repeat as finding 2009-007
2007-005	<b>Ohio Rev. Code § 5705.38</b> states that on or about the first day of each fiscal year, an appropriation measure is to be passed.	No	Not corrected – repeat as finding 2009-008
2007-006	<b>Ohio Rev. Code § 5705.39</b> provides that the total appropriations from each fund shall not exceed the total estimated resources.	No	Not corrected – repeat as finding 2009-009
2007-007	<b>Ohio Rev. Code section 149.351(A)</b> establishes guidelines against the destruction or damage of records.	No	Not corrected – repeat as finding 2009-005
2007-008	<b>Ohio Rev. Code Section 5747.07(E) (1)</b> – deducting and remitting state withholding taxes.	Yes	
2007-009	During testing of receipts and disbursements we noted substantial misclassifications that resulted in the Village issuing unclassified financial statements.	No	Not corrected – repeat as finding 2009-013
2007-010	The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances.	No	Not corrected – repeat as finding 2009-014
2007-011	<b>Ohio Revised Code Section 9.38</b> timely depositing of monies.	No	Not corrected – repeat as finding 2009-002



**VILLAGE OF SALESVILLE  
GUERNSEY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

2007-012	The Village did not use established procedures to account for receipts certified by the County Auditor at the beginning and throughout the fiscal year, nor did they use procedures to compare actual receipts to estimated receipts throughout the year.	No	Not corrected – repeat as finding 2009-015
2007-013	The Village does not have a control procedure for timely recording of deposits of monies.	No	Not corrected – repeat as finding 2009-016
2007-014	Silent and/or vague minutes	No	Not corrected – repeat as finding 2009-017

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# Dave Yost • Auditor of State

VILLAGE OF SALESVILLE

GUERNSEY 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  
SEPTEMBER 20, 2011