



Dave Yost • Auditor of State





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Village of Palestine  
Darke County  
P.O. Box B  
Palestine, Ohio 45352

We have completed certain procedures in accordance with Ohio Rev. Code Section 117.01(G) to the accounting records and related documents of the Village of Palestine, Darke County, (the Village) for the years ended December 31, 2012 and 2011.

Our procedures were designed solely to satisfy the audit requirements of Ohio Rev. Code Section 117.11(A). Because our procedures were not designed to opine on the Village's financial statements, we did not follow *generally accepted auditing standards*. We do not provide any assurance on the Village's financial statements, transactions or balances for the years ended December 31, 2012 or 2011.

The Village's management is responsible for preparing and maintaining its accounting records and related documents. Our responsibility under Ohio Rev. Code Section 117.11(A) is to examine, analyze and inspect these records and documents.

## **Current Year Observations:**

1. The Village entered into a debt agreement with Ohio Water Development Authority (OWDA) during 2012 in the amount of \$52,500 with \$26,250 being forgiven through 2 CFR Par 176.210, Recovery Act Transactions (ARRA). During 2012, the Village drew down \$10,288 of the \$52,500 with the same amount being forgiven through ARRA. The Village should have recorded this money as a Loan Proceed and Capital Outlay when the money was drawn down and when they received notice that it was forgiven, it should have been recorded as Intergovernmental Receipt and Principal Payment to their ledgers.
2. The Village does not incorporate budgeted receipts or appropriations into the manual accounting records, to track budget versus actual throughout the year. The Village should include estimated receipts and appropriations in the manual accounting records so that members of council and other officials can make informed decisions and avoid potential deficit spending.

## **Current Status of Matters we Reported in our Prior Engagement**

Our prior audit for the years ended December 31, 2010 and 2009 included four findings related to financial reports not agreeing to the underlying manual accounting ledgers resulting in reclassifications and adjustments, and failure to properly adhere to the budgetary requirements. The Village appears to have not corrected the previous findings related to accuracy of the financial reporting nor the prior finding related to prior certification, Ohio Rev. Code Section 5705.41(D) and the prior finding related to appropriations exceeding estimated resources in the Street Construction Fund, Ohio Rev. Code Section 5705.39.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

May 30, 2013

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**VILLAGE OF PALESTINE**

**DARKE 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  
JUNE 13, 2013**