

VILLAGE OF NEW MADISON

DAYTON REGION, DARKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007



Mary Taylor, CPA

Auditor of State

Village Council
Village of New Madison
124 South Harrison St.
New Madison, Ohio 45346

We have reviewed the *Independent Auditors' Report* of the Village of New Madison, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' 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 Auditors' 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 Madison 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

January 13, 2010

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**VILLAGE OF NEW MADISON
DARKE COUNTY**

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT AUDITORS' REPORT

Village of New Madison
124 South Harrison Street
New Madison, Ohio 45346

To the Village Council:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of New Madison, Darke County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

October 8, 2009

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**VILLAGE OF NEW MADISON
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

	<u>Governmental Fund Types</u>				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Services</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$ 88,198	\$ 56,454	\$ 24,623	\$ 0	\$ 169,275
Municipal Income Tax	96,829	0	0	0	96,829
Intergovernmental Revenues	23,423	60,878	0	0	84,301
Special Assessments	0	104	0	0	104
Charges for Services	59,103	358	0	0	59,461
Fines, Licenses and Permits	2,785	0	0	0	2,785
Earnings on Investments	3,924	322	0	0	4,246
Miscellaneous	20,979	19,059	0	0	40,038
Total Cash Receipts	<u>295,241</u>	<u>137,175</u>	<u>24,623</u>	<u>0</u>	<u>457,039</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	\$ 3,584	\$ 94,179	\$ 0	\$ 0	\$ 97,763
Public Health Services	0	0	0	0	0
Leisure Time Activities	0	2,774	0	0	2,774
Community Environment	27,018	0	0	0	27,018
Basic Utility Services	78,935	0	0	0	78,935
Transportation	0	58,783	0	0	58,783
General Government	54,629	0	0	0	54,629
Debt Service					
Principal Payment	0	0	24,000	0	24,000
Interest and Fiscal Charges	0	0	110,152	0	110,152
Total Cash Disbursements	<u>164,166</u>	<u>155,736</u>	<u>134,152</u>	<u>0</u>	<u>454,054</u>
Total Receipts Over/(Under) Disbursements	<u>131,075</u>	<u>(18,561)</u>	<u>(109,529)</u>	<u>0</u>	<u>2,985</u>
Other Financing Sources/(Uses):					
Other Debt Proceeds	14,009	0	0	0	14,009
Total Other Financing Receipts (Disbursements)	<u>14,009</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>14,009</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	145,084	(18,561)	(109,529)	0	16,994
Fund Cash Balances, January 1,	<u>35,246</u>	<u>108,803</u>	<u>103,727</u>	<u>59,692</u>	<u>307,468</u>
Fund Cash Balances, December 31,	<u>\$ 180,330</u>	<u>\$ 90,242</u>	<u>\$ (5,802)</u>	<u>\$ 59,692</u>	<u>\$ 324,462</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

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

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 450,087
Miscellaneous	3,793
	453,880
Operating Cash Disbursements:	
Personal Service	\$ 79,200
Employee Fringe Benefits	1,940
Supplies and Materials	176,149
Total Operating Cash Disbursements	257,289
Operating Income/ (Loss)	196,591
Non-Operating Cash Receipts/(Disbursements):	
Redemption of Principal	(35,169)
Interest and Other Fiscal Charges	(811)
Total Non-Operating Cash Receipts/(Disbursements)	(35,980)
Net Revenues Over/(Under) Expenses	160,611
Fund Cash Balances, January 1,	493,976
Fund Cash Balances, December 31,	\$ 654,587

