



Dave Yost • Auditor of State



VILLAGE OF BURKETTSTVILLE  
MERCER COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2014 .....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2013 .....	6
Notes to the Financial Statements .....	7
Independent Auditor's 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

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Burkettsville  
Mercer County  
P.O. Box 45  
Burkettsville, Ohio 45310

To the Members of Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Village of Burkettsville, Mercer County (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013 thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Burkettsville, Mercer as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 1, 2015

**VILLAGE OF BURKETTSTVILLE  
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$5,124	\$7,489		\$12,613
Intergovernmental	14,308	24,270	\$136,666	175,244
Charges for Services		5,100		5,100
Miscellaneous	2,889		5,000	7,889
Total Cash Receipts	<u>22,321</u>	<u>36,859</u>	<u>141,666</u>	<u>200,846</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	6,698	8,851		15,549
Public Health Services	10,231			10,231
Leisure Time Activities		5,599		5,599
Transportation		17,605		17,605
General Government	17,471			17,471
Capital Outlay			359,861	359,861
Total Cash Disbursements	<u>34,400</u>	<u>32,055</u>	<u>359,861</u>	<u>426,316</u>
Excess of Receipts Over (Under) Disbursements	<u>(12,079)</u>	<u>4,804</u>	<u>(218,195)</u>	<u>(225,470)</u>
<b>Other Financing Receipts (Disbursements):</b>				
Other Debt Proceeds			210,000	210,000
Total Other Financing Receipts (Disbursements)			<u>210,000</u>	<u>210,000</u>
Net Change in Fund Cash Balances	(12,079)	4,804	(8,195)	(15,470)
Fund Cash Balances, January 1	<u>45,895</u>	<u>93,787</u>	<u>8,195</u>	<u>147,877</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		98,591		98,591
Assigned	5,000			5,000
Unassigned (Deficit)	28,816			28,816
Fund Cash Balances, December 31	<u>\$33,816</u>	<u>\$98,591</u>	<u>\$0</u>	<u>\$132,407</u>

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

**VILLAGE OF BURKETTSTVILLE  
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Non-Operating Receipts (Disbursements):</b>	
Special Assessments	\$26,414
Principal Retirement	(26,414)
Total Non-Operating Receipts (Disbursements)	_____
 Net Change in Fund Cash Balances	
 Fund Cash Balances, January 1	_____
 Fund Cash Balances, December 31	\$0

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

**VILLAGE OF BURKETTSTVILLE  
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$5,106	\$7,416		\$12,522
Intergovernmental	52,413	31,766	\$800,085	884,264
Charges for Services		4,775		4,775
Miscellaneous	2,988	4,000		6,988
Total Cash Receipts	<u>60,507</u>	<u>47,957</u>	<u>800,085</u>	<u>908,549</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	17,188	8,884		26,072
Public Health Services	1,130			1,130
Leisure Time Activities		4,866		4,866
Transportation		8,250		8,250
General Government	15,460			15,460
Capital Outlay			791,890	791,890
Total Cash Disbursements	<u>33,778</u>	<u>22,000</u>	<u>791,890</u>	<u>847,668</u>
Net Change in Fund Cash Balances	26,729	25,957	8,195	60,881
Fund Cash Balances, January 1	<u>19,166</u>	<u>67,830</u>		<u>86,996</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		93,787	8,195	101,982
Assigned	25,353			25,353
Unassigned (Deficit)	20,542			20,542
Fund Cash Balances, December 31	<u>\$45,895</u>	<u>\$93,787</u>	<u>\$8,195</u>	<u>\$147,877</u>

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

**VILLAGE OF BURKETTSTVILLE  
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Non-Operating Receipts (Disbursements):</b>	
Special Assessments	\$26,414
Principal Retirement	(26,414)
Total Non-Operating Receipts (Disbursements)	
 Net Change in Fund Cash Balances	
 Fund Cash Balances, January 1	
Fund Cash Balances, December 31	\$0

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

**VILLAGE OF BURKETTSVILLE  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Burkettsville, Mercer 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 park operations (leisure time activities), and street construction maintenance and repair. The Village appropriates general fund money to support a volunteer fire department.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Village maintains all funds 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

**Fire Levy Fund** – This fund receives property taxes that are used to provide security of persons and property through the operation of a volunteer fire department.

