

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY
Regular Audit
December 31, 2006 and 2005**



Mary Taylor, CPA

Auditor of State

Members of Council
Village of West Millgrove
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, 2005 through December 31, 2006. 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.

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

Mary Taylor, CPA
Auditor of State

May 16, 2008

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**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

January 25, 2008

Village of West Millgrove
Wood County
4516 E Sandusky Street
Po Box 8
West Millgrove, Ohio 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, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present it's larger (i.e. major) funds separately for 2006 and 2005. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of West Millgrove, Wood County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Government 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 January 25, 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.

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, 2006**

	<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	\$ 11,877	\$ -	\$ -	\$ 11,877
Intergovernmental	5,750	8,877	-	14,627
Special Assessments	100	1,333	-	1,433
Charges for Services	-	-	-	-
Fines, Licenses, and Permits	38,798	-	-	38,798
	<u>56,525</u>	<u>10,210</u>	<u>-</u>	<u>66,735</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	27,555	1,548	-	29,103
Public Health Services	28	-	-	28
Leisure Time Activities	387	-	-	387
Basic Utility Service	25	-	-	25
Transportation	-	1,480	-	1,480
General Government	29,759	-	-	29,759
Capital Outlay	98	9,800	400	10,298
	<u>57,852</u>	<u>12,828</u>	<u>400</u>	<u>71,080</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>(1,327)</u>	<u>(2,618)</u>	<u>(400)</u>	<u>(4,345)</u>
Fund Cash Balances, January 1	<u>29,700</u>	<u>33,254</u>	<u>(3,255)</u>	<u>59,699</u>
Fund Cash Balances, December 31	<u>\$ 28,373</u>	<u>\$ 30,636</u>	<u>\$ (3,655)</u>	<u>\$ 55,354</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, 2006

	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	\$ 48,232
Total Non-Operating Revenues	<u>48,232</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Disbursements	<u>48,232</u>
Total Non-Operating Cash Disbursements	<u>48,232</u>
Net Receipts Over Disbursements	<u>-</u>
Fund Cash Balances, January 1	<u>10,314</u>
Fund Cash Balances, December 31	<u>\$ 10,314</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, 2005**

	<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	\$ 13,745	\$ -	\$ -	\$ 13,745
Intergovernmental	8,149	9,195	-	17,344
Special Assessments	1,465	1,713	-	3,178
Fines, Licenses, and Permits	82,738	-	-	82,738
Miscellaneous	101	-	2,944	3,045
	<u>106,198</u>	<u>10,908</u>	<u>2,944</u>	<u>120,050</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	37,419	2,211	-	39,630
Public Health Services	1,106	-	-	1,106
Leisure Time Activities	181	-	-	181
Basic Utility Services	25	-	-	25
Transportation	247	-	-	247
General Government	53,607	-	-	53,607
Capital Outlay	620	4,006	6,421	11,047
	<u>93,205</u>	<u>6,217</u>	<u>6,421</u>	<u>105,843</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>12,993</u>	<u>4,691</u>	<u>(3,477)</u>	<u>14,207</u>
Fund Cash Balances, January 1	<u>16,707</u>	<u>28,563</u>	<u>222</u>	<u>45,492</u>
Fund Cash Balances, December 31	<u>\$ 29,700</u>	<u>\$ 33,254</u>	<u>\$ (3,255)</u>	<u>\$ 59,699</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, 2005

	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	\$ 97,097
Total Non-Operating Revenues	<u>97,097</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Disbursements	<u>97,097</u>
Total Non-Operating Cash Disbursements	<u>97,097</u>
Fund Cash Balances, January 1	<u>10,314</u>
Fund Cash Balances, December 31	<u><u>\$ 10,314</u></u>

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

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

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. 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. 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 Funds

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 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 which special assessments are levied.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects 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 fund:

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

4. Fiduciary Funds (Agency Funds)

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

Mayor's Court Fund – This fund receives and distributes Mayor's Court fines and forfeitures.

