



**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007-2008



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW RIEGEL
SENECA COUNTY

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Mary Taylor, CPA
Auditor of State

Village of New Riegel
Seneca County
13 W. Findlay Street, P.O. Box 8
New Riegel, Ohio 44853-0008

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.

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

Mary Taylor, CPA
Auditor of State

April 27, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of New Riegel
Seneca County
13 W. Findlay Street, P.O. Box 8
New Riegel, Ohio 44853-0008

To the Village Council:

We have audited the accompanying financial statements of the Village of New Riegel, Seneca County, (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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 New Riegel, Seneca 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 April 27, 2009 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

April 27, 2009

**VILLAGE OF NEW RIEGEL
SENECA 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>	
Cash Receipts:				
Property and Local Taxes	\$15,032			\$15,032
Municipal Income Tax	149,511			149,511
Intergovernmental	59,694	\$13,563	\$20,586	93,843
Fines, Licenses and Permits	3,665			3,665
Earnings on Investments	2,531	1,085		3,616
Miscellaneous	1,346			1,346
Total Cash Receipts	<u>231,779</u>	<u>14,648</u>	<u>20,586</u>	<u>267,013</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	25,753			25,753
Leisure Time Activities	907			907
Basic Utility Service	12,827			12,827
General Government	143,434			143,434
Capital Outlay			20,586	20,586
Total Cash Disbursements	<u>182,921</u>		<u>20,586</u>	<u>203,507</u>
Total Receipts Over Disbursements	<u>48,858</u>	<u>14,648</u>		<u>63,506</u>
Fund Cash Balances, January 1	<u>495,488</u>	<u>38,065</u>	<u>7,812</u>	<u>541,365</u>
Fund Cash Balances, December 31	<u>\$544,346</u>	<u>\$52,713</u>	<u>\$7,812</u>	<u>\$604,871</u>

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

**VILLAGE OF NEW RIEGEL
SENECA 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	\$25,069
Operating Cash Disbursements:	
Personal Services	4,000
Employee Fringe Benefits	618
Supplies and Materials	1,135
Total Operating Cash Disbursements	5,753
Operating Income	19,316
Non-Operating Cash Receipts:	
Intergovernmental	120,475
Sale of Bonds	1,288,000
Total Non-Operating Cash Receipts	1,408,475
Non-Operating Cash Disbursements:	
Capital Outlay	25,500
Redemption of Principal	1,288,000
Interest and Other Fiscal Charges	120,475
Total Non-Operating Cash Disbursements	1,433,975
Excess of Disbursements over Receipts Before Interfund Transfers	(6,184)
Transfers-In	22,458
Transfers-Out	(22,458)
Net Disbursements over Receipts	(6,184)
Fund Cash Balances, January 1	132,408
Fund Cash Balances, December 31	\$126,224

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

**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$16,300			\$16,300
Municipal Income Tax	158,100			158,100
Intergovernmental	63,352	\$15,094	\$145,884	224,330
Charges for Services	31,800			31,800
Fines, Licenses and Permits	6,243			6,243
Earnings on Investments	2,294	983		3,277
Miscellaneous	1,332		1,839	3,171
	<u>279,421</u>	<u>16,077</u>	<u>147,723</u>	<u>443,221</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	65,559			65,559
Leisure Time Activities	866			866
Basic Utility Service	10,404			10,404
Transportation		736		736
General Government	185,443			185,443
Capital Outlay	15,148		142,817	157,965
	<u>277,420</u>	<u>736</u>	<u>142,817</u>	<u>420,973</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>2,001</u>	<u>15,341</u>	<u>4,906</u>	<u>22,248</u>
Fund Cash Balances, January 1	<u>493,487</u>	<u>22,724</u>	<u>2,906</u>	<u>519,117</u>
Fund Cash Balances, December 31	<u>\$495,488</u>	<u>\$38,065</u>	<u>\$7,812</u>	<u>\$541,365</u>

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

**VILLAGE OF NEW RIEGEL
SENECA 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	\$28,690
Operating Cash Disbursements:	
Personal Services	3,600
Employee Fringe Benefits	547
Supplies and Materials	1,379
Total Operating Cash Disbursements	5,526
Operating Income	23,164
Non-Operating Cash Disbursements:	
Capital Outlay	(3,959)
Net Receipts Over Disbursements	19,205
Fund Cash Balances, January 1	113,203
Fund Cash Balances, December 31	\$132,408

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

**VILLAGE OF NEW RIEGEL
SENECA 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 New Riegel, Seneca County, (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, and police services. The Village appropriated general fund money to support a volunteer fire department through December 2007.

The Village participates in the NBS Joint Fire District, a jointly governed organization and the Ohio Government Risk Management Plan, a public entity risk pool. These organizations are:

Jointly Governed Organization:

On January 1, 2008, the Village entered into an agreement to form the NBS Joint Fire District between the Village of New Riegel, Big Springs and Seneca Townships, to provide fire protection services.

Public Entity Risk Pool:

The Village participates in the Ohio Government Risk Management Plan to provide property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs.

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.

**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

USDA Sewer Grant Fund – This fund receives money from the USDA - Rural Development State Office grant funds. The funds are being used to construct a new sewer system.

US Stag Sewer Grant Fund – This fund receives money from the Environmental Protection Agency grant funds. The funds are being used to construct a new sewer system.

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:

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

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. 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.

