



Mary Taylor, CPA
Auditor of State

VILLAGE OF BURGOON
SANDUSKY COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Burgoon
Sandusky County
2580 Zilphia Street
P.O. Box 56
Burgoon, Ohio 43407-0056

To the Village Council:

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 17, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Burgoon
Sandusky County
2580 Zilphia Street
P.O. Box 56
Burgoon, Ohio 43407-0056

To the Village Council:

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

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

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

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

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Burgoon, Sandusky County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 17, 2009

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**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>	
Cash Receipts:			
Property and Local Taxes	\$17,557		\$17,557
Intergovernmental	14,765	\$9,038	23,803
Earnings on Investments	114	113	227
Miscellaneous	751		751
Total Cash Receipts	<u>33,187</u>	<u>9,151</u>	<u>42,338</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	2,472		2,472
Public Health Services	68		68
Leisure Time Activities	2,911		2,911
Community Environment	32		32
Basic Utility Service	7,309		7,309
Transportation		2,275	2,275
General Government	13,431		13,431
Total Cash Disbursements	<u>26,223</u>	<u>2,275</u>	<u>28,498</u>
Total Receipts Over Disbursements	6,964	6,876	13,840
Fund Cash Balances, January 1	<u>20,441</u>	<u>49,380</u>	<u>69,821</u>
Fund Cash Balances, December 31	<u>\$27,405</u>	<u>\$56,256</u>	<u>\$83,661</u>

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$55,189
Operating Cash Disbursements:	
Contractual Services	16,508
Operating Income	38,681
Non-Operating Cash Receipts:	
Intergovernmental	20,980
Non-Operating Cash Disbursements:	
Redemption of Principal	951
Interest and Other Fiscal Charges	21,299
Total Non-Operating Cash Disbursements	22,250
Excess of Receipts Over Disbursements Before Interfund Transfers	37,411
Transfers-In	29,139
Transfers-Out	(29,139)
Net Receipts Over Disbursements	37,411
Fund Cash Balances, January 1	57,434
Fund Cash Balances, December 31	\$94,845

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$17,861		\$17,861
Intergovernmental	13,984	\$9,752	23,736
Earnings on Investments	96	96	192
Miscellaneous	103		103
Total Cash Receipts	<u>32,044</u>	<u>9,848</u>	<u>41,892</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	2,364		2,364
Public Health Services	32		32
Leisure Time Activities	2,667		2,667
Community Environment	123		123
Basic Utility Service	6,483		6,483
Transportation		14,304	14,304
General Government	16,525		16,525
Total Cash Disbursements	<u>28,194</u>	<u>14,304</u>	<u>42,498</u>
Total Receipts Over/(Under) Disbursements	<u>3,850</u>	<u>(4,456)</u>	<u>(606)</u>
Other Financing Disbursements:			
Transfers-Out	<u>(8,412)</u>		<u>(8,412)</u>
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts	(4,562)	(4,456)	(9,018)
Fund Cash Balances, January 1	<u>25,003</u>	<u>53,836</u>	<u>78,839</u>
Fund Cash Balances, December 31	<u>\$20,441</u>	<u>\$49,380</u>	<u>\$69,821</u>

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$53,767
Operating Cash Disbursements:	
Contractual Services	9,806
Operating Income	43,961
Non-Operating Cash Receipts:	
Intergovernmental	565,564
Non-Operating Cash Disbursements:	
Capital Outlay	86,830
Redemption of Principal	536,889
Interest and Other Fiscal Charges	17,576
Total Non-Operating Cash Disbursements	641,295
Excess of Disbursements Over Receipts Before Interfund Transfers	(31,770)
Transfers-In	13,938
Transfers-Out	(5,526)
Net Disbursements Over Receipts	(23,358)
Fund Cash Balances, January 1	80,792
Fund Cash Balances, December 31	\$57,434

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Burgoon, Sandusky County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire protection, and police services. The Sandusky County Sheriff's department provides security of persons and property. The Bettsville Volunteer Fire Department provides fire protection services.

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

B. Accounting Basis

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

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

C. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

This fund accounts for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following special revenue fund:

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

3. 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 funds:

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Construction Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a sewer project. A utility surcharge recorded in this fund will repay this loan.

Sewer Sinking Fund - This fund receives transfers from the Sewer fund to pay principal and interest on the Sanitary Sewer Revenue Bonds.

D. 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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2008 and 2007 budgetary activity appears in Note 4.