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF NEW MADISON
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>				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$ 101,921	\$ 68,879	\$ 32,154	\$ 0	\$ 202,954
Intergovernmental Revenues	18,805	61,131	66,071	30,012	176,019
Charges for Services	48,677	0	0	0	48,677
Fines, Licenses and Permits	5,318	0	0	0	5,318
Earnings on Investments	3,227	559	0	0	3,786
Miscellaneous	4,819	4,867	0	0	9,686
Total Cash Receipts	<u>182,767</u>	<u>135,436</u>	<u>98,225</u>	<u>30,012</u>	<u>446,440</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	\$ 44,000	\$ 62,954	\$ 0	\$ 0	\$ 106,954
Public Health Service	3,506	0	0	0	3,506
Leisure Time Activities	3,806	0	0	0	3,806
Community Environment	20,119	0	0	0	20,119
Basic Utility Services	47,659	0	0	0	47,659
Transportation	0	80,546	0	0	80,546
General Government	67,443	0	0	0	67,443
Capital Outlay	0	0	0	845	845
Debt Service:					
Principal Payment	0	0	23,099	0	23,099
Interest	0	0	111,250	0	111,250
Total Cash Disbursements	<u>186,533</u>	<u>143,500</u>	<u>134,349</u>	<u>845</u>	<u>465,227</u>
Total Receipts Over/(Under) Disbursements	<u>(3,766)</u>	<u>(8,064)</u>	<u>(36,124)</u>	<u>29,167</u>	<u>(18,787)</u>
Fund Cash Balances, January 1,	<u>39,012</u>	<u>116,867</u>	<u>139,851</u>	<u>30,525</u>	<u>326,255</u>
Fund Cash Balances, December 31,	<u>\$ 35,246</u>	<u>\$ 108,803</u>	<u>\$ 103,727</u>	<u>\$ 59,692</u>	<u>\$ 307,468</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 419,474
Total Operating Cash Receipts	419,474
Operating Cash Disbursements:	
Personal Service	\$ 64,793
Employee Fringe Benefits	5,536
Supplies and Materials	194,136
Total Operating Cash Disbursements	264,465
Operating Income/ (Loss)	155,009
Non-Operating Cash Receipts/(Disbursements):	
Intergovernmental	18,890
Special Assessment	260
Redemption of Principal	(34,808)
Interest and Other Fiscal Charges	(1,172)
Total Non-Operating Cash Receipts/(Disbursements)	(16,830)
Net Revenues Over/(Under) Expenses	138,179
Fund Cash Balances, January 1,	355,797
Fund Cash Balances, December 31,	\$ 493,976

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED 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 Madison, Darke County, (the Village) as a body corporate and politic. A publicly elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with New Madison Fire Department Association for fire protection services and with Tri-Village Ambulance District for emergency 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 prescribes or permits by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

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. The Village values certificates of deposit at cost.

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.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

2. Special Revenue Funds

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.

Road Construction Levy Fund – This fund receives proceeds from a Village property tax levied for improving Village streets and alleys.

Fire Levy Fund – This fund receives levy monies and provides fire protection services to Village residents.

Police Levy Fund – This fund receives levy monies to provide for the operation of the Village police department.

3. Debt Service Fund

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

Bond Retirement Fund – This fund is used to retire the principal and interest of Village loan and note debt issues.

4. Capital Project Funds

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

Wastewater Bond Construction Fund – This was established to account for the construction of the Village sewer system and plant.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund – This fund receives charges for services from residents to cover the cost of providing water service.

Sewer Operating Fund – This fund receives charges for services from residents to cover sewer service costs.

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 for the General Fund and at the fund level for all other funds, 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 unencumbered cash balance 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 2008 and 2007 budgetary activity appears in Note 3.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$891,000	\$716,874
Certificates of deposit	88,049	84,570
Total deposits	<u>\$979,049</u>	<u>\$801,444</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 174,992	\$ 309,250	\$ 134,258
Special Revenue	126,231	137,175	10,944
Debt Service	196,550	24,623	(171,927)
Capital Projects	0	0	0
Enterprise Funds	186,700	453,880	267,180
Total	<u>\$ 684,473</u>	<u>\$ 924,928</u>	<u>\$ 240,455</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 204,148	\$ 164,166	\$ 39,982
Special Revenue	206,012	155,736	50,276
Debt Service	218,288	134,152	84,136
Capital Projects	0	0	0
Enterprise Funds	728,477	293,269	435,208
Total	<u>\$ 1,356,925</u>	<u>\$ 747,323</u>	<u>\$ 609,602</u>

