



**Auditor of State  
Betty Montgomery**



VILLAGE OF WEST MILLGROVE  
WOOD COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of West Millgrove  
Wood County  
4516 E. Sandusky Street, P.O. Box 8  
West Millgrove, Ohio 43467-0008

To the Village Council:

We have audited the accompanying financial statements of the Village of West Millgrove, Wood County, (the Village) as of and for the years ended December 31, 2002 and 2001. 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 *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 prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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 as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of West Millgrove  
Wood County  
Independent Accountants' Report  
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This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 29, 2003

**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, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$10,166	\$2		\$10,168
Special Assessments		2,250		2,250
Intergovernmental Receipts	20,510	7,112		27,622
Charges for Services	360			360
Fines, Licenses, and Permits	52,244			52,244
Earnings on Investments	1			1
Miscellaneous	1,947			1,947
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	85,228	9,364		94,592
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	38,365	2,232		40,597
Public Health Services	69			69
Leisure Time Activities	1,530			1,530
Basic Utility Services	262			262
Transportation		4,510		4,510
General Government	22,261	30		22,291
Capital Outlay	7,279			7,279
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	69,766	6,772		76,538
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	15,462	2,592		18,054
Fund Cash Balances, January 1	22,206	31,077	\$222	53,505
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$37,668</b>	<b>\$33,669</b>	<b>\$222</b>	<b>\$71,559</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$162			\$162
	<hr/>	<hr/>	<hr/>	<hr/>

*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 - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>\$63,316</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>65,069</u>
Excess of Receipts Over/(Under) Disbursements	(1,753)
Fund Cash Balances, January 1	<u>7,212</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$5,459</u></u>
Reserve for Encumbrances, 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, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$10,395	\$1		\$10,396
Special Assessments		2,361		2,361
Intergovernmental Receipts	8,638	7,236		15,874
Charges for Services	100			100
Fines, Licenses, and Permits	73,349			73,349
Miscellaneous	847			847
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	93,329	9,598		102,927
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	37,812	2,237		40,049
Public Health Services	27			27
Transportation		1,400		1,400
General Government	27,606	21		27,627
Capital Outlay	19,172		\$13,578	32,750
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	84,617	3,658	13,578	101,853
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	8,712	5,940	(13,578)	1,074
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In			13,800	13,800
Transfers-Out	(13,800)			(13,800)
Other Financing Sources	52			52
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(13,748)		13,800	52
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,036)	5,940	222	1,126
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	27,242	25,137		52,379
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$22,206</b>	<b>\$31,077</b>	<b>\$222</b>	<b>\$53,505</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves for Encumbrances, December 31				

*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 CASH BALANCES - AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>\$86,757</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>87,564</u>
Excess of Receipts Over Disbursements	(807)
Fund Cash Balances, January 1	<u>8,019</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$7,212</u></u></b>
Reserve for Encumbrances, 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**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of West Millgrove, Wood County, (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. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities), 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**

The Village's checking account does not earn interest.

**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. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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

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

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

**VILLAGE OF WEST MILLGROVE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. Capital Project 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 funds:

*Police Car Project Fund* - This fund receives its revenues from the Mayor's Court to purchase a new police car.

*Police Camera Project Fund* – This fund receives its revenues from the Mayor's Court to purchase the police car video recording system.

**4. Fiduciary Funds (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Mayor's Court* – This fund receives its revenues from tickets, fines, court costs, etc. This fund is used to account for revenue and disbursements for the Mayor's Court.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**VILLAGE OF WEST MILLGROVE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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 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:

	2002	2001
Demand deposits		
Village's accounts	\$71,559	\$53,505
Mayor's Court accounts	5,459	7,212
Total deposits	\$77,018	\$60,717

Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$119,414	\$85,228	(\$34,186)
Special Revenue	9,845	9,364	(481)
Capital Projects	4,800		(4,800)
Total	\$134,059	\$94,592	(\$39,467)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$137,039	\$69,928	\$67,111
Special Revenue	24,255	6,772	17,483
Capital Projects	5,800		5,800
Total	\$167,094	\$76,700	\$90,394

