



Mary Taylor, CPA
Auditor of State

VILLAGE OF WILMOT
STARK COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Wilmot
Stark County
P.O. Box 192
Wilmot, Ohio 44689

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.

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

Mary Taylor, CPA
Auditor of State

July 31, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Wilmot
Stark County
P.O. Box 192
Wilmot, Ohio 44689

To the Village Council:

We have audited the accompanying financial statements of the Village of Wilmot, Stark County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006. 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, during 2007 and 2006, the Village revised its financial statement presentation to follow 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, 2007 and 2006 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, 2007 and 2006, 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 and reserves for encumbrances of the Village of Wilmot, Stark County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and cash 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 July 31, 2008, 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

July 31, 2008

**VILLAGE OF WILMOT
STARK 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$13,392	\$1,059	\$14,451
Municipal Income Tax	105,838		105,838
Intergovernmental	9,011	10,555	19,566
Fines, Licenses and Permits	750		750
Earnings on Investments	1,719	40	1,759
Miscellaneous	306	136	442
	<u>131,016</u>	<u>11,790</u>	<u>142,806</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	57,575		57,575
Public Health Services	897		897
Leisure Time Activities	741		741
Community Environment	100		100
Basic Utility Service	446		446
Transportation		15,273	15,273
General Government	27,074		27,074
Debt Service:			
Redemption of Principal	10,520		10,520
Interest and Fiscal Charges	858		858
	<u>98,211</u>	<u>15,273</u>	<u>113,484</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>32,805</u>	<u>(3,483)</u>	<u>29,322</u>
Other Financing Receipts / (Disbursements):			
Transfers-In		5,012	5,012
Transfers-Out	(5,012)		(5,012)
	<u>(5,012)</u>	<u>5,012</u>	<u>0</u>
Total Other Financing Receipts / (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	27,793	1,529	29,322
Fund Cash Balances, January 1	18,410	7,107	25,517
Fund Cash Balances, December 31	<u>\$46,203</u>	<u>\$8,636</u>	<u>\$54,839</u>
Reserve for Encumbrances, December 31	<u>\$994</u>	<u>\$201</u>	<u>\$1,195</u>

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

**VILLAGE OF WILMOT
STARK COUNTY**

**COMBINED 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	\$10,425	\$1,120	\$11,545
Municipal Income Tax	92,587		92,587
Intergovernmental	8,444	11,601	20,045
Earnings on Investments	1,614	33	1,647
Miscellaneous	3,303	3,369	6,672
	<u>116,373</u>	<u>16,123</u>	<u>132,496</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	58,356		58,356
Public Health Services	820		820
Leisure Time Activities	494		494
Community Environment	100		100
Basic Utility Service	399		399
Transportation		13,427	13,427
General Government	33,433		33,433
Debt Service:			
Redemption of Principal	10,019		10,019
Interest and Fiscal Charges	1,359		1,359
	<u>104,980</u>	<u>13,427</u>	<u>118,407</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>11,393</u>	<u>2,696</u>	<u>14,089</u>
Other Financing Receipts / (Disbursements):			
Transfers-In		11	11
Transfers-Out	(11)		(11)
	<u>(11)</u>	<u>11</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	11,382	2,707	14,089
Fund Cash Balances, January 1	<u>7,028</u>	<u>4,400</u>	<u>11,428</u>
Fund Cash Balances, December 31	<u>\$18,410</u>	<u>\$7,107</u>	<u>\$25,517</u>
Reserve for Encumbrances, December 31	<u>\$1,641</u>	<u>\$152</u>	<u>\$1,793</u>

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

**VILLAGE OF WILMOT
STARK COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$74,162		\$74,162
Operating Cash Disbursements:			
Personal Services	22,877		22,877
Employee Fringe Benefits	4,336		4,336
Contractual Services	22,201		22,201
Supplies and Materials	3,162		3,162
Other	3,380		3,380
Total Operating Cash Disbursements	55,956		55,956
Operating Income	18,206		18,206
Non-Operating Cash Disbursements:			
Capital Outlay	29,607		29,607
Redemption of Principal	7,676		7,676
Interest and Other Fiscal Charges	2,536		2,536
Other Non-Operating Cash Disbursements	353		353
Total Non-Operating Cash Disbursements	40,172		40,172
Net Cash Receipts Under Cash Disbursements	(21,966)		(21,966)
Fund Cash Balances, January 1	89,463	\$494	89,957
Fund Cash Balances, December 31	<u>\$67,497</u>	<u>\$494</u>	<u>\$67,991</u>
Reserve for Encumbrances, December 31	<u>\$12,025</u>	<u>\$0</u>	<u>\$12,025</u>