**VILLAGE OF BURKETTSVILLE  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**Shelter House Fund** – This fund receives shelter house rental money and donations for the operation and maintenance of the shelter house and the Village park.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

**CDBG Grant Fund** – This fund receives proceeds of CDBG grant program. The proceeds are being used to repair and repave streets, add sidewalks and curbs, and improve several infrastructures in the Village Park.

**OPWC Projects Fund** - This fund receives proceeds from the Ohio Public Works Commission to be used to repair and repave streets, add sidewalks and curbs, and improve several infrastructures in the Village Park.

**4. Enterprise Funds**

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

**Sanitary Sewer Fund** - This fund receives property tax assessment money from residents to repay the sanitary sewer improvement loan payments from OWDA.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 cancelled and re-appropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**VILLAGE OF BURKETTSTVILLE  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Non-spendable**

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**VILLAGE OF BURKETTSTVILLE  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	<b>2014</b>	<b>2013</b>
Demand deposits	\$132,407	\$147,877

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

**2014 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$13,347	\$22,321	\$8,974
Special Revenue	68,100	36,859	(31,241)
Capital Projects	300,000	351,666	51,666
Enterprise	26,500	26,414	(86)
Total	\$407,947	\$437,260	\$29,313

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$38,700	\$34,400	\$4,300
Special Revenue	89,800	32,055	57,745
Capital Projects	335,000	359,861	(24,861)
Enterprise	26,500	26,414	86
Total	\$490,000	\$452,730	\$37,270

**2013 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$27,289	\$60,507	\$33,218
Special Revenue	62,476	47,957	(14,519)
Capital Projects	950,000	800,085	(149,915)
Enterprise	26,500	26,414	(86)
Total	\$1,066,265	\$934,963	(\$131,302)

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$43,700	\$33,778	\$9,922
Special Revenue	98,100	22,000	76,100
Capital Projects	950,000	791,890	158,110
Enterprise	26,500	26,414	86
Total	\$1,118,300	\$874,082	\$244,218

**VILLAGE OF BURKETTSVILLE  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**4. PROPERTY TAX**

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

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Ohio Water Development Authority Loan	\$277,342	0%
Ohio Public Works Commission Loan	\$210,000	0%
Total	\$487,342	

The Ohio Water Development Authority (OWDA) loan relates to a sanitary sewer collection system project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$528,271 in loans to the Village for the project. The Village will repay the loan in semiannual installments of \$13,207 over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set special assessments sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) issued a 0% loan for \$210,000 in 2014 related to the Washington and Various Street Improvement project. The Village will repay the loan in semi-annual installments of \$3,500 over 30 years.

Amortization of the above debt, is scheduled as follows:

<b>Year ending December 31:</b>	<b>OWDA Loan</b>	<b>OPWC Loan</b>
2015	\$26,414	\$7,000
2016	26,414	7,000
2017	26,414	7,000
2018	26,414	7,000
2019	26,414	7,000
2020-2024	132,070	35,000
2025-2029	13,202	35,000
2030-2034		35,000
2035-2039		35,000
2040-2044		35,000
Total	\$277,342	\$210,000

**VILLAGE OF BURKETTSTVILLE  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. RETIREMENT SYSTEMS**

**A. Ohio Public Employees Retirement System (OPERS)**

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10% and 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14% and 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

**B. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System have an option to choose Social Security or the Ohio Public Employees Retirement System. For 2013 and 2014 fiscal years the board members and the mayor have elected social security. The Board's liability is 6.2 percent of wages paid.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance thru Erie Insurance for the following risks:

- Comprehensive property and general liability;
- Vehicle; and
- Errors and omissions.



# Dave Yost • Auditor of State

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

Village of Burkettsville  
Mercer County  
P.O. Box 45  
Burkettsville, Ohio 45310

To the Members of Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Burkettsville, Mercer County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated May 1, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

***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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Entity's Response to Finding***

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

May 1, 2015

**VILLAGE OF BURKETTSVILLE  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**FINDING NUMBER 2014-001**

**Accuracy of Financial Reporting - Material Weakness**

The Village should have procedures and controls in place to help provide for the accuracy and completeness of financial reporting.

