VILLAGE OF MARSHALLVILLE
WAYNE COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2004

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants

Mary Taylor, CPA
Auditor of State

January 8, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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Auditor of State
Betty Montgomery

Village Council
Village of Marshallville
7 N. Main Street
Marshallville, Ohio 44645

We have reviewed the *Report of Independent Accountants* of the Village of Marshallville, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Marshallville is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 26, 2006

88 E. Broad St. / P.O. Box 1140 / Columbus, OH 43216-1140
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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VILLAGE OF MARSHALLVILLE
WAYNE COUNTY, OHIO
Audit Report
For the year ended December 31, 2004

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT OF INDEPENDENT ACCOUNTANTS

**The Honorable Mayor and Members
of Village Council
Village of Marshallville
Marshallville, Ohio**

We have audited the accompanying financial statements of the Village of Marshallville (Village), as of and for the year ended December 31, 2004, as listed in the table of contents. 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.

Except as discussed in the second following paragraph, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepared these financial statements on a basis of 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 financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

We were unable to satisfy ourselves as to the fund balance allocation of the ending fund balances. In addition, adequate sub-ledgers for the income tax department were not maintained, which represented 19% of all Special Revenue receipts. Also, adequate supporting documentation could not be obtained for certain Miscellaneous receipts, which represented 7% of receipts in the General Fund and 8% of receipts in the Special Revenue Funds.

Revisions to GAAP would require the Village to format its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of combined funds, the accompanying financial statement present for 2004, the revisions would require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has decided not to reformat their statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply that 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 three paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with the accounting principles generally accepted in the United States of America, the financial position of the Village as December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, except as noted in the fourth paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Marshallville, Wayne County, as of December 31, 2004, and its combined cash receipts and disbursements and changes in fund cash balances for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also require the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 a report dated January 16, 2006 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, grant agreements and other matters. While we did not opine on the internal controls over financial reporting or on the compliance, that the report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. The report is an integral part of an audit performed in accordance with *Government Auditing Standards.* You should be read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.
January 16, 2006

VILLAGE OF MARSHALLVILLE
WAYNE COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
For the Year Ended December 31, 2004

	Governmental Fund Types			Fiduciary Fund Types	(Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	Total
Receipts:					
Property Taxes and Other Local Taxes	$ 34,521	$ 53,047	-	-	$ 87,568
Intergovernmental Receipts	27,981	35,384	-	-	63,365
Charges for Services	1,900	37,428	-	-	39,328
Fines, Licenses, and Permits	1,394	-	-	-	1,394
Earnings on Investments	7,689	-	-	-	7,689
Miscellaneous	31,807	69,837	-	-	101,644
Total Receipts	105,292	195,696	-	-	300,988
Disbursements:					
Current:					
Security of Persons & Property	54,399	23,219	-	-	77,618
Leisure Time Activities	5,042	-	-	-	5,042
Transportation	4,503	70,894	-	-	75,397
General Government	161,876	-	-	-	161,876
Capital Outlay	-	39,852	-	$ 10,975	50,827
Total Cash Disbursements	225,820	133,965	-	10,975	370,760
Excess of Receipts Over/(Under) Disbursements	(120,528)	61,731	-	10,975	(69,772)
Other Financing Sources/(Uses):					
Transfers-In	-	-	$ 24,005	-	24,005
Transfers-Out	(24,005)	-	-	-	(24,005)
Other Uses	(14,314)	(215)	-	-	(14,529)
Total Other Financing Sources/(Uses)	(38,319)	(215)	24,005	-	(14,529)
Excess of Receipts & Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	(158,847)	61,516	24,005	(10,975)	(84,301)
Fund Balance January 1, 2004	312,146	128,991	(24,005)	133,019	550,151
Fund Balance December 31, 2004	$ 153,299	$ 190,507	$ -	122,044	$ 465,850

See accompanying Notes to the Financial Statements.