Budgetary activity for the year ending December 31, 2007 was as follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 177,082	\$ 182,767	\$ 5,685
Special Revenue	130,481	135,436	4,955
Debt Service	198,470	98,225	(100,245)
Capital Projects	0	30,012	30,012
Enterprise Funds	186,700	438,624	251,924
Total	<u>\$ 692,733</u>	<u>\$ 885,064</u>	<u>\$ 192,331</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 254,719	\$ 186,533	\$ 68,186
Special Revenue	186,330	143,500	42,830
Debt Service	314,500	134,349	180,151
Capital Projects	34,662	845	33,817
Enterprise Funds	553,831	300,445	253,386
Total	<u>\$ 1,344,042</u>	<u>\$ 765,672</u>	<u>\$ 578,370</u>

**VILLAGE OF NEW MADISON
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY (Continued)

Ohio Rev. Code Section 5705.41(B), states no subdivision can expend money unless appropriated. Contrary to Ohio Law, the Village expenditures exceeded appropriations in 2008 in the Police Levy and Parks funds by \$37,700 and \$2,774, respectively. In 2007, budgetary expenditures exceeded appropriations in the Policy Levy, Meter, and Storm Sewer funds by \$154, \$241, and \$23,179, respectively.

Ohio Rev. Code Section 5705.36 requires all subdivision to request reduced amended certificates upon determination that revenue will be less than the official certificate of estimated resources. Contrary to Ohio Law, estimated resources exceeded actual receipts in 2008 in the FEMA, Debt Services, and Road Construction funds by \$26,000, \$171,927, and \$8,117, respectively. In 2007, estimated resources exceeded actual receipts in the FEMA, and Debt Services funds by \$26,000 and \$100,245, respectively.

Ohio Rev. Code Section 5705.39 states the total appropriation from each fund shall not exceed the total estimated resources. Contrary to Ohio Law, the Village's appropriations exceeded resources in the Street Construction, Water, and Storm Sewer funds in 2008 by \$19,999, \$26,612, and \$4,680, respectively. In 2007, appropriations exceeded estimated resources the General, Street Construction, Parks, Water, Sewer, and Storm Sewer funds by \$38,627, \$23,395, \$30, \$5,396, \$501 and \$10,941, respectively.

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which the Village Council 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 make semiannual payment, 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.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Sewer Unlimited Tax General Obligation Bonds	\$ 428,200	4.750%
Sewer System Mortgage Revenue Refunding Bonds	1,866,800	4.750%
Wastewater Treatment improvement OPWC Loan	362,500	0.000%
Greenville Federal	15,960	3.630%
Farmers State Bank	14,009	3.860%
Total	<u>\$2,687,469</u>	

The principal amount of the Village's unlimited tax general obligation bonds outstanding at December 31, of \$428,200, is being retired with property tax money levied against the village property owners.

The principal amount of the Village's mortgage revenue refunding bonds outstanding at December 31, 2008, of \$1,866,800, is being retired with the charges for services collected through the Village's residents.

The Wastewater Treatment Improvement OPWC loan was provided by the State to assist in the cost of the Village's sewer system construction. The outstanding balance at December 31, 2008 was \$362,500 and will be retired with semi annual payments of \$12,500 ending July 1, 2023.

The Farmers State Bank loan was used for income tax equipment. Initial loan amount was \$14,009 and is being retired with charges for collections through the Village's residents. One lump sum payment is being made of \$14,427 including interest at 3.86%. This payment is due April 4, 2009.