The following activity was not recorded in the accounting records and financial statements during the audit period:

Fund Type	Year	Amount	Proper Classification
Capital Projects	2013	\$81,395	Capital Outlay expenditures
Capital Projects	2013	8,195	Restricted fund balance
Capital Projects	2013	89,590	Intergovernmental Revenue
Capital Projects	2014	8,195	Beginning fund balance
Capital Projects	2014	26,840	capital outlay expenditures
Capital Projects	2014	5,000	Contributions
Capital Projects	2014	210,000	loan proceeds
Capital Projects	2014	(196,355)	Intergovernmental Revenue

The following classification errors were identified in the accounting records and financial statements during the period of January 1, 2013 thru December 31, 2014:

Fund Type/Fund	Year	Amount	Village Classification	Ohio Village Officer's Handbook
General	2013	\$27,872	Property & Other Local Taxes	Intergovernmental
General	2013	1,485	Special Assessment	Intergovernmental
General	2013	26,414	Special Assessment	Enterprise Fund - Special Assessments
General	2013	9,940	Miscellaneous	Intergovernmental
General	2013	26,414	Principal Retirement	Enterprise Fund - Principal Retirement
General fund	2013	25,353	Unassigned fund balance	Assigned fund balance
Special Revenue/Fire Fund	2013	1,434	Property & Other Local Taxes	Intergovernmental
Special Revenue/Street Fund	2013	28,246	Special Assessments	Intergovernmental
Special Revenue/State Highway Fund	2013	1,696	Special Assessments	Intergovernmental
Special Revenue/ Permissive Tax Fund	2013	390	Special Assessments	Intergovernmental
Special Revenue/Shelter House Fund	2013	2,000	Charges for Services	Miscellaneous
Special Revenue/Fund Balances	2013	93,787	Unassigned fund balance	Restricted fund balance

**FINDING NUMBER 2014-001**

<b>Fund Type/Fund</b>	<b>Year</b>	<b>Amount</b>	<b>Village Classification</b>	<b>Ohio Village Officer's Handbook</b>
General	2014	\$1,486	Fines, Licenses, and Permits	Intergovernmental
General	2014	26,414	Special Assessments	Enterprise Fund - Special Assessments
General	2014	26,414	Principal Retirement	Enterprise Fund - Principal Retirement
General	2014	5,000	Unassigned fund balance	Assigned Fund Balance
Special Revenue/Fire Fund	2014	1,420	Property & Other Local Taxes	Intergovernmental
Special Revenue/Street Fund	2014	20,733	Special Assessments	Intergovernmental
Special Revenue/State Highway Fund	2014	1,681	Special Assessments	Intergovernmental
Special Revenue/ Permissive Taxes	2014	436	Special Assessments	Intergovernmental
Special Revenue Fund Balance	2014	98,591	Unassigned Fund balance	Restricted fund balance

The accompanying financial statements and the accounting records were adjusted to correct fund balances and to correctly record this financial activity.

Failure to correctly record financial activity in the accounting records and financial statements not only may result in the material reporting errors but also impacts users' understanding of the results of operations. Incorrect assumption may inhibit the user's ability to make sound decisions, to comply with budgetary laws, and to detect irregularities in a timely manner.

The errors should be reviewed by the Fiscal Officer to help assure that similar errors are not recorded in the account records and financial statements in subsequent years. The Council should also periodically review the accounting records to help identify and correct errors prior to completion of the annual financial statements. In addition, the Fiscal Officer should review governmental accounting resources such as Village Handbook, Audit Bulletin 2011-004, and Audit Bulletin 2000-008 found on the Auditor of State Website at <https://ohioauditor.gov/> for guidance in recording of the village's financial activity.

**OFFICIALS' RESPONSE:** After talking to the auditor and reviewing these accounting reporting adjustments, I will incorporate these correct coding to the financial reports in the future years.



# Dave Yost • Auditor of State

**VILLAGE OF BURKETTSVILLE**

**MERCER 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 4, 2015**