D. 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 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. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

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

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

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:

	2006	2005	
Demand deposits			
Village Accounts	\$ 55,354	\$ 54,642	
Mayor's Accounts	10,314	10,314	
Total deposits	\$ 65,668	\$ 64,956	

Deposits: are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

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

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 76,393	\$ 58,403	\$ (17,990)
Special Revenue	7,050	10,518	3,468
Capital Projects	3,000	-	(3,000)
Total	\$ 86,443	\$ 68,921	\$ (17,522)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ -	\$ 57,852	\$ (57,852)
Special Revenue	-	12,828	(12,828)
Capital Projects	-	400	(400)
Total	\$ -	\$ 71,080	\$ (71,080)

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 97,941	\$ 104,330	\$ 6,389
Special Revenue	10,901	10,590	(311)
Capital Projects	9,600	2,944	(6,656)
Total	\$ 118,442	\$ 117,864	\$ (578)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 105,570	\$ 93,205	\$ 12,365
Special Revenue	7,500	6,217	1,283
Capital Projects	9,600	6,421	3,179
Total	\$ 122,670	\$ 105,843	\$ 16,827

Contrary to Ohio Rev. Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 9% of expenditures tested during 2006 and 29% of expenditures testing during 2005.

Contrary to Ohio Rev. Code Section 5705.41 (B), expenditures exceeded appropriations during 2006 in all funds.

Contrary to Ohio Rev. Code Section 5705.36, allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. During 2006 the estimated receipts were 17,522 greater than actual receipts.

Contrary to Ohio Rev. Code Section 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year-end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1. Appropriation resolutions were not passed in 2005 or 2006 by the village.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

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 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 full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. Members of OPERS contributed 9.0% and 8.5%, respectively for 2006 & 2005, of their gross salaries. The Village contributed an amount equal to 13.70% of participants' gross salaries in 2006 and 13.55% in 2005. The Village has paid all contributions required through December 31, 2006.

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.

Perry & Associates
Certified Public Accountants, A.C.

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

January 25, 2008

Village of West Millgrove
Wood County
4516 E Sandusky Street
Po Box 8
West Millgrove, Ohio 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, 2006 and 2005, and have issued our report thereon dated January 25, 2008, 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 opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider to be 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 the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-005.

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

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 significant deficiencies 2006-001 through 2006-004 described above are material weaknesses.

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 Standard* which are described in the accompanying schedule of findings as items 2006-004 through 2006-010.

In a separate letter to the Village's management dated January 25, 2008, we reported other matters related to noncompliance we deemed immaterial.

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

Respectfully Submitted,d

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

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

Significant Deficiency / Material Weakness

Mayor's Court Activity

The fee portion of receipts from the Mayor's Court was posted to the General Fund. Activity related to the remittance to the State and the cash balances were excluded from the Village financial records.

Management was advised that the failure to include all financial activity of the Village on the Village's book can result in the financial statements being over and/or under stated.

We recommend all the financial activity of the Mayor's Court be posted to the correct Fund.

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

FINDING NUMBER 2006-002

Significant Deficiency / Material Weakness

Mayor's Court Bank Account / Reconciliation

In November 2004, the Mayor established a separate bank account to account for the computerization fund fees and the additional clerk of court fees that is allowed by statute.

Management was advised that the failure to account for these fees on the Village's books has resulted in revenues and expenditures to be understated on the financial statements.

We recommend that the Village Clerk, Village Mayor, and Village Council pass the necessary ordinance to establish the computerization fund on the Village's books. We also recommend that the Clerk of Courts checking account be closed and the balance of this account be appropriately recorded in the Computerization Fund on the Village's books. We also recommend these funds and accounts be included in the Village's monthly reconciliation.

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

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

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

Significant Deficiency / Material Weakness

Cash Reconciliation

During 2006 and 2005, the clerk did not reconcile the end of the month bank balance to the end of the month cash balance per the Village's records. The Clerk did not account for deposits in transit or investigate any discrepancies or did not provide supporting documentation to enable a proper reconciliation to be performed.

The lack of proper reconciliation of the bank account and Village's accounting system resulted in numerous errors that remained undetected and/or uncorrected until the audit.

We recommend the Clerk reconcile the end of the month bank balance to the Village's end of the month cash balance per the Cash Journal. We recommend the Clerk perform this reconciliation on the bank statement and include this reconciliation as part of the financial report the Board approves each month.

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

FINDING NUMBER 2006-004

Noncompliance Citation / Significant Deficiency / Material Weakness

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

Actual disbursements exceeded appropriations in 2006 in all funds in that there was no appropriations resolution approved by Council.

We recommend the Village Clerk modify appropriations with the Council members and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Village Clerk should deny any payments until the legislative authority has passed the necessary changes to the appropriation measure.

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

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

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

Noncompliance Citation /Significant Deficiency

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 both 2005 and 2006.