The Greenville Federal loan was used for improvements on the sewer project. Initial loan amount was \$50,000 and is being retired with charges for collections through the Village's residents. Quarterly installments are being made of \$2,745 including interest at 3.36%. Final payment is due April 18, 2010.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

5. DEBT (Continued)

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

Year Ending December 31	Mortgage Revenue Refunding Bonds		OPWC Loan	General Obligation Bonds		Greenville Federal Loan		Farmers State Loan	
	Principal	Interest		Principal	Interest	Principal	Interest	Principal	Interest
2009	20,600	88,673	25,000	4,700	20,340	10,543	437	14,009	418
2010	21,500	87,695	25,000	5,000	20,116	5,417	73	0	0
2011	22,600	86,674	25,000	5,100	19,879	0	0	0	0
2012	23,600	85,835	25,000	5,400	19,690	0	0	0	0
2013	24,700	84,479	25,000	5,700	19,380	0	0	0	0
2014-2018	142,500	403,834	125,000	32,700	92,633	0	0	0	0
2019-2023	179,700	366,611	112,500	41,200	84,089	0	0	0	0
2024-2028	226,600	319,825	0	52,000	73,363	0	0	0	0
2029-2033	285,800	260,426	0	65,500	59,739	0	0	0	0
2034-2038	360,400	185,770	0	82,700	42,617	0	0	0	0
2039-2043	454,500	91,600	0	104,300	21,009	0	0	0	0
2044	104,300	4,968	0	23,900	1,138	0	0	0	0
Total	1,866,800	2,066,390	362,500	428,200	473,993	15,960	510	14,009	418

6. RISK MANAGMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008 and 2007, the Village contracted with Westfield Insurance Company for various types of insurance coverage as follows:

General Aggregate Limit	\$1,000,000
Personal Property Liability	706,500
Auto Liability, per incident	1,000,000
Building Coverage Limit	2,750,610
Contractors Equipment Limit	102,162

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

7. RETIREMENT SYSTEMS

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement health care, 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 2008 and 2007, members of OPERS contributed 10.0 percent and 9.5 percent of their gross wages. The Village's contribution amount for OPERS was equal to 14.0 percent and 13.85 percent of participants' gross salaries for 2008 and 2007, respectively. The Village has paid all contributions required through December 31, 2008.

8. COMPLIANCE

Contrary to Ohio Rev Code Section 5705.41 (D) the Village did not properly certify the availability of funds prior to the obligation for 19 percent and 30 percent of the disbursements tested for 2008 and 2007, respectively.

Contrary to Ohio Rev. Code Section 5705.10, the Village used money from one fund for purposes other than why such fund was established. This was evident by to the negative fund balances in the Debt Service and Storm Sewer funds in 2008 and the Storm Sewer fund in 2007.

Contrary to Ohio Rev. Code Section 117.38, the Village did not file a financial annual report with the Auditor of State within 60 days of fiscal year.

9. LOCAL INCOME TAX

Starting in 2008, the Village ordinance allowed for municipal income tax of 1.0 percent that applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located in the Village. Tax receipts are credited to the Village and amounted to \$96,829 in 2008.

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**MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414**

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

Village of New Madison
124 S. Harrison Street
New Madison, Ohio 45346

To the Village Council:

We have audited the financial statements of the Village of New Madison, Darke County (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 8, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audits 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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-consequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-010.

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. However, of the significant deficiencies described above, we believe findings 2008-005 through 2008-008, and 2008-010 are also material weaknesses.

Compliance and Other Matters

As part of reasonably assuring 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 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 such an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2008-001 through 2008-004 and 2008-009 through 2008-010.

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

We intend this report solely for the information and use of management, and the Village Council. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

October 8, 2009

**VILLAGE OF NEW MADISON
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Significant Deficiency

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any 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.

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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village 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 or expenditures by the Village.
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 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 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 one line item appropriation.

Unless the exception noted above is 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.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001 (Continued)

The Village issued purchase orders after the incurrence of an expense without certifying the purchase order as a “Then and Now,” for 21 (out of 107) and 39 (out of 129) of expenditures tested in 2008 and 2007, respectively. Additionally, the Village had several Blanket Certificates outstanding for the same line item appropriation at the same time during the year.