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

**VILLAGE OF WILMOT
STARK COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$74,326		\$74,326
Operating Cash Disbursements:			
Personal Services	22,571		22,571
Employee Fringe Benefits	4,064		4,064
Contractual Services	21,365		21,365
Supplies and Materials	8,500		8,500
Other	1,540		1,540
Total Operating Cash Disbursements	58,040		58,040
Operating Income	16,286		16,286
Non-Operating Cash Disbursements:			
Capital Outlay	14,032		14,032
Redemption of Principal	7,254		7,254
Interest and Other Fiscal Charges	2,958		2,958
Total Non-Operating Cash Disbursements	24,244	0	24,244
Net Cash Receipts Under Cash Disbursements	(7,958)		(7,958)
Fund Cash Balances, January 1	97,421	\$494	97,915
Fund Cash Balances, December 31	\$89,463	\$494	\$89,957
Reserve for Encumbrances, December 31	\$1,490	\$0	\$1,490

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

**VILLAGE OF WILMOT
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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 Wilmot, Stark County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including water and police services. The Village contracts with Wilmot Fire and Rescue, Inc. to provide fire protection services.

The Village participates in the Ohio Governmental Risk Management Plan public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

The Ohio Government Risk Management Plan (the "Plan") is 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").

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

B. Accounting Basis

During 2005, the Village followed the modified cash basis of accounting. However, its financial statement presentation format and disclosures conformed with general accepted accounting principles applicable to the modified cash accounting basis. During 2007 and 2006, the Village used the cash accounting basis and revised its financial statement presentation format to 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 and Investments

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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.

**VILLAGE OF WILMOT
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources 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.

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Funds:

Water Improvement Debt Service Fund - This fund receives transfers from the Water Operating Fund for retiring debt related to the construction of the Village's Water System Improvement Bond.

Hall Remodel Debt Service Fund - This fund receives transfers from the General Fund for retiring debt related to the remodeling of the Village Hall.

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:

Water Operating Fund - This fund receives charges for services from residents, commercial users and some out of town customers to cover water service costs.

5. Fiduciary Fund

The fiduciary fund includes an agency fund. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Mayor's Court.

**VILLAGE OF WILMOT
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(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 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 encumber all commitments required by Ohio law.

A summary of 2007 and 2006 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 and Investments

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$91,159	\$85,358
STAR Ohio	31,671	30,116
Total deposits and investments	<u>\$122,830</u>	<u>\$115,474</u>

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

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF WILMOT
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ended December 31, 2007 and December 31, 2006 follows:

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$115,946	\$131,016	\$15,070
Special Revenue	20,584	16,802	(3,782)
Enterprise	83,116	74,162	(8,954)
Total	<u>\$219,646</u>	<u>\$221,980</u>	<u>\$2,334</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$127,025	\$104,217	\$22,808
Special Revenue	23,481	15,474	8,007
Enterprise	153,002	108,153	44,849
Total	<u>\$303,508</u>	<u>\$227,844</u>	<u>\$75,664</u>

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$109,094	\$116,373	\$7,279
Special Revenue	15,584	16,134	550
Enterprise	83,115	74,326	(8,789)
Total	<u>\$207,793</u>	<u>\$206,833</u>	<u>(\$960)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$116,122	\$106,632	\$9,490
Special Revenue	18,813	13,579	5,234
Enterprise	162,918	83,774	79,144
Total	<u>\$297,853</u>	<u>\$203,985</u>	<u>\$93,868</u>

**VILLAGE OF WILMOT
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. Budgetary Activity (Continued)

Noncompliance Citation

Contrary to Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16, in 2007 and 2006, \$23,012 and \$22,957, respectively, of inter-fund transfers were not approved by Village Council resolution.

