



**VILLAGE OF GRATIOT
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA
Auditor of State

VILLAGE OF GRATIOT
LICKING COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Gratiot
Licking County
P.O. Box 379
Gratiot, Ohio 43740

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 Village 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

August 10, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Gratiot
Licking County
P.O. Box 379
Gratiot, Ohio 43740

To the Village Council:

We have audited the accompanying financial statements of the Village of Gratiot, Licking County, Ohio, (the Village) as of and for the years ended December 31, 2006 and 2005. 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 statement of 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, 2006 and 2005 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, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Village of Gratiot, Licking County, as of December 31, 2006 and 2005, 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 August 10, 2007, 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

August 10, 2007

**VILLAGE OF GRATIOT
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 1,934	\$ -	\$ 1,934
Intergovernmental	23,760	12,835	36,595
Earnings on Investment	1,889	-	1,889
Miscellaneous	164	-	164
	<u>27,747</u>	<u>12,835</u>	<u>40,582</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	3,437	-	3,437
Transportation	-	37,353	37,353
General Government	16,631	-	16,631
	<u>20,068</u>	<u>37,353</u>	<u>57,421</u>
Total Cash Disbursements	<u>20,068</u>	<u>37,353</u>	<u>57,421</u>
Total Receipts Over/(Under) Disbursements	<u>7,679</u>	<u>(24,518)</u>	<u>(16,839)</u>
Other Financing Receipts / (Disbursements):			
Transfers-In	-	16,000	16,000
Transfers-Out	(16,000)	-	(16,000)
	<u>(16,000)</u>	<u>16,000</u>	<u>-</u>
Total Other Financing Receipts / (Disbursements)	<u>(16,000)</u>	<u>16,000</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	(8,321)	(8,518)	(16,839)
Fund Cash Balances, January 1	<u>57,559</u>	<u>11,248</u>	<u>68,807</u>
Fund Cash Balances, December 31	<u>\$ 49,238</u>	<u>\$ 2,730</u>	<u>\$ 51,968</u>

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

**VILLAGE OF GRATIOT
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 2,241	\$ -	\$ 2,241
Intergovernmental	23,577	10,577	34,154
Earnings on Investments	224	-	224
Miscellaneous	63	-	63
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	26,105	10,577	36,682
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	3,317	-	3,317
Transportation	-	950	950
General Government	18,466	-	18,466
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	21,783	950	22,733
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	4,322	9,627	13,949
Fund Cash Balances, January 1	53,237	1,621	54,858
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 57,559</u>	<u>\$ 11,248</u>	<u>\$ 68,807</u>

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

**VILLAGE OF GRATIOT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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 Gratiot, Licking County, (the Village) as a body corporate and politic. The Village is directed by a publicly elected six-member council. The Village provides street light and street maintenance as necessary. The Village contracts with National Trail Volunteer Fire Department for fire and emergency 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. Cash

The Village's maintains a checking and savings account.

D. 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 Funds

These funds account 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 significant 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.

**VILLAGE OF GRATIOT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 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 carried over, and need not be reappropriated. The Village did not utilize the encumbrance method of accounting during 2006 and 2005 as required by Ohio Law.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

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

	<u>2006</u>	<u>2005</u>
Demand Deposit - Checking	\$36,857	\$34,010
Savings Account	15,111	34,797
Total deposits	<u>\$51,968</u>	<u>\$68,807</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation

**VILLAGE OF GRATIOT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,602	\$27,747	\$26,145
Special Revenue	16,000	28,835	12,835
Total	\$17,602	\$56,582	\$38,980

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$59,294	\$36,068	\$23,226
Special Revenue	27,115	37,353	(10,238)
Total	\$86,409	\$73,421	\$12,988

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,545	\$26,105	\$24,560
Special Revenue	0	10,577	10,577
Total	\$1,545	\$36,682	\$35,137

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,752	\$21,783	\$32,969
Special Revenue	1,651	950	701
Total	\$56,403	\$22,733	\$33,670

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Maintenance and Repair Fund by \$10,238 for the year ended December 31, 2006. The Village failed to use the encumbrance method of accounting for 2006 and 2005, contrary to Ohio law. The Village did not approve permanent appropriations until March in fiscal year 2006 and did not pass temporary appropriations and did not file total amount from all resources which are available for expenditure until February for both 2006 and 2005, contrary to Ohio law. In addition, the Village did not file a certificate of estimated resources until February of each year, contrary to Ohio law.

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.

**VILLAGE OF GRATIOT
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(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.

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

5. Retirement Systems

The Village had no full time employees during 2005 and 2006. All Village elected officials opted not to participate in Ohio Public Employee Retirement System (OPERS) which is allowable under OPERS Membership definitions.

6. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Public officials' 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 Gratiot
Licking County
P.O. Box 379
Gratiot, Ohio 43740

To the Village Council:

We have audited the financial statements of the Village of Gratiot, Licking County, Ohio, (the Village) as of and for the years ended December 31, 2006 and 2005 and have issued our report thereon dated August 10, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-005.

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.

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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. However, we believe finding numbers 2006-001 through 2006-005 are also material weaknesses.

We also noted a certain internal control matter that we reported to the Village's management in a separate letter dated August 10, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 through 2006-005.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

August 10, 2007

VILLAGE OF GRATIOT
LICKING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2006-001

Noncompliance Citation and Significant Deficiency/Material Weakness

Certification of Funds

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Clerk-Treasurer is attached thereto. The Clerk-Treasurer must certify that the amount required to meet such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due therein.

There are several exceptions to the standard requirement stated above that a Clerk-Treasurer'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 Clerk-Treasurer can certify that both at the time that the contract or order was made ("then"), and at the time that the Clerk-Treasurer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Clerk-Treasurer can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Clerk-Treasurer 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 the Village.

2. Blanket Certificate – Clerk-Treasurers 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 a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Clerk-Treasurer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Clerk-Treasurer did not utilize the encumbrance method of accounting in 2006 and 2005. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**VILLAGE OF GRATIOT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-001 (Continued)

Noncompliance Citation and Significant Deficiency/Material Weakness (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk-Treasurer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Clerk-Treasurer certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Clerk-Treasurer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Clerk-Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Official's Response: The Village will start using purchase orders.

FINDING NUMBER 2006-002

Noncompliance Citation and Significant Deficiency/Material Weakness

Permanent Appropriation Measure

Ohio Rev. Code Section 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure be passed. The Village may pass a temporary appropriation measure to meet their ordinary expenses until April 1, at which time a permanent appropriation measure must be passed.

The Village did not adopt a permanent appropriation measure until March in fiscal year 2006 and did not pass a temporary appropriation measure. As a result, expenditures made in January and February were expended illegally.

We recommend that if the Village chooses to pass permanent appropriations in March, that temporary appropriations be passed at the beginning of the year, before expenditures are made.

Official's Response: The Village plans on passing temporary appropriation measures in the future.

**VILLAGE OF GRATIOT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-003

Noncompliance Citation and Significant Deficiency/Material Weakness

Expenditures Exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to make any expenditure of money unless it has been appropriated as provided in such chapter.

In 2006, expenditures exceeded appropriations in the Street Maintenance and Repair Fund by \$10,238.

The Clerk-Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk-Treasurer may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary, and if unencumbered balances are available for appropriation.

Official's Response: The Clerk-Treasurer will monitor appropriations more closely in the future.

FINDING NUMBER 2006-004

Noncompliance Citation and Significant Deficiency/Material Weakness

Certified Resources

Ohio Rev. Code Section 5705.36 (A) (1) provides that on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources for expenditures from each fund set up in the tax budget. This certified amount shall include any unencumbered balances that existed at the end of the preceding year.

The Clerk-Treasurer did not certify to the County Budget Commission the total amount from all resources which are available for expenditure until February for both 2006 and 2005. As a result, the Village had no basis to establish appropriation totals for each year's operations until after February.

Once the year-end fund balances have been reconciled, the Clerk-Treasurer should certify the Village's fund balances and estimated receipts to the County Auditor.

Official's Response: The Clerk-Treasurer will file documents more timely in the future.

**VILLAGE OF GRATIOT
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-005

Noncompliance Citation and Significant Deficiency/Material Weakness

Appropriations

Ohio Rev. Code Section 5705.39 provides in part that the total appropriations from each fund shall not exceed the estimated revenue available for expenditure therefrom as certified by the county budget commission. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund do not exceed the total certified resource estimate or amended official estimate.

As discussed in finding number 2006-004, the Village did not file a certificate of estimated resources until February of each fiscal year. As a result, the county auditor was not able to provide an official certificate of estimated resources until after February of each year and the Village's appropriations exceeded duly authorized certified resources for the first two months of 2005.

The Village should file the certificate of estimated resources at the beginning of the fiscal year in order to be able to monitor appropriations versus total certified resources and to help avoid overspending. In addition, the Clerk-Treasurer should obtain the required certificate from the County Auditor when amending appropriations and estimated resources.

Official's Response: The Clerk-Treasurer will file documents more timely in the future.

**VILLAGE OF GRATIOT
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Ohio Revised Code 5705.41 (D) – Prior Certification of Funds	No	Reissued as Finding 2006-001
2004-002	Ohio Revised Code 5705.41(B) – Expenditures exceeded appropriations	No	Reissued as Finding 2006-003



Mary Taylor, CPA
Auditor of State

VILLAGE OF GRATIOT

LICKING 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
OCTOBER 9, 2007