We recommend the Village certify purchases to which section 5705.41 (D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41 (D) required to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41 (D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Also, the Village has not established a policy setting the maximum amount that may be encumbered on a blanket purchase order that does not follow the Ohio Revised Code requirements. The Village should create a policy that establishes the maximum amount that may be encumbered on a blanket certificate to comply with this section of code.

Response: The Village will review purchase order procedures.

FINDING NUMBER 2008-002

Significant Deficiency

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit shall expend money unless it has been appropriated. During 2008 and 2007, the Village had instances where budgetary expenditures exceeded the amounts appropriated at the legal level of control:

2008					
Police Levy Fund	\$	33,217	\$	70,917	\$ (37,700)
Parks Fund		0		2,774	(2,774)
2007					
Police Levy Fund	\$	37,000	\$	37,154	\$ (154)
Meter Fund		0		241	(241)
Storm Sewer Fund		26,181		49,360	(23,179)

The Village should monitor appropriations and expenditures throughout the year, making amendments to appropriations as needed to comply with the requirement that expenditures cannot exceed the amounts appropriated at the legal level of control. Implementing these procedures will also reduce the risk that the Village expends or certifies as available more resources than were legally appropriated by Village Council.

Response: The Village will monitor budgetary compliance more closely in the future.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-003

Significant Deficiency

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. The following funds had appropriations in excess of the amounts certified as available by the Amended Certificate of Estimated Resources:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
2008			
Street Construction	\$ 31,355	\$ 51,354	\$ (19,999)
Storm Sewer Fund	0	28,612	(26,612)
Water Fund	191,255	195,935	(4,680)
2007			
General Fund	\$ 216,092	\$ 254,719	\$ (38,627)
Street Construction	28,105	51,500	(23,395)
Parks	0	30	(30)
Water Fund	190,654	196,050	(5,396)
Sewer Fund	331,099	331,600	(501)
Storm Sewer Fund	15,240	26,181	(10,941)

To comply with this section and improve budgetary controls the Village should file their appropriation measures with the county budget commission for certification that the amounts appropriated do not exceed the available resources. In addition, the Certificate of Estimated Resources should be amended on a timely basis to reflect changes in actual or expected revenue and the corresponding appropriations should be amended accordingly.

Response: The Village will monitor budgetary compliance more closely in the future.

FINDING NUMBER 2008-004

Significant Deficiency

Ohio Rev. Code Section 117.38 requires each public office to file a financial report for each fiscal year with the Auditor of State within 60 days. It further requires that upon filing the Fiscal Officer shall publish notice in a newspaper of general circulation in the subdivision that the annual financial report has been completed and is available for inspection at the office of the Village. The Village failed to file the annual report within 60 days to the Auditor of State for 2008, the report was filed but not until May 29, 2009.

The Village should develop procedures for monitoring compliance with the annual report filing and publication requirements.

Response: None

**VILLAGE OF NEW MADISON
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-005

Significant Deficiency/Material Weakness

Monthly Bank-to-Book Reconciliations

Deficiencies were noted in the Village's completion of monthly bank-to-book reconciliations. Monthly bank-to-book reconciliations should be prepared, and all accounts belonging to the Village should be included on the monthly reconciliation. The following deficiencies were noted in monthly bank-to-book reconciliations which resulted in inaccurate fund balances and incorrect amounts in the appropriations and receipts ledgers:

- The Village's cash fund balances did not agree to the monthly bank-to-book reconciliations for the entire period under audit;
- There was no indication that the Council reviewed bank-to-book reconciliations.
- Risks associated with these conditions include the possibility of loss of revenue; missing or duplicate posting of cash receipts and disbursements; and reconciliation errors that could go undetected. To strengthen internal accounting controls, reduce errors in recording transactions, and to provide management with reasonable assurance that cash reconciliation procedures are in place, the following control should be implemented:
- 2008 and part of 2007 bank statements could not be located and copies had to be requested from the bank.
- Bank reconciliations included other adjusting factors throughout the audit period for unrecorded transactions. Fiscal Officer was aware of these items but continually failed to post them to the accounting system.

