

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY
Regular Audit
December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Members of Village Council
Village of West Millgrove
4678 East Sandusky Street
P.O. Box 8
West Millgrove, Ohio 43467

We have reviewed the *Independent Accountants' Report* of the Village of West Millgrove, Wood County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2007 through December 31, 2008. 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 *Independent Accountants' Report* 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 *Independent Accountants' Report* 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 West Millgrove is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 12, 2009

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**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

September 10, 2009

Village of West Millgrove
Wood County
4678 East Sandusky Street
P.O. Box 8
West Millgrove, OH 43467

To the Village Council:

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

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

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

Instead of the combined funds the accompanying financial statements present, GAAP requires 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 second 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 elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007 or their changes in financial position or cash flows 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 for the Village of West Millgrove, Wood County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 September 10, 2009 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 10,056	\$ -	\$ -	\$ 10,056
Intergovernmental	11,077	9,400	-	20,477
Special Assessments	-	3,283	-	3,283
Fines, Licenses, and Permits	28,864	960	-	29,824
Earnings on Investments	184	187	-	371
Miscellaneous	803	-	-	803
	<u>50,984</u>	<u>13,830</u>	<u>-</u>	<u>64,814</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	20,804	3,585	-	24,389
Public Health Services	73	-	-	73
Leisure Time Activities	60	-	-	60
Transportation	-	11,788	-	11,788
General Government	35,454	190	-	35,644
Capital Outlay	-	-	612	612
	<u>56,391</u>	<u>15,563</u>	<u>612</u>	<u>72,566</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>(5,407)</u>	<u>(1,733)</u>	<u>(612)</u>	<u>(7,752)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	-	-	1,967	1,967
Transfer-In	-	-	4,300	4,300
Transfer-Out	(4,300)	-	-	(4,300)
	<u>(4,300)</u>	<u>-</u>	<u>6,267</u>	<u>1,967</u>
Total Other Financing Receipts/(Disbursements)				
Fund Cash Balances, January 1	<u>19,944</u>	<u>43,734</u>	<u>(3,655)</u>	<u>60,023</u>
Fund Cash Balances, December 31	<u>\$ 10,237</u>	<u>\$ 42,001</u>	<u>\$ 2,000</u>	<u>\$ 54,238</u>

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

VILLAGE OF WEST MILLGROVE
WOOD COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	\$ 29,968
Total Non-Operating Cash Receipts	<u>29,968</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>31,574</u>
Total Non-Operating Cash Disbursements	<u>31,574</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>(1,606)</u>
Fund Cash Balances, January 1	<u>1,606</u>
Fund Cash Balances, December 31	<u><u>\$ -</u></u>

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

**VILLAGE OF WEST MILLGROVE
WOOD 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>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 9,114	\$ -	\$ -	\$ 9,114
Intergovernmental	10,244	11,341	-	21,585
Special Assessments	-	2,390	-	2,390
Fines, Licenses, and Permits	37,260	-	-	37,260
Miscellaneous	1,970	3,777	-	5,747
	<u>58,588</u>	<u>17,508</u>	<u>-</u>	<u>76,096</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	25,263	3,015	-	28,278
Public Health Services	69	-	-	69
Leisure Time Activities	238	-	-	238
Basic Utility Services	25	-	-	25
Transportation	-	1,225	-	1,225
General Government	40,336	170	-	40,506
Capital Outlay	1,086	-	-	1,086
	<u>67,017</u>	<u>4,410</u>	<u>-</u>	<u>71,427</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>(8,429)</u>	<u>13,098</u>	<u>-</u>	<u>4,669</u>
Fund Cash Balances, January 1	<u>28,373</u>	<u>30,636</u>	<u>(3,655)</u>	<u>55,354</u>
Fund Cash Balances, December 31	<u>\$ 19,944</u>	<u>\$ 43,734</u>	<u>\$ (3,655)</u>	<u>\$ 60,023</u>

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

VILLAGE OF WEST MILLGROVE
WOOD COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	\$ 44,716
Total Non-Operating Cash Receipts	<u>44,716</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>53,424</u>
Total Non-Operating Cash Disbursements	<u>53,424</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>(8,708)</u>
Fund Cash Balances, January 1	<u>10,314</u>
Fund Cash Balances, December 31	<u>\$ 1,606</u>

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

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of West Millgrove, Wood County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides park operations and police services.

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 or permitted 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.