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 2006-006

Noncompliance Citation

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 to meet 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. The certificate need be signed only by the subdivision’s fiscal officer. 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.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-006(Continued)

Ohio Revised Code § 5705.41(D) (Continued)

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The 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. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 9% and 29% of the expenditures tested during 2006 and 2005, respectively. In addition there was no evidence that the Village followed the aforementioned exceptions. Without these certifications, the management of the Village lost budgetary control over expenditures.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Clerk 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.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-007

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

A reduced or increased amended certificate must be obtained if the amount of deficiency will reduce available resources below the current level of appropriation.

During 2006, the Village had various funds with estimated receipts in excess of actual receipts.

The Village should perform a comparison of the estimated resources and the actual receipts periodically in order to determine whether an amended certificate of estimated resources needs to be obtained.

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

FINDING NUMBER 2006-008

Noncompliance Citation

Ohio Rev. Code Section 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year-end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

No permanent appropriation measure was evidenced as being approved in the minutes. Accordingly, the Village lacked the authority to expend funds.

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

VILLAGE OF WEST MILLGROVE
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 and 2005

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

FINDING NUMBER 2006-009

Noncompliance Citation

Ohio Revised Code Section 2743.79 requires the court in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, shall impose either a thirty dollar or a nine dollar misdemeanor court cost to be transmitted on or before the first day of the month to the Treasurer of State, Reparations Fund. Ohio Revised Code 2949.091 requires an additional sum of eleven dollars in court costs be imposed in these cases, to be transmitted on or before the twentieth day of the following month to the Treasurer of State, General Revenue Fund.

The Village did not transmit court costs due to the Treasurer of State for 2005 & 2006 in a timely manner. This was corrected in 2006.

We recommend the Mayor's Court Clerk transmit the appropriate court costs to the Treasurer of State at the appropriate time and appropriate funds.

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

FINDING NUMBER 2006-010

Noncompliance Citation

Ohio Revised Code Section 1907.26.1 (A)(1) states a Mayor's Court may determine that for the efficient operation of the court additional funds are required to computerize the court, to make available computerized legal research services, or to do both. Upon making a determination that additional funds are required for either or both of those purposes, the court shall include in its schedule of fees and costs under section 1907.24 of the Revised Code one additional fee not to exceed three dollars on the filing of each cause of action or appeal equivalent to one described in division (A), (Q), or (U) of section 2303.20 of the Revised Code and shall direct the clerk of court to charge the fee. **Ohio Revised Code Section 1907.26.1 (B)(1)** states a Mayor's Court may determine that, for the efficient operation of the court, additional funds are required to computerize the office of the clerk of court and, upon that determination, may include in its schedule of fees and costs under section 1907.24 of the Revised Code an additional fee not to exceed ten dollars on the filing of each cause of action or appeal, on the filing, docketing, and endorsing of each certificate of judgment, or on the docketing and indexing of each aid in execution or petition to vacate, revive, or modify a judgment that is equivalent to one described in division (A), (P), (Q), (T), or (U) of section 2303.20 of the Revised Code. Subject to division (B)(2) of this section, all moneys collected under division (B)(1) of this section shall be paid to the Village Clerk. The Village Clerk shall place the funds from the fees in a separate fund to be disbursed, upon an order of the Mayor's Court and subject to an appropriation by the Village Council, in an amount no greater than the actual cost to the court of procuring and maintaining computer systems for the office of the clerk of the Mayor's court.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2006-010(Continued)

Ohio Revised Code § 1907.26.1(A)(1) (Continued)

In April of 2004 the Mayor began collecting six dollars for the computerization of the Mayor's Court. The additional fees were posted to the General Fund instead of establishing a separate fund in the Special Revenue Fund Type. Then in November 2004, the Mayor's Court established a separate checking account to account for these fees as the Village would not establish the required fund on the Village's books for these fees.

We recommend that the Village review this section of the law and the Auditor of State Bulletin 97-019 and establish the appropriate fund to account for the fees collected for the computerization of the Mayor's Court. We further recommend that the Mayor close the computerization fund checking account and pay these revenues into the Village's appropriately established fund.

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, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	ORC Section 5705.41(D) – Expenditures were made without the fiscal officer’s prior certification.	No	Not Corrected, Repeated as finding 2006-006
2004-002	ORC Section 5705.41(B) – Expenditures in excess of appropriations.	No	Not Corrected, Repeated as finding 2006-04



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
MAY 29, 2008**