

VILLAGE OF NEW WESTON

DARKE COUNTY

REGULAR AUDIT

JANUARY 1, 2007 THROUGH DECEMBER 31, 2008

YEARS AUDITED UNDER GAGAS: 2008 AND 2007

CAUDILL & ASSOCIATES CPA's

725 5th Street
Portsmouth, Ohio 45662



Mary Taylor, CPA

Auditor of State

Village Council
Village of New Weston
P.O. Box 2A
New Weston, Ohio 45348

We have reviewed the *Independent Auditor's Report* of the Village of New Weston, Darke County, prepared by Caudill & Associates, CPA's, 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.

Findings for Recovery

The Ohio Supreme Court has considered the extent of a non-charter municipality's authority to provide by ordinance for the compensation of its employees where such an ordinance is at variance with a statute concerning the same subject. In short, the Court states that Ohio Constitution art. XVIII, § 3 is a direct grant of power to all municipalities to exercise local self government, and a non-charter municipality may enact an ordinance governing the salary paid to its employees. *Northern Ohio Patrolmen's Benevolent Assoc. v. City of Parma*, 61 Ohio St. 2d 375 (1980)

However, **Ohio Rev. Code Section 731.13** limits the timing of increases in compensation for village council members which states, in part, that the legislative authority of a village shall fix the compensation of all officers, clerks, and employees of the village except as otherwise provided by law. The legislative authority shall, in the case, of elective officers, fix their compensation for the ensuing term of office at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office. The compensation so fixed shall not be increased or diminished during the term for which any officer is elected or appointed.

Further, **Ohio Revised Code Section 102.03(D) and (E) and Ohio Ethics Commission Advisory Opinions 93-006 and 96-001**, prohibit the members of village council from enacting an ordinance granting an in-term increase in compensation for the current members of council and prohibits a village council member from accepting, for the duration of his present term, an increase in compensation enacted by council while he was a member thereof, regardless of whether he votes for or against the increase, or whether he abstains from participating in the issue.

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The Village provided minutes of the May 1, 2006 Council meeting documenting approval of a motion “to do payroll in June” stating “new payroll amounts for council are \$40.00 per meeting & \$50.00 per meeting for the President of Council.” After being notified that the effective date of June, 2006 would result in a prohibitive in-term increase for Council members, the Village subsequently provided minutes from the December 5, 2005 Council meeting showing a motion for the compensation increases. Prior to this increase, the salary for all Village Council members was \$20 per meeting.

The in-term increase resulted in the overpayments listed below:

Council Member	Term of Office	Number of Meetings Attended	Bonus (A)	Gross Salary Paid	Correct Pay at \$20/meeting plus bonus	Variance
Mueller, Elaine	1/1/04-12/31/07	0	0	\$120	\$0	\$120
Post, Carl	1/1/06-12/31/09	14	100	660	380	280
Widener, Eric	1/1/06-12/31/09	13	100	620	360	260
Mueller, Paul (Pres)	1/1/06-12/31/09	14	100	830	380	450

(A) = per village ordinance 91-06, any member of council who has attended at least 7 regular meetings shall receive an additional \$100 for that year.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Council members Elaine Mueller in the amount of \$120; Carl Post in the amount of \$280; Eric Widener in the amount of \$260, and Paul Mueller in the amount of \$450, in favor of the General Fund of the Village of New Weston.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex rel. Village of Linndale v. Masten, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or

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restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Atty Gen. No. 80-074.

Accordingly, a Finding for Recovery is hereby issued against Teresa Birt, clerk/fiscal officer, and her bonding company, Western Surety Company, jointly and severally, in the total amount of \$1,110 in favor of the Village of New Weston General Fund. Teresa Birt shall be liable for such illegal expenditures to the extent that recovery or restitution is not obtained from Elaine Mueller, Carl Post, Eric Widener, and Paul Mueller.

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 Auditor's 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 Auditor's 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 New Weston is responsible for compliance with these laws and regulations.



Mary Taylor, CPA
Auditor of State

November 30, 2009

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**VILLAGE OF NEW WESTON
DARKE COUNTY**

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Caudill & Associates, CPA's

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Kentucky Society of Certified Public Accountants

Independent Auditor's Report

Village of New Weston
Darke County
P.O. Box 2A
New Weston, Ohio 45348

To the Village Council:

We have audited the accompanying financial statements of the Village of New Weston (The Village), Darke County, Ohio, 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 obtain reasonable assurance 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 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 following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statements 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 its changes in financial position 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 of the Village as of the December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Village of New Weston
Darke County
Independent Auditor's Report

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 August 28, 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.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