The Village Fiscal officer invests all available funds of the Village in an interest bearing checking 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

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

Special Assessment Fund - This fund is used to account for the financing of street lighting services for Village residents against whom special assessments are levied.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Funds

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

Police Car Project Fund- This fund receives revenue from the Mayor's Court to purchase a new police car every two years.

4. Fiduciary Funds (Agency 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 Fiduciary Fund:

Mayor's Court Fund – This fund receives and distributes Mayor's Court fines and forfeitures. This fund will cease to exist at conclusion of 2008 due to the elimination of Mayor's Court.

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, function, and object level of control and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

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 commitments are made. Encumbrances outstanding at year end are closed out, and re-appropriated in the subsequent year.

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

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2008	2007
Demand deposits	\$ 54,238	\$ 61,629
Total deposits	\$ 54,238	\$ 61,629

Deposits: are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 50,090	\$ 50,984	\$ 894
Special Revenue	14,090	13,830	(260)
Capital Projects	4,300	6,267	1,967
Total	\$ 68,480	\$ 71,081	\$ 2,601

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 70,557	\$ 60,691	\$ 9,866
Special Revenue	33,425	15,563	17,862
Capital Projects	7,000	612	6,388
Total	\$ 110,982	\$ 76,866	\$ 34,116

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 63,394	\$ 58,588	\$ (4,806)
Special Revenue	33,920	17,508	(16,412)
Capital Projects	400	-	(400)
Total	\$ 97,714	\$ 76,096	\$ (21,618)

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 75,397	\$ 67,017	\$ 8,380
Special Revenue	27,700	4,410	23,290
Total	\$ 103,097	\$ 71,427	\$ 31,670

Contrary to ORC Section 5705.10, the Village had a negative cash fund balance in the Capital Projects Fund in 2007.

Contrary to ORC Section 5705.39, appropriations exceeded total estimated resources for 2008 in the Capital Projects Fund.

Contrary to ORC Section 5705.41(D), the certification of availability of unencumbered appropriations for expenditures was not obtained for 26% of the expenditures testing during 2008 and 51% of expenditures testing during 2007.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 by December 31. If the property owner elects to make semiannual payment, 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. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, OP&F participants contributed 10 percent of their wages. The Village contributes an amount equal to 19.5 percent of police participant wages. For 2008 and 2007, members of PERS contributed 10% (2008) and 9.5% (2007) of their gross salaries. The Village contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Claims have not exceeded coverage for the last three years, and there has been no material reduction in coverage during the last three years.

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

September 10, 2009

Village of West Millgrove
Wood County
4678 East Sandusky Street
P.O. Box 8
West Millgrove, OH 43467

To the Village Council:

We have audited the financial statements of the **Village of West Millgrove, Wood County, Ohio** (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 10, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions 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.

Internal Control Over Financial Reporting (Continued)

We consider findings 2008-001 through 2008-006 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding numbers 2008-001 and 2008-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated September 10, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2008-001 through 2008-004.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF WEST MILLGROVE
WOOD COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Noncompliance Citation/Significant Deficiency/Material Weakness

Ohio Revised § Code 733.40 requires, except as otherwise provided in Ohio Revised Code Section 4511.193, all fines, forfeitures, and cost in ordinance cases and all fees collected by the mayor, or which in any manner come into his or her hands, or which are due to such mayor or a marshal, chief of police, or other officer of the municipal corporation, any other fees and expenses which have been advanced out of the treasury of the municipal corporation, and all money received by such mayor for the use of such municipal corporation, shall be paid by court clerk into the Village's treasury on the first Monday of each month.

Our review of the Village's Mayor's Court disclosed the following:

- In 2008 and 2007, Mayor's Court reports were not presented to the Council on a monthly basis. Remittances were not made monthly to the Village's General Fund or to the State of Ohio.
- In 2008, a docketbook was maintained but was incomplete and lacked necessary information, including the resolution of the case, fines received, etc.
- In 2007, the Mayor's Court activity was not recorded on the financial statements. In 2008, the Mayor's Court activity was recorded on the financial statements in the agency account. However, this account included operating expenditures of the Mayor's Court such as gasoline and credit card processing equipment, which should have been disbursed from the General Fund.
- In 2007, the Mayor's Court Clerk's computerization fund was not recorded on the financial statements, and had a separate bank account. This was corrected in 2008.
- In 2008 and 2007, there was no evidence that the Mayor's Court clerk reconciled cash deposited with cash received. This lack of reconciliation made it difficult to trace fines paid to specific deposits.
- In 2008 and 2007, the Village did not have a control procedure for timely depositing of monies received by the Mayor's Court Clerk. We noted several instances when receipts were not deposited timely.