E. Property, Plant, and Equipment

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

2. Restatement of Fund Balance

In prior years the Village had included permissive tax held by the County on its financial statements. For 2007 these funds have been appropriately excluded. The effect on the special revenue fund balance as previously reported is as follows:

	Special Revenue
Fund Balance as reported at December 31, 2006	\$63,659
Adjustment for permissive tax	(9,823)
Restated Fund Balance at January 1, 2007	\$53,836

3. Equity in Pooled Deposits

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

	2008	2007
Demand deposits	\$178,506	\$127,255

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

4. Budgetary Activity

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,529	\$33,187	\$658
Special Revenue	9,000	9,151	151
Enterprise	47,271	105,308	58,037
Total	\$88,800	\$147,646	\$58,846

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,200	\$26,223	\$27,977
Special Revenue	58,000	2,275	55,725
Enterprise	102,031	67,897	34,134
Total	\$214,231	\$96,395	\$117,836

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

4. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$31,880	\$32,044	\$164
Special Revenue	8,000	9,848	1,848
Enterprise	608,813	633,269	24,456
Total	\$648,693	\$675,161	\$26,468

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,600	\$36,606	\$17,994
Special Revenue	60,000	14,304	45,696
Enterprise	679,530	656,627	22,903
Total	\$794,130	\$707,537	\$86,593

Contrary to Ohio law, expenditure transactions were not certified by the fiscal officer.

5. 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.

Unpaid sewer fees owed by residents of the Village are included on the tax bills the residents receive from the County.

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

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

6. Debt

Debt outstanding at December 31, 2008, was as follows:

	Principal	Interest Rate
Sanitary Sewer Revenue Bonds	\$535,000	4.125%
Ohio Water Development Authority Loan	62,882	1.000%
Total	\$597,882	

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

6. Debt (Continued)

The Ohio Water Development Authority (OWDA) loan #4579 relates to sewer system construction project the Ohio Environmental Protection Agency mandated. The OWDA approved \$65,722 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$1,270.50, including interest, over 30 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The United States Department of Agriculture Sanitary Sewer Revenue Bonds relate to a wastewater treatment system project. The USDA approved \$535,000 in bonds to the Village for this project. The Village will repay the bonds in annual installments over 39 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the bond requirements.

The sanitary sewer revenue bond covenant requires the Village to establish and fund a sewer reserve fund, a sewer sinking fund, and sewer surplus fund. The balance in the sewer reserve fund at December 31, 2008 is \$5,349. The balance in the sewer sinking fund at December 31, 2008 is \$27,869.

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

Year ending December 31:	OWDA Loan	Revenue Bonds
2009	\$2,541	\$27,869
2010	2,541	27,730
2011	2,541	27,886
2012	2,541	27,826
2013	2,541	27,758
2014 - 2018	12,706	139,077
2019 - 2023	12,706	139,118
2024 - 2028	12,706	139,140
2029 - 2033	12,706	139,115
2034 - 2038	8,895	139,016
2039 - 2043		139,106
2044 - 2047		111,293
Total	<u>\$72,424</u>	<u>\$1,084,934</u>

7. Retirement System

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

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

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

8. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions; and
- Workers compensation and employers' liability.



Mary Taylor, CPA

Auditor of State

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

Village of Burgoon
Sandusky County
2580 Zilphia Street
P.O. Box 56
Burgoon, Ohio 43407-0056

To the Village Council:

We have audited the financial statements of the Village of Burgoon, Sandusky County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 17, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

We consider finding 2008-003 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

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

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 17, 2009.

Compliance and Other Matters

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

We also noted certain noncompliance not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 17, 2009.

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



Mary Taylor, CPA
Auditor of State

June 17, 2009

**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Revised Code, § 5705.41(D)(1), states that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying 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. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

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

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

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

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

None of the transactions were certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2008-001
(Continued)**

Certification is not only required by Ohio law but is a key control in the disbursements process to help assure purchase commitments receive prior approval, and help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by Council. To improve controls over disbursements, we recommend all Village disbursements receive prior certification of the Fiscal Officer and Council periodically review the expenditures made to ensure they are within the appropriations adopted by Council, certified by the Fiscal Officer and recorded against appropriations.

FINDING NUMBER 2008-002

Material Weakness

Noncompliance Citation

Sanitary Sewer System Mortgage Revenue Bonds Agreement and Village Ordinance #2007/3 dated January 9, 2007 states the Fiscal Officer is hereby directed to create the following funds into which the Bond proceeds and the revenues and income from the System shall be deposited:

1. Retirement of the Interim Loan Fund – established for the Interim Loan and withdrawn in accordance with Ohio law only for the purpose of paying principal and interest due on the Interim Loan.
2. Sanitary Sewer System Revenue Fund – revenues shall be set aside upon receipt by the Village and expended and used only as described below:
 - a. Operating Expenses – all reasonable and proper expenses of operating and maintaining the System.
 - b. Sanitary Sewer System Mortgage Revenue Bond and Interest Sinking Fund – monies transferred monthly from the revenue fund for the following years principal and interest on the bonds.
 - c. Reserve Fund – the sum of \$232.55 shall be deposited monthly until there is \$27,906 accumulated and shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the System.
 - d. Surplus Fund – any moneys remaining in the revenue fund after reserving therein an adequate amount as working capital for the System shall be transferred to this fund and shall be used to pay the principal of the interest on the bonds to the extent moneys in the Sinking Fund and the Reserve Fund are insufficient.
 - e. The moneys in the above funds may be invested in accordance with applicable State laws. Any such investment and the interest earned thereon shall be a part of the fund from which the investment was made.