**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

E. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH

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
Total deposits	\$731,095	\$673,773

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

3. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$240,170	\$231,779	(\$8,391)
Special Revenue	14,930	14,648	(282)
Capital Projects	18,000	20,586	2,586
Enterprise	1,445,000	1,456,002	11,002
Total	\$1,718,100	\$1,723,015	\$4,915

**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

3. BUDGETARY ACTIVITY – (CONTINUED)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$722,318	\$182,921	\$539,397
Special Revenue	44,000		44,000
Capital Projects	25,811	20,586	5,225
Enterprise	1,514,175	1,462,186	51,989
Total	\$2,306,304	\$1,665,693	\$640,611

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$421,184	\$279,421	(\$141,763)
Special Revenue	15,030	16,077	1,047
Capital Projects		147,723	147,723
Enterprise	42,800	28,690	(14,110)
Total	\$479,014	\$471,911	(\$7,103)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$635,189	\$277,420	\$357,769
Special Revenue	37,753	736	37,017
Capital Projects	294,849	142,817	152,032
Enterprise	94,546	9,485	85,061
Total	\$1,062,337	\$430,458	\$631,879

Contrary to Ohio law, the Village did not obtain reduced amended certificates for the General and Sewer Funds.

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.

Public utilities are also taxed on personal and real property located within the Village.

**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

4. PROPERTY TAX – (CONTINUED)

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.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

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

	<u>Principal</u>	<u>Interest Rate</u>
Sewage System Mortgage Revenue Bonds	<u>\$1,288,000</u>	4.50%

The Ohio Water Development Authority (OWDA) made a loan to the Village for a sewer plant project that was mandated by the Ohio Environmental Protection Agency and was approved in the amount of \$1,288,000. The Village repaid this loan to OWDA in August 2008. To repay this loan, the Village issued Sewage System Mortgage Revenue Bonds in August 2008 in the amount of \$1,288,000 at the interest rate of 4.5%. The Village will repay the bonds in annual installments over 40 years. The first payment is scheduled for August 1, 2009. The Village has collected utility rates sufficient to cover the debt service requirements for the next two years.

The mortgage revenue bond covenant requires the Village to establish a debt service fund and a reserve fund. The balances at December 31, 2008, are \$19,478 and \$2,980 respectively.

**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

6. DEBT – (CONTINUED)

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

Year ending December 31:	Mortgage Revenue Bonds
2009	\$57,007
2010	57,960
2011	71,360
2012	71,414
2013	71,432
2014-2018	357,004
2019-2023	356,893
2024-2028	356,866
2029-2033	356,870
2034-2038	356,918
2039-2043	357,025
2044-2048	357,004
Total	\$2,827,753

7. RETIREMENT SYSTEM

The Village’s employees and 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’ retirement benefits, including 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 wages 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.

8. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member’s deductible.

**VILLAGE OF NEW RIEGEL
SENECA COUNTY**

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

8. RISK MANAGEMENT – (CONTINUED)

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2007 and 2006 (the latest information available):

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

9. JOINTLY GOVERNED ORGANIZATION

The Village is a participant of the NBS Joint Fire District between the Village of New Riegel, Big Springs and Seneca Townships, to provide fire protection services.

10. VILLAGE SEWAGE TREATMENT FACILITY

In 2006 construction was completed on a sewage treatment facility to replace the septic tank system currently used by Village residents and businesses. The treatment facility has failed to gain EPA approval for operation. As a result the Village is currently unable to collect some revenue associated with the operation of the system and could have difficulty meeting debt payments in the future if the system is not approved for operation.

11. SUBSEQUENT EVENTS

In February 2009, it was publically announced a local factory, which is the largest employer in the area, will be closing. This will affect the income tax revenue for the Village.

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Mary Taylor, CPA
Auditor of State

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

Village of New Riegel
Seneca County
13 W. Findlay Street, P.O. Box 8
New Riegel, Ohio 44853-0008

To the Village Council:

We have audited the financial statements of the Village of New Riegel, Seneca County, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 27, 2009, 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 also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 2008-002 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. 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 April 27, 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of as item 2008-001.

We also noted certain noncompliance matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 27, 2009.

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



Mary Taylor, CPA
Auditor of State

April 27, 2009

**VILLAGE OF NEW RIEGEL
SENECA 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 § 5705.36 (A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In 2007, the Village did not obtain reduced amended certificates for the General and Sewer Funds in the amounts of \$141,802 and \$14,110 respectively. Actual receipts for both funds were less than appropriations in fiscal year 2007. In 2008, the Village did not obtain a reduced amended certificate for the General fund in the amount of \$8,391. The Village did not request a reduced certificate for estimated resources and did not reduce appropriations.

We recommend the Village obtain amended certificates as required or reduce appropriations.

FINDING NUMBER 2008-002

Material Weakness

Financial Reporting

Errors were noted in the financial statements that required material audit adjustments to record the repayment of a loan in the amount of \$1,408,475 and bond proceeds in the amount of \$1,288,000. In addition, revenues and expenditures were understated for the state grant paid on behalf of the Village in the amount of \$120,475.

Sound financial reporting is the responsibility of the Fiscal Officer and the Village's 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 Council should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and audit committee to identify and correct errors and omissions.

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

**VILLAGE OF NEW RIEGEL
SENECA 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	Noncompliance citation – ORC § 5705.41(B) no subdivision shall make any expenditure of money unless it has been lawfully appropriated.	Yes	
2006-002	Material Weakness - Financial Reporting	No	Not Corrected. Repeated in this report as Finding # 2008-002.
2006-003	Material Weakness- Financial Reports	No	Partially Corrected. Repeated in the management letter.
2006-004	Material Weakness – Federal Receipt/Disbursements	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW RIEGEL

SENECA 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
MAY 19, 2009