August 28, 2009

**VILLAGE OF NEW WESTON
DARKE 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	
<u>Cash Receipts:</u>					
Property and Other Taxes	\$ 5,284	\$ 3,320	\$ -	\$ -	\$ 8,604
Intergovernmental	31,240	16,424	-	-	47,664
Special Assessments	-	-	40,039	-	40,039
Earnings on Investments	531	-	-	-	531
Miscellaneous	457	213	-	-	670
Total Cash Receipts	37,512	19,957	40,039	-	97,508
<u>Disbursements:</u>					
Security of Persons and Property	4,594	2,100	-	-	6,694
Public Health	515	-	-	-	515
Basic Utility Service	7,853	-	-	-	7,853
Leisure Time Activities	4,824	-	-	-	4,824
Transportation	841	-	-	-	841
General Government	18,277	53	-	-	18,330
Redemption of Debt Principal	-	3,750	26,693	-	30,443
Total Cash Disbursements	36,904	5,903	26,693	-	69,500
Total Receipts Over (Under) Disbursements	608	14,054	13,346	-	28,008
Other Financing Receipts and (Disbursements)					
Advances In	13,346	-	-	-	13,346
Advances Out	-	-	(13,346)	-	(13,346)
Total Other Financing Receipts (Disbursements)	13,346	-	-	-	-
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	13,954	14,054	-	-	28,008
Fund Cash Balance, January 1	83,399	103,705	-	90	187,194
Fund Cash Balance, December 31	\$ 97,353	\$ 117,759	\$ -	\$ 90	\$ 215,202

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

**VILLAGE OF NEW WESTON
DARKE 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>Debt Service</u>	<u>Capital Project</u>	
<u>Cash Receipts:</u>					
Property and Other Taxes	\$ 5,742	\$ 3,765	\$ -	\$ -	\$ 9,507
Intergovernmental	33,869	17,501	-	-	51,370
Fines, License and Permits	25	-	-	-	25
Special Assessments	-	-	13,346	-	13,346
Earnings on Investments	873	-	-	-	873
Miscellaneous	9	445	-	-	454
Total Cash Receipts	<u>40,518</u>	<u>21,711</u>	<u>13,346</u>	<u>-</u>	<u>75,575</u>
<u>Disbursements:</u>					
Security of Persons and Property	5,236	2,101	-	-	7,337
Public Health	742	-	-	-	742
Basic Utility Service	6,267	-	-	-	6,267
Leisure Time Activities	3,362	670	-	-	4,032
Transportation	1,575	-	-	-	1,575
General Government	22,894	54	-	-	22,948
Redemption of Debt Principal	-	3,750	26,692	-	30,442
Total Cash Disbursements	<u>40,076</u>	<u>6,575</u>	<u>26,692</u>	<u>-</u>	<u>73,343</u>
Total Cash Receipts Over (Under) Disbursements	<u>442</u>	<u>15,136</u>	<u>(13,346)</u>	<u>-</u>	<u>2,232</u>
Other Financing Receipts and (Disbursements)					
Advances In	-	-	13,346	-	13,346
Advances Out	<u>(13,346)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,346)</u>
Total Other Financing Receipts (Disbursements)	<u>(13,346)</u>	<u>-</u>	<u>13,346</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	<u>(12,904)</u>	<u>15,136</u>	<u>-</u>	<u>-</u>	<u>2,232</u>
Fund Cash Balance, January 1	<u>96,303</u>	<u>88,569</u>	<u>-</u>	<u>90</u>	<u>184,962</u>
Fund Cash Balance, December 31	<u>\$ 83,399</u>	<u>\$ 103,705</u>	<u>\$ -</u>	<u>\$ 90</u>	<u>\$ 187,194</u>

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

**VILLAGE OF NEW WESTON
DARKE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of New Weston, Darke County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general government services, including park operations. The Village contracts with Burkettsville Community Fire Department for fire protection service and the Ansonia Area Local Rescue for rescue/ambulance 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds 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.

Fire Protection Fund – This fund receives the proceeds from a tax levy to pay for fire protection.

**VILLAGE OF NEW WESTON
DARKE COUNTY**

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

D. Fund Accounting (Continued)

3. Capital Project Fund

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).

4. Debt Service Fund

These funds are used to accumulate resources for the payment of the Village's indebtedness. The Village had one debt service fund which was used to receive assessments and repay the sanitary sewer bonds.

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. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 carried over, and need not be reappropriated. There were no encumbrances for 2008 and 2007.

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

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$ 215,202</u>	<u>\$ 187,194</u>

**VILLAGE OF NEW WESTON
DARKE COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Cont'd)

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. As of October 3rd, 2008 the FDIC temporarily increased the automatic coverage of accounts to \$250,000. This coverage will expire January 1, 2010.