The Village has not established the above mentioned funds nor have they set aside the money needed for the Sinking and Reserve Funds. This is in default of the agreement and could result in immediate repayment of the bonds. We recommend the Village review Village Ordinance #2007/3 and comply with the requirements. The financial statements and Village records have been adjusted to include these funds.

FINDING NUMBER 2008-003

Material Weakness

Financial Reporting

Errors were noted in the financial statements that required material audit adjustments. For fiscal year 2007, the beginning balance of the Enterprise Construction Fund was \$1,500 less than the 2006 ending balance and the Enterprise Operating Fund beginning balance was \$1,500 more than the 2006 ending balance. Sewer billings collected by the County (\$347) were posted to the General Fund and \$428 was not posted at all (the Village was not reconciling). These amounts should have been posted to the Enterprise Operating Fund as Charges for Services. In the Receipts Ledger, Transfers In (\$12,023) were comingled in the Enterprise Construction Fund Intergovernmental Revenues. When posted to the Annual Report they were posted as Transfers Out. In the Appropriation Ledger, Transfers Out (\$8,412) were comingled in the General Fund General Government line item and not posted to the Annual Report; Enterprise Tap In Fees Fund (\$3,589) was closed out by transferring the balance to the Enterprise Construction Fund and was not shown on the Annual Report. OPWC grant revenues (\$17,528) paid directly to OWDA were not posted to the OWDA Debt Service Fund (not established) and classified as intergovernmental revenue and redemption of principal. OPWC grant revenues (\$1,078) were misposted in the General fund and should have been posted to the Sewer Construction fund and classified as intergovernmental revenue. Principal payment to OWDA (\$535,000) was misposted as Capital Outlay, and should have been posted in an Enterprise Debt Service Fund. An Enterprise Sewer Reserve Fund should have been established and had monthly deposits of \$232.55 totaling \$2,558 as of 12/31/07.

For fiscal year 2008, sewer billings collected by the County (\$1,453) were posted to the General Fund and should have been posted to the Enterprise Operating Fund as Charges for Services. Personal Property Exempt, HB66 and Utility reimbursement (\$512) were posted as taxes instead of intergovernmental in the General Fund. Franchise Fees (\$709) were posted as intergovernmental revenue instead of fees in the General Fund. Taxes were posted at net on the Receipts Ledger and Cash Journal but the fees (\$573) were posted to the Appropriation Ledger, therefore the ledgers were not in balance. OPWC grant revenues (\$20,980) paid directly to USDA were not posted and should have been posted to an Enterprise Sewer Sinking Fund (not established) and classified as intergovernmental revenue and redemption of interest. An Enterprise Sewer Reserve Fund should have monthly deposits of \$232.55 totaling \$5,349 as of 12/31/08 and a Sewer Sinking Fund should have monthly transfers from the Sewer Operating Fund of \$2,323 to cover the principal and interest payments due January 1, 2009, totaling \$27,869. These funds had not been established. Also, a Enterprise Sewer Surplus Fund should have been established and monthly have any moneys remaining in the Sewer Revenue (Operating) Fund after reserving therein an adequate amount as working capital for the system, shall be transferred to the Sewer Surplus Fund to be used to pay the principal and the interest on the Bonds to the extent moneys in the Sewer Sinking Fund and the Sewer Reserve Fund are insufficient.

Sound financial reporting is the responsibility of the Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should review the Village Handbook and the Ohio Compliance Supplement (both located on the State web site www.auditor.state.oh.us under publications) then adopt policies and procedures, including a review of the ledgers, statements and notes by the Fiscal Officer and Council, to identify and correct errors and omissions.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

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**VILLAGE OF BURGOON
SANDUSKY COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Revised Code §5705.41(D)(1) , Failure to certify expenditures.	No	Not corrected; repeated as Finding #2008-001 in this report.
2006-002	Material weakness over financial reporting	No	Not corrected; repeated as Finding #2008-003 in this report.



Mary Taylor, CPA
Auditor of State

VILLAGE OF BURGOON

SANDUSKY 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
JULY 16, 2009**