VILLAGE OF MARSHALLVILLE
WAYNE COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS
For the Year Ended December 31, 2004

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Agency Fund	(Memorandum Only)
Operating Receipts:			
Charges for Services	$ 761,398	-	$ 761,398
Total Operating Receipts	761,398	-	761,398
Operating Disbursements:			
Personal Services	174,233	-	174,233
Travel	2,505	-	2,505
Contractual Services	499,977	-	499,977
Capital Outlay	18,850	-	18,850
Total Operating Disbursements	695,565	-	695,565
Excess Operating Receipts Over/(Under) Operating Disbursements	65,833	-	65,833
Non-Operating Receipts:			
Fines and Forfeitures	-	$ 1,394	1,394
Miscellaneous Receipts	3,805	-	3,805
Total Non-Operating Receipts	3,805	1,394	5,199
Non-Operating Disbursements			
Debt Service:			
Principal	(45,617)	-	(45,617)
Interest	(24,363)	-	(24,363)
Distribution of Fines	-	(1,394)	(1,394)
Total Non-Operating Disbursements	(69,980)	(1,394)	(71,374)
Excess of Receipts Over/(Under) Disbursements	(342)	-	(342)
Fund Balance January 1, 2004	415,297	-	415,297
Fund Balance December 31, 2004	$ 414,955	$ -	$ 414,955

See accompanying Notes to the Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Marshallville is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village operates under a council/mayor form of government. Elected officials include six council members, a clerk/treasurer, and a mayor. The Village provides general government services, including maintenance of Village streets, police and ambulance services, utilities and recreation.

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed by the Auditor of State.

C. CASH AND INVESTMENTS

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

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

1. General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

2. Special Revenue Funds

To account for the proceeds of specific revenue sources (other that from trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village had the following significant Special Revenue Funds:

***Street Construction, Maintenance and Repair Fund* – This fund receives gasoline tax monies from the State of Ohio for construction and repair of Village streets.**

***Fire Fund* – This fund receives tax monies from a voted levy for fire and ambulance service.**

***Income Tax Fund* – This fund is used to record the collection of the self-assessed taxes on income, the cost of collecting such taxes and the distribution to various other funds in accordance with Village ordinances.**

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

***Capital Improvement Fund* - This fund received proceeds of grants and other funds to be used for capital improvements for the Village.**

4. Enterprise Funds

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

***Water Fund* – This fund receives charges for services from residents to cover the cost of providing this utility.**

***Sewer Fund* – This fund receives charges for services from residents to cover the cost of providing this utility.**

***Electric Fund* – This fund receives charges for services from residents to cover the cost of providing this utility.**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

5. Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable trust funds. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Klusch Fund- **This fund received money from the John and Roene A. Klusch Trust to be used for specific improvement projects within the Village.**

Mayor's Court Fund – **This fund receives fine monies and distributes them to the General Fund along with payments to the State for their share of the fines.**

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 commitments are made. Encumbrances outstanding at year-end are carried over and need not be reappropriated.

A summary of 2004 budgetary activity appears in Note 3.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	2004
Demand Deposits	$ 721,135
Certificates of Deposit	159,670
Total deposits and investments	$ 880,805

***Deposits:* Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2004 is as follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$181,160	$105,292	$(75,868)
Special Revenue	132,702	195,696	62,994
Debt Service	72,100	-	(72,100)
Capital Projects	-	24,005	24,005
Enterprise	735,768	765,203	29,435
Total	$1,121,730	$1,090,196	$(31,534)

3. BUDGETARY ACTIVITY - (continued)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$233,951	$264,139	$(30,188)
Special Revenue	76,500	134,180	(57,680)
Capital Projects	30,000	-	30,000
Expendable Trust	100,000	10,975	89,025
Enterprise	890,910	765,545	125,365
Total	$1,331,361	$1,174,839	$156,522

4. PROPERTY TAX

Real property becomes a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County b y December 31. If the property owner elects to make semiannual payments, 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.

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

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

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	$ 145,479	0% to 3.88%
Ohio Public Works Commission Loans	312,370	0%
Wastewater System Mortgage Revenue Bonds	398,900	5.00 – 7.125%
Total	$ 856,749	

5. DEBT – (continued)

The Ohio Water Development Authority Loans were used for water and sewer system improvements. The Public Works Commission loans were for water and sewer projects. The Mortgage Revenue Bonds were for various water improvement projects. All of these issues will be retired by water and sewer revenues. The Village has agreed to set utility rates at amounts sufficient to cover debt requirements.