3. BUDGETARY ACTIVITY

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

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 120,897	\$ 37,512	\$ (83,385)
Special Revenue	114,728	19,957	(94,771)
Debt Service	40,039	40,039	-
Total	\$ 275,664	\$ 97,508	\$ (178,156)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 120,897	\$ 36,904	\$ 83,993
Special Revenue	114,728	5,903	108,825
Debt Service	26,693	26,693	-
Total	\$ 262,318	\$ 69,500	\$ 192,818

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 133,588	\$ 40,518	\$ (93,070)
Special Revenue	97,890	21,711	(76,179)
Debt Service	26,693	13,346	(13,347)
Total	\$ 258,171	\$ 75,575	\$ (182,596)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 133,588	\$ 40,076	\$ 93,512
Special Revenue	97,890	6,575	91,315
Debt Service	26,693	26,692	1
Total	\$ 258,171	\$ 73,343	\$ 184,828

**VILLAGE OF NEW WESTON
DARKE COUNTY**

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2008 was as following:

	2008
Ohio Public Works Loan (Main St)	\$ 60,000
Ohio Water Development Authority (Sewer Project)	440,431
Total	\$ 500,431

The Main Street OPWC Loan was provided by the State to assist in the cost of the Village's Main Street project and will be retired with semi-annual payments of \$1,875 starting July 1, 2005 and ending January 2024.

The Ohio Water Development Authority (OWDA) loan relates to the construction of the New Weston-Burkettsville Sanitary Sewer System that was mandated by the Ohio Environmental Protection Agency. This is a joint sewer project with the Village of Burkettsville. On January 27, 2004, the Village obtained a loan in the amount of \$533,855 for the sewer system project which will be retired with semi-annual payments of \$13,346 starting January 1, 2006 and ending July 2025.

Year ending December 31,	OPWC Loan	OWDA Loan
2009	\$ 3,750	\$ 26,693
2010	3,750	26,693
2011	3,750	26,693
2012	3,750	26,693
2013	3,750	26,693
2014-2018	18,750	133,464
2019-2023	18,750	133,464
2024-2025	3,750	40,038
Total	\$ 60,000	\$ 440,431

**VILLAGE OF NEW WESTON
DARKE COUNTY**

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

6. RETIREMENT SYSTEMS

A. Public Employees Retirement system

The Village has one Council member, the Deputy Clerk and the Street Commissioner who belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5 percent of their gross wages, respectively, and the Village contributed an amount equal to 14 and 13.85 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Public Employee Retirement System have an option to choose Social Security or the Public Retirement Service System. As of December 31, 2008, five of the Council members, Clerk/Treasurer, and Mayor have elected to pay Social Security. The Village liability is 6.2 percent of the wages paid.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks through EMC Insurance Companies:

- Comprehensive Property and General Liability; and
- Vehicles

8. COMPLIANCE

Contrary to Ohio Rev. Code Section 731.13, 102.03(D) and (E), Village council approved an in-term increase during 2006 that resulted in a continuance of overpayments for 2007 and 2008.

Contrary to Ohio Rev Code Section 5705.36, the Village did not file amended certificates of available resources for the Debt Service Fund receipts in 2007.

Contrary to Ohio Rev. Code Section 5705.41(D), the Village did not properly certify disbursements in 2007.

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Village of New Weston
P.O. Box 2A
New Weston, Ohio 45348

To the Village Council:

We have audited the accompanying financial statements of the Village of New Weston (the Village), Darke County, as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated August 28th, 2009, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 auditing procedures for the purpose of 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 weakness. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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.

We consider the following deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting as item 2008-004.

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

Village of New Weston

Darke County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We believe the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 three instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as items 2008-001, 2008-002 and 2008-003.

We noted certain noncompliance matters that we reported to the Village's management in a separate letter dated August 28th, 2009.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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

Caudill & Associates, CPA's

Caudill & Associates, CPA's

August 28th, 2009

**VILLAGE OF NEW WESTON
DARKE COUNTY**

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

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

FINDING NUMBER 2008-001

Noncompliance Citation – Ohio Rev. Code Section 731.13, 102.03(D) and (E)

Ohio Rev. Code Section 731.13 states the legislative authority of a village shall fix the compensation of all officers, clerks, and employees of the village. The legislative authority shall, in the case, of elective officers, fix their compensation for the ensuing term of office at a meeting held not later than five days prior to the last day fixed by law for filing as a candidate for such office. The compensation so fixed shall not be increased or diminished during the term for which any officer is elected or appointed. **Ohio-Revised Code Section 102.03 (D) and (E) and Ethics Opinion 93-006**, prohibit the members of village council from enacting an ordinance granting an in-term increase in compensation for the current members of council and prohibits a village council member from accepting, for the duration of his present term, an increase in compensation enacted by council while he was a member thereof, regardless of whether he votes for or against the increase, or whether he abstains from participating in the issue.