The monthly bank-to-book reconciliations should be reviewed by the Council, along with a list of outstanding checks, and the reconciled bank balance should be compared to the cashbook balance to ensure the amounts correspond. The balance of the cashbook should be reviewed to ensure that all active and invested money under the control of the Council is included. The Council should date and initial the monthly reconciliation as documentation of their review.

Response: All future transactions will be recorded in the proper period.

FINDING NUMBER 2008-006

Significant Deficiency/Material Weakness

Village Books and Records

Ohio Admin Code Section 117-2 provides that the Fiscal Officer shall keep the books of the Village; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Village and income derived.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-006 (Continued)

In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The following was items were noted:

- Receipts and Disbursements:
 - Numerous adjustments were required for both 2008 and 2007 for receipts and disbursements items, which were never recorded or were incorrectly recorded on the Village's accounting system. At December 31, 2008 and 2007 \$186,454 and 10,269, respectively, of transactions were not posted to the Villages accounting system and listed as other adjusting factors. Some of these items were up to a year old.
 - Debt payments were included in Operating Supplies and Materials; requiring adjustment
 - Disbursement payments made to the United States Department of Agriculture for loan payments, were not included in the Village's financial records in the amount of \$134,152
 - A payment made to Darke County Commissioners in the sum of \$30,000 was erroneously voided in the UAN accounting system yet payment cleared the Village's checking account, thus causing a negative fund balance.
 - Receipts were not always recorded at gross
 - A state deposit for \$9,389 was never recorded by the Village.
 - Numerous property tax receipts were included as intergovernmental.
 - Loan proceeds were improperly classified as intergovernmental

- Payroll Irregularities:
 - IRS penalties were assessed for multiple late payments during the audit period. Differences were noted between W-3s and 941 totals in both 2008 and 2007, IRS notices were received for 941 miscalculations in 2007
 - The Village did not track employees sick or vacation time during the audit period

- Advances were improperly made:
 - 2007 – Advances were posted to the Water Operating Fund from the Fire Levy Fund of \$7,576. Then later in the year only \$3,745 was advanced back. The advances were not properly approved. The advances have been reversed.

- Budgetary:
 - The Village's Estimated receipts and appropriations reported on the annual report did not match the amounts filed with the County Auditor in 2008 and 2007
 - Beginning cash balances reported to the County Auditor did not match beginning balances on the Village's annual reports in 2008 or 2007
 - In 2007, the Village did not utilize the budgetary functions of the UAN system so comparison of actual to budgetary was not available for reporting to Council and departments.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-006 (Continued)

Sound financial reporting is the responsibility of the Fiscal Officer and Members of Council and is essential to ensuring the information provided to the readers of the financial statements is complete and accurate. All of these conditions reveal a lack of control over and monitoring of the recording and reporting of the Village's financial activity and resulted in inaccurate accounting records. These financial statements have been adjusted to reflect the above.

Response: The Village had two Fiscal Officers during the audit period, in which some items were overlooked.

FINDING NUMBER 2008-007

Significant Deficiency/Material Weakness

Monitoring of Financial Activity

To assist in the management of financial resources, a governing body should periodically review and approve financial statements. In addition, to help assure accountability over recorded activity, and deposit and investment balances, the governing body should review and approve monthly bank-to-book reconciliations and bank statements. The Village's Council did not receive all the financial reports and/or reconciliations during 2008 and 2007.

It is vital that Council provides an oversight function in an entity that lacks segregation of duties as all accounting functions are controlled by one individual, the Fiscal Officer. The failure of the Village's governing bodies to monitor the financial activity of the Village could result in financial objectives not being achieved; the violation of Ohio Rev. Code laws, Village Ordinances, grant requirements, or debt covenants; or errors and/or irregularities occurring and not being detected in a timely manner.

The Village should implement monitoring procedures that requires the monthly review of financial reports such as budget versus actual revenue and expenditure reports and fund balance reports, along with the review monthly bank to book reconciliations and bank statements. Evidence of the review and approval of financial reports should be indicated by signatures or initials on the documents reviewed and a mention in the minutes.