Principal requirements to retire long-term obligations outstanding at December 31, 2004 are as follows:

	O.P.W.C Loans	O.W.D.A. Loans	Mortgage Revenue Bonds
Year Ending Dec. 31:			
2005	$20,756	$10,736	$33,328
2006	20,756	10,741	33,762
2007	20,756	10,747	34,067
2008	20,756	10,751	34,463
2009	20,756	10,754	39,968
2010 – 2014	103,780	53,449	170,126
2015 – 2019	103,781	53,130	170,506
2020 – 2024	1,029	18,611	116,220
Total	$312,370	$178,919	$632,449

6. RETIREMENT SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants gross salaries in 2004. The Village has paid all contributions required through December 31, 2004.

Effective July 1, 1991, all employees not otherwise covered by OPERS had the option to choose Social Security or OPERS. At December 31, 2004, two members of Village Council had elected Social Security. The Council's liability is 6.2% of wages paid.

7. LEGAL COMPLIANCE

Pursuant to Section 117.11(A) of the Revised Code, we performed tests of compliance with provisions of local, state and/or federal laws, as applicable. The auditor's report on the Village's compliance with the Ohio Revised Code and the Ohio Administrative Code comments are included in a separate part of this presentation.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**The Honorable Mayor and Members
of Village Council
Village of Marshallville
Marshallville, Ohio**

We have audited the financial statements of the Village of Marshallville as and for the year ended December 31, 2004, and have issued our report thereon dated January 16, 2006, wherein we noted the Village did not maintain adequate sub-ledgers for income tax collections, nor could we satisfy ourselves as to the ending fund balance allocation or miscellaneous receipts. We also noted the Village followed accounting practices prescribed or permitted by the Auditor of State. 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 *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2004-Marshallville-01.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we consider the reportable condition described above to be a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated January 16, 2006.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards,* which is described in the accompanying schedule of findings as item 2004-Marshallville-01.

We also noted certain additional matters that we have reported to management in a separate letter dated January 16, 2006.

This report is intended solely for the information and use of management and Village Council and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris & Associates, Inc.
January 16, 2006

VILLAGE OF MARSHALLVILLE
SCHEDULE OF FINDINGS
DECEMBER 31, 2004

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

Finding Number: 2004-Marshallville-01 Material Weakness and Non-Compliance Citation

Ohio Revised Code Section 5705.41 (D), requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every 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 state above that a 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 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 collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village 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 that $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 expenditure by the Village.

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 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 fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predicable 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.**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (continued)**

Finding Number: 2004-Marshallville-01 – (continued)

The Village did not properly certify the availability of funds for 57% of its non-payroll expenditures tested for the audit period. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Clerk-Treasurer certify the availability of funds prior to the commitment for the expenditure of Village money. The Village should consider the use of blanket purchase orders and "then and now" certificates to assist in complying with the above requirement.

Management Response:

Management agrees and is in the process of instituting procedures to correct this item. Disbursements subsequent to year-end are substantially in compliance with these requirements.

VILLAGE OF MARSHALLVILLE
WAYNE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid *Explain*:
2003-Marshallville-01	ORC 5705.41(D) Failure to Certify funds.	No	Not Corrected. See Finding Number 2004-Marshallville-01
2003-Marshallville-02	OAC 117-5 Financial records not maintained in proper format.	Yes	Finding No Longer Valid
2003-Marshallville-03	ORC 149.43(A)(1) Village did not maintain adequate records.	Yes	Finding No Longer Valid
2003-Marshallville-04	5705.10 Village had a negative balance in Capital Project Fund.	No	Partially Corrected – Now a Management Letter item
2003-Marshallville-05	ORC 5705.41(B) Expenditures exceeded appropriations.	No	Partially Corrected – Now a Management Letter Item

Auditor of State
Betty Montgomery

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF MARSHALLVILLE

WAYNE 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
JANUARY 11, 2007