Council passed a motion on December 5, 2005, setting the salary of Village Council members at \$40 per meeting and \$50 per meeting for the Council president. Prior to this increase, the salary for all Village Council members was \$20 per meeting. The in-term increase resulted in the overpayments in 2008 listed below:

Council Member	Term of Office	Amount Authorized per Meeting	Number of meetings attended	Bonus (A)	Gross Amount Paid	Correct pay with Bonus	Over-payment
Mueller, Elaine	01/1/04-12/31/07	\$ -	-	\$ -	\$ 120	\$ -	\$ 120
Post, Carl	01/01/06-12/31/09	\$ 20	14	\$ 100	\$ 660	\$ 380	\$ 280
Widener, Eric	01/01/06-12/31/09	\$ 20	13	\$ 100	\$ 620	\$ 360	\$ 260
Mueller, Paul (Pres)	01/01/06-12/31/09	\$ 20	14	\$ 100	\$ 830	\$ 380	\$ 450

(A) Per Village ordinance 91-06, any councilman attending more than 7 meetings per year shall receive a \$100 bonus.

This non-compliance will be referred to the Auditor of State’s Office for further resolution.

Village Response:

The Village does not believe these members were over paid. We are still waiting on determination by Auditor of State.

**VILLAGE OF NEW WESTON
DARKE COUNTY**

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

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

FINDING NUMBER 2008-002

Noncompliance Citation – Ohio Rev. Code Section 5705.36

Ohio Rev. Code Section 5705.36 states, upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the excess.

Contrary to this requirement, the Village did not file amended certificates in 2007 for Debt Service fund.

The Village should monitor the budgetary financial reports throughout the year and amend estimated resources and appropriations, as needed by resolution.

Village Response:

Amendments will be filed with the County Auditor when revenue collected by the Village is greater than the amount included in the official certificate and the Village intends to appropriate and expend this excess.

FINDING NUMBER 2008-003

Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D)

Ohio Rev. Code Section 5705.41 (D) (1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached 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.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D)

(1): Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 NEW WESTON
DARKE COUNTY**

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

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

FINDING NUMBER 2008-003 (Cont'd)

(2): Blanket certificate – Fiscal officer may prepare “blanket” certificates not exceeding 44,000 (an amount established by resolution or ordinance adopted by the legislative authority, effective September 26, 2003) against any specific line item account over a period not exceeding three month (three month limitation was eliminated effective September 26, 2003) or running beyond the current year. The blanket certificates may be outstanding at one particular time for any one particular line item appropriation.

(3): Super Blanket certification – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable 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 one line item appropriation.

Thirty-three percent (33%) of the expenditures tested were not properly certified in 2007. It was noted that the Village was 100% compliant in 2008. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

We recommend the Village implement policies to improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations.

Village Response:

The Village is working hard to comply with this requirement.

FINDING NUMBER 2008-004

Classification of Revenue and Expenditures – Significant Deficiency

The receipts and appropriation ledger accounts are not properly coded according to Auditor of State (AOS) Standards, making it difficult to distinguish between separate subsidiary accounts.

All revenue and expenditures should be posted in accordance with the Auditor of State Account Codes and reflect gross amounts. Failure to post receipts and expenditures to the correct funds could result in material misstatements on the financial statements.

We recommend procedures be implemented to help assure that all receipts and expenditures are posted to the accurate fund according to the AOS Village Handbook codes to assure proper classification of revenue and expenditures.

Village Response:

The Village will be more careful when posting receipts and disbursements.

**Village of New Weston
Darke County**
*Schedule of Prior Audit Findings
For the Fiscal Years Ended December 31, 2008 and 2007*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-001	Ohio Revised Code Section 731.13, 102.03(D), & (E) failure to fix compensation of officials	No	Not corrected, reissued as Finding 2008-001
2006-002	Revised Code Section 5705.41 (D), failure to certify the availability of funds prior to incurring obligations.	No	Not corrected, reissued as Finding 2008-003
2006-003	Ohio Revised Code Section 5705.41(B), failure to appropriate expenditures	Yes	N/A
2006-004	Ohio Revised Code Section 5705.36, failure to file amended certificates for debt Service fund and capital projects fund	No	Not corrected, reissued as Finding 2008-002
2006-005	Ohio Revised Code Section 5705.39, appropriations exceeded estimated resources for capital projects fund.	Yes	N/A
2006-006	Ohio Revised Code Section 5705.40, Failure to amend appropriations	Yes	N/A
2006-007	Ohio Revised Code Section 102.03(D), Officials took action that would benefit personal property.	Yes	N/A
2006-008	United States Code 1.6041-1, failure to provide 1099's to contractors	Yes	N/A
2006-009	Failure to properly classify Revenue and Expenditures	No	Repeated as finding 2008-004
2006-010	Prior Period Adjustment	Yes	N/A



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW WESTON

DARKE 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
DECEMBER 10, 2009**