These weaknesses could allow recording errors and irregularities to occur and remain undetected. Adjustments were made to the Village's accounting system to properly reflect the activity of the Mayor's Court.

VILLAGE OF WEST MILLGROVE
WOOD COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001 (CONTINUED)

Noncompliance Citation/Significant Deficiency/Material Weakness (Continued)

We recommend that the Village record all expenditures and disbursements related to Mayor's Court activity on the financial statements. We recommend the Village distribute fines collected by the Village's Mayor's Court to the Village's General Fund and other applicable agencies by the required dates. In addition, we recommend that only distributions of Mayor's Court collections be made from the Mayor's Court Fund. Costs associated with operating the Mayor's Court should be paid out of the General Fund. We also recommend that the Village make timely deposits of Mayor's Court receipts, and appropriate expenditures and record estimated receipts.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-002

Noncompliance Citation/Significant Deficiency/Material Weakness

Ohio Revised Code § 5705.10 requires that monies paid into any fund be used only for purposes for which such fund is established. The Village had a negative cash fund balance in the Capital Projects Fund in 2007.

A negative cash fund balance is an indication that revenues from other sources were used to pay obligations of these funds. Fund activity should be monitored by the Clerk to prevent future expenditures in excess of available resources. In those cases where additional funds are required, the resources should either be transferred or advanced to the fund in accordance with the Ohio Revised Code.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-003

Noncompliance Citation/Significant Deficiency

Ohio Revised Code § 5705.39 provides that the total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations exceeded total estimated resources for 2008 in the Capital Projects Fund.

The Village should obtain a certificate from the County Auditor stating that the total appropriations do not exceed the total estimated resources whenever an amendment is made to the original appropriation measure.

Management's Response – We did not receive a response from officials to this finding.

VILLAGE OF WEST MILLGROVE
WOOD COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-004

Noncompliance Citation / Significant Deficiency

Ohio Revised Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required meeting any 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. Only the subdivision's fiscal officer need sign the certificate. 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 stated 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 that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority 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 fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority 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 fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
3. 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.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-004 (CONTINUED)

Noncompliance Citation / Significant Deficiency (Continued)

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

The Village did not properly certify the availability of funds prior to purchase commitment for 26% of the expenditures tested in 2008 and 51% of the expenditures tested during 2007 and there was no evidence that the Village followed the aforementioned exceptions.

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 Treasurer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2008-005

Significant Deficiency

Posting Estimated Revenues and Appropriations

The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as certified by the county budget commission.

We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

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

FINDING NUMBER 2008-006

Significant Deficiency

Posting Receipts

During 2008 and 2007, several receipts were not posted into accurate revenue classifications based on the source of the receipt. Examples of mis-postings include Intergovernmental receipts posted as Property Taxes in both the General Fund and the Street Construction, Maintenance, and Repair Fund.

These mis-postings resulted in audit reclassifications which are reflected in the financial statements.

We recommend the Clerk refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt accounts and posting of receipts.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Mayor's Court activity not included on financial statements	No	Repeated as finding 2008-001
2006-002	Mayor's Court computerization fund in a separate bank account and not accounted for on financial statements	No	Partially corrected; Repeated as finding 2008-001
2006-003	Failure to reconcile	Yes	Corrected
2006-004	ORC 5705.41(B) - Expenditures exceed appropriations	No	Repeated as finding 2008-003
2006-005	ORC 5705.10 - Negative cash balance in the Capital Projects Fund	No	Repeated as finding 2008-002
2006-006	ORC 5705.41(D) – Not properly encumbering	No	Repeated as finding 2008-004
2006-007	ORC 5705.36 – Failure to request amended certificate	No	Repeated in management letter
2006-008	ORC 5705.38 – Failure to pass appropriations measure	Yes	Corrected
2006-009	ORC 2743.79 – Failure to transmit court costs to the State in a timely manner	No	Repeated as finding 2008-001
2006-010	ORC 1907.26.1(A)(1) – Failure to establish a computerization fund on financial statements	Yes	Corrected



Mary Taylor, CPA
Auditor of State

VILLAGE OF WEST MILLGROVE

WOOD 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
NOVEMBER 5, 2009