**VILLAGE OF WEST MILLGROVE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,557	\$93,381	(\$13,176)
Special Revenue	10,300	9,598	(702)
Capital Projects	13,800	13,800	
Total	<u>\$130,657</u>	<u>\$116,779</u>	<u>(\$13,878)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,955	\$98,417	\$11,538
Special Revenue	14,250	3,658	10,592
Capital Projects	13,800	13,578	222
Total	<u>\$138,005</u>	<u>\$115,653</u>	<u>\$22,352</u>

**4. PROPERTY TAX**

Real property taxes become 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 by 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 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 full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. 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. For 2002 and 2001, members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

**VILLAGE OF WEST MILLGROVE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**7. RELATED PARTY TRANSACTIONS**

Village Council Member Joyce Carr sold a coffee table to the Village for \$50.

Village Council paid \$195 during fiscal year 2002 and \$175 during fiscal year 2001 for snow shoveling to Todd Kimble, the brother of Council Member Tim Kimble.

Village Council paid \$5,075 for mowing and \$1,525 for work at the park during 2002 and \$4,485 for mowing and \$66 for painting during 2001 to A & J Small Engine Repair. The owner of the company is Council Member Joyce Carr and Mayor James Carr's grandson.

Village Council paid \$90 for stone hauling to Robert Slaughterbeck, brother-in-law of Council Member Carrie Slaughterbeck.

The Village sold property to Council Member Herm Schreiner for \$200. Council Member Jane Schreiner is the daughter of Herm Schreiner.

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of West Millgrove  
Wood County  
4516 E. Sandusky Street, P.O. Box 8  
West Millgrove, Ohio 43467-0008

To the Village Council:

We have audited the accompanying financial statements of the Village of West Millgrove, Wood County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 29, 2003. 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.

**Compliance**

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 and grants, 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 2002-001. However, we also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 29, 2003.

**Internal Control 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 assurance 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. Reportable conditions are described in the accompanying schedule of findings as item 2002-002.

A material weakness is a 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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 29, 2003.

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



**Betty Montgomery**  
Auditor of State

September 29, 2003

VILLAGE OF WEST MILLGROVE  
WOOD COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-001

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. Also, no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two “exceptions” to the above requirement:

- A. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village’s Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000 (\$3,000 effective April 7, 2003) the fiscal officer may authorize it to be paid without the affirmation of the Village Council, if such expenditure is otherwise valid.

Forty-eight percent of the expenditures tested were not certified prior to the commitment being made. We recommend, where possible, the Village certify the availability of funds prior to expenditures being made. Where prior certification is not feasible, we encourage the Village to utilize then and now certificates or blanket certificates.

## FINDING NUMBER 2002-002

### Reportable Condition

#### Developing and Implementing an Effective Monitoring Control System

Council Members were not given any monthly financial reports to monitor the financial transactions of the Village.

Monitoring controls comprise regular management and supervisory activities established to oversee whether management's objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action.

Monitoring controls may be in the nature of ongoing activities or periodic separate evaluation by either management or an internal audit function. They can relate to a specific transaction cycle or can be in a more overview nature.

Monitoring controls should assist management in making informed decisions on operational and fiscal matters for the Village, which can include:

- Regular review and approval of bank reconciliations, as submitted by the Clerk/Treasurer;
- Review of key performance indicators;
- Review of revenues/expenditures with independently accumulated information (budgets, past performance, etc.), as submitted by the Clerk/Treasurer;
- Monthly review and approval of the Village's expenditures, as disbursed by the Clerk/Treasurer;
- Monitoring that grant monies are used in accordance with grant requirements; and
- Ensuring an adequate segregation of duties exist.



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140  
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800-282-0370  
Facsimile 614-466-4490

**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 6, 2003**