Response: Village Council understands the importance of the monitoring procedure and will be more active and initial the review process.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-008

Significant Deficiency/Material Weakness

Utilizing the Uniform Accounting Network System

The Village contracts with the State Auditor for the Uniform Accounting Network (UAN) accounting system. This system is designed to perform the accounting functions of the Village. The Fiscal Officer does not utilize the full potential of the system. The Fiscal Officer manually prepares payroll records and manually hand writes checks issued to the Village's vendors and then inputs the data into the UAN system. This procedure increases the chances of accounting and reporting errors and duplicates work.

In addition budgetary information for 2007 was not entered into the UAN system. We believe by entering all budgetary information this integrated system would provide detailed and meaningful reports for Council to review and make management decisions on.

Response: The Fiscal Officer is becoming more familiar with the accounting system

FINDING NUMBER 2008-009

Significant Deficiency

Ohio Rev. Code, Section 5705.36, requires all subdivisions to request reduced amended certificates upon determination by the Fiscal Officer that revenue to be collected will be less than the amount in the official certificate of estimated resources. The intent of this requirement is to require the Fiscal Officer to obtain a reduced amended certificate when it appears that budgetary resources will fall short of earlier estimates, reducing the possibility that deficit spending will occur. Actual receipts for both years of the audit period were below estimated receipts in the following funds:

<u>Fund</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
2008			
FEMA Fund	\$ 26,000	\$ 0	\$ (26,000)
Debt Services	196,550	24,623	(171,927)
Road Construction	10,260	2,143	(8,117)
2007			
FEMA Fund	26,000	0	(26,000)
Debt Services	198,470	98,225	(100,245)

Failure to properly monitor estimated resources could result in overspending of monies and cause the Village to have negative fund balances. We recommend that the Village monitor its actual receipts throughout the year, enter estimated receipts into the general ledger, and prepare amended official certificates of estimated resources as necessary.

Response: The Village will monitor budgetary more closely in the future.

**VILLAGE OF NEW MADISON
DARKE COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-010

Significant Deficiency/Material Weakness

Ohio Rev. Code, Section 5705.10, states that money that is paid into a fund must be used only for the purposes for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund. The Village had a negative fund balance in the Debt Service Fund in the amount of \$5,802 at December 31, 2008. This was caused by 2008 audit adjustment relating to a payment of a loan in the amount of \$134,152 that was never recorded to the Village's financial records and several improper postings of sewer collections posted to the Debt Service Fund that were subsequently adjusted to the Sewer Operating Fund. In 2008 and 2007 the Village had a negative fund balance in the Storm Sewer Fund of \$18,831 and \$24,158, respectively. This was the result of a check in the amount of \$30,000 that was voided on the Village's accounting system however the check cleared the bank as issued.

Response: None

**VILLAGE OF NEW MADISON
DARKE COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2006-001	ORC Sec. 5705.41(D) - Expenditures were not properly certified	No	Reissued as Finding 2008-001
2006-002	ORC 5705.41 (B) - Failure to properly monitor appropriations	No	Reissued as Finding 2008-002
2006-003	ORC 5705.39 - Failure to properly monitor estimated resources	No	Reissued as Finding 2008-003
2006-004	ORC 9.38 - Failure to timely deposit receipts	Yes	
2006-005	Monthly bank to book reconciliations	No	Reissued as Finding 2008-005
2006-006	Ohio Admin. Code Sec. 117-2-020(A) Failure to properly record the Village's transactions and maintain records	No	Reissued as Finding 2008-006
2006-007	Overriding computer controls to manipulate financial records	Yes	
2006-008	Payroll taxes and filings	No	Combined with Finding 2008-006
2006-009	ORC 5705.36 - Estimated receipts exceeding actual receipts	No	Reissued as Finding 2008-009



Mary Taylor, CPA
Auditor of State

VILLAGE OF NEW MADISON

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
JANUARY 26, 2010**