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.

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 1.5 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 at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a final return annually.

6. Debt

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water System Improvement Bond	\$35,438	5.875%
Hall Remodel Bond	7,767	6.180%
Total	<u>\$43,205</u>	

The Water System Improvement Bond relates to improvements made to the water system, such as building a new storage tank, water lines, access road, and chlorine contact tank, along with the related equipment and appurtenances. The Hall Remodel Bond relates to renovations made to the existing Village Town Hall with all related equipment and appurtenances.

**VILLAGE OF WILMOT
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

6. Debt (Continued)

The Village's taxing authority collateralized the bonds.

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

Year ending December 31:	Water System Improvement Bond	Hall Remodel Bond
2008	\$10,211	\$8,223
2009	10,413	
2010	10,212	
2011	9,962	
Total	<u>\$40,798</u>	<u>\$8,223</u>

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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 percent and 9 percent, respectively, of their gross salaries and the Village contributed an amount equaling 13.85 percent and 13.7 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

8. Risk Pool 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.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. 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.

VILLAGE OF WILMOT
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

8. Risk Pool Management (Continued)

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, 2006 and 2005 (the latest information available):

	<u>2006</u>	<u>2005</u>
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members' Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

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

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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 Wilmot
Stark County
P.O. Box 192
Wilmot, Ohio 44689

To the Village Council:

We have audited the financial statements of the Village of Wilmot, Stark County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 31, 2008, wherein we noted the Village revised its financial statements to follow 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 Village, 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.

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We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

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 a material weakness.

We noted certain internal control matters that we reported to the Village's management in a separate letter dated July 31, 2008.

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 or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters that we reported to the Village's management in a separate letter dated July 31, 2008.

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 management and the Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 31, 2008

**VILLAGE OF WILMOT
STARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Noncompliance/Material Weakness

Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16 provide guidelines pertaining to allowable interfund transfers. Ohio Rev. Code Section 5705.14 provides interfund transfers shall only be made by resolution of the taxing authority. See also 1989 Op. Att'y Gen. No. 89-075 (Ohio Rev. Code Section 5705.14(E) has been interpreted to require a resolution passed by a simple majority when transferring funds from the general revenue fund to specific funds.) In certain circumstances, which are detailed in Ohio Rev. Code Section 5705.14, transfers from funds other than the General Fund may be made by a resolution passed by a two-thirds vote of the taxing authority.

In 2007 and 2006, \$23,011 and \$22,957, respectively, of the transfers were not approved by Village Council resolution and of these amounts \$10,212, each year, was made from funds not authorized by the aforementioned requirements.

For 2007, \$21,590 of the \$23,011 was related to transfers to a debt service fund for debt payments. These debt related transfers were eliminated and the related debt payments were reclassified on the financial statements to the General and Enterprise Funds, in the amounts of \$11,378 and \$10,212, respectively. In addition, \$1,409 of unapproved transfers were adjusted on the financial statements and returned from the Enterprise Fund to the General Fund. The remainder was not significant and was not adjusted.

For 2006, \$21,590 of the \$22,957 was related to transfers to a debt service fund for debt payments. These debt related transfers were eliminated and the related debt payments were reclassified on the financial statements to the General and Enterprise Funds, in the amounts of \$11,378 and \$10,212, respectively. In addition, \$1,356 of unapproved transfers were adjusted on the financial statements and returned from the Enterprise Fund to the General Fund. The remainder was not significant and was not adjusted.

Whenever possible and allowable, the Village should directly receipt monies into the appropriate funds rather than transferring these monies. Additionally, the Village should charge debt service expenditures to the funds responsible for retiring the corresponding debt issue. In addition, pursuant to **Ohio Rev. Code Section 5705.14 and Auditor of State Bulletin 97-003**, separate resolutions with specific dollar amounts should be approved for each transfer.

Officials' Response: The waterworks improvement bond payments will be made directly from the water operating fund and any inter-fund transfers will be approved by council resolution and recorded in the minutes as such.



Mary Taylor, CPA
Auditor of State

VILLAGE OF WILMOT

STARK 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 7, 2008**