

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY
Regular Audit
For the Years Ended December 31, 2010 and 2009**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Village of West Millgrove, Wood County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of West Millgrove is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 16, 2011

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**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

April 29, 2011

Village of West Millgrove
Wood County
4678 East Sandusky Street
PO Box 8
West Millgrove, OH 43467

To the Village Council:

We have audited the accompanying financial statements of **Village of West Millgrove**, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Instead of the combined funds the accompanying financial statements present, GAAP 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 the State permits, but does not require Villages 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, 2010 and 2009 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, 2010 and 2009 or their 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 and reserves for encumbrances of Village of West Millgrove, Wood County, Ohio, as of December 31, 2010 and 2009, 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 April 29, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 12,126	\$ -	\$ -	\$ 12,126
Intergovernmental	8,455	8,849	5,265	22,569
Special Assessments	295	3,679	-	3,974
Fines, Licenses, and Permits	7,521	904	-	8,425
Earnings on Investments	80	-	-	80
Miscellaneous	1,130	-	-	1,130
	<u>29,607</u>	<u>13,432</u>	<u>5,265</u>	<u>48,304</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	6,818	3,976	-	10,794
Public Health Services	81	-	-	81
Basic Utility Service	50	-	-	50
Transportation	-	8,624	-	8,624
General Government	22,888	2,389	-	25,277
Capital Outlay	-	-	5,265	5,265
	<u>29,837</u>	<u>14,989</u>	<u>5,265</u>	<u>50,091</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Disbursements	<u>(230)</u>	<u>(1,557)</u>	<u>-</u>	<u>(1,787)</u>
Fund Cash Balances, January 1	<u>4,025</u>	<u>29,357</u>	<u>2,000</u>	<u>35,382</u>
Fund Cash Balances, December 31	<u>\$ 3,795</u>	<u>\$ 27,800</u>	<u>\$ 2,000</u>	<u>\$ 33,595</u>
Reserve for Encumbrances	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>

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

VILLAGE OF WEST MILLGROVE
WOOD COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	\$ <u>7,701</u>
Total Non-Operating Cash Receipts	<u>7,701</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>11,427</u>
Total Non-Operating Cash Disbursements	<u>11,427</u>
 Excess of Cash Receipts Over/(Under) Cash Disbursements	 <u>(3,726)</u>
 Fund Cash Balances, January 1	 <u>3,726</u>
Fund Cash Balances, December 31	<u><u>\$ -</u></u>

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

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 12,894	\$ -	\$ -	\$ 12,894
Intergovernmental	8,551	8,658	-	17,209
Special Assessments	960	2,205	-	3,165
Fines, Licenses, and Permits	4,379	576	-	4,955
Earnings on Investments	112	-	-	112
Miscellaneous	3,533	-	-	3,533
Total Cash Receipts	<u>30,429</u>	<u>11,439</u>	<u>-</u>	<u>41,868</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	9,291	3,903	-	13,194
Basic Utility Services	50	-	-	50
Transportation	-	15,592	-	15,592
General Government	31,888	-	-	31,888
Total Cash Disbursements	<u>41,229</u>	<u>19,495</u>	<u>-</u>	<u>60,724</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(10,800)</u>	<u>(8,056)</u>	<u>-</u>	<u>(18,856)</u>
Other Financing Receipts/(Disbursements):				
Transfer-In	4,588	-	-	4,588
Transfer-Out	-	(4,588)	-	(4,588)
Total Other Financing Receipts/(Disbursements)	<u>4,588</u>	<u>(4,588)</u>	<u>-</u>	<u>-</u>
Fund Cash Balances, January 1	<u>10,237</u>	<u>42,001</u>	<u>2,000</u>	<u>54,238</u>
Fund Cash Balances, December 31	<u>\$ 4,025</u>	<u>\$ 29,357</u>	<u>\$ 2,000</u>	<u>\$ 35,382</u>
Reserve for Encumbrances	<u>\$ 16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>

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

VILLAGE OF WEST MILLGROVE
WOOD COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Cash Receipts	<u>\$ 10,231</u>
Total Non-Operating Cash Receipts	<u>10,231</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>6,505</u>
Total Non-Operating Cash Disbursements	<u>6,505</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>3,726</u>
Fund Cash Balances, January 1	<u>-</u>
Fund Cash Balances, December 31	<u><u>\$ 3,726</u></u>

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

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 West Millgrove, Wood County, Ohio (the Village) as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village maintains the Village's roads and bridges and provides street lighting, park operations and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. 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 include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

Street Lighting Fund – This fund is used to account for the financing of street lighting services for Village residents against whom special assessments are levied.

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Capital Project Funds

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

Park Improvement Fund – This fund receives intergovernmental revenues to maintain and improve the Village park.

Police Car Project Fund – This fund receives revenues from the Mayor’s Court to purchase a new police car periodically.

4. Fiduciary Funds (Agency Funds)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

Mayor’s Court Fund – This Agency Fund receives fines and forfeitures from police department citations. These monies are divided between the Village and the State, as prescribed by law.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain Agency Funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The 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 as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. The Village did not properly encumber all commitments required by Ohio law.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

E. 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.

F. 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 DEPOSITS

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

	2010	2009
Demand deposits	\$ 33,595	\$ 39,108
Total deposits	\$ 33,595	\$ 39,108

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 45,103	\$ 29,607	\$ (15,496)
Special Revenue	19,265	13,432	(5,833)
Capital Projects	35,300	5,265	(30,035)
Total	\$ 99,668	\$ 48,304	\$ (51,364)

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 49,171	\$ 29,853	\$ 19,318
Special Revenue	27,960	14,989	12,971
Capital Projects	5,265	5,265	-
Total	<u>\$ 82,396</u>	<u>\$ 50,107</u>	<u>\$ 32,289</u>

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 31,763	\$ 35,017	\$ 3,254
Special Revenue	14,020	11,439	(2,581)
Total	<u>\$ 45,783</u>	<u>\$ 56,687</u>	<u>\$ 10,904</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 46,075	\$ 41,245	\$ 4,830
Special Revenue	34,800	24,083	10,717
Total	<u>\$ 80,875</u>	<u>\$ 71,833</u>	<u>\$ 9,042</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. RETIREMENT SYSTEMS

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

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of police participant wages. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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

7. INTERFUND TRANSFER

During 2009, the following interfund transfer was made:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 4,588	
Mayor's Court's Clerk's Computer Fund		(4,588)
Total	<u>\$ 4,588</u>	<u>\$ (4,588)</u>

This transfer relates to the closing of Mayor's Court. At the end of 2008, a census conducted in the Village indicated the Village did not have a high enough population to conduct a Mayor's Court. At the beginning of 2009, the Village transferred the amount in the Mayor's Court Clerk's Computer Fund to the General Fund, with permission of the Common Pleas Court of Wood County. The Village appealed the census count, and was allowed to reopen their Mayor's Court towards the end of 2009. In 2010, that decision was overturned and the Village was again not allowed to conduct a Mayor's Court. Mayor's Court activity ceased at that point.

8. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require funding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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

April 29, 2011

Village of West Millgrove
Wood County
4678 East Sandusky Street
PO Box 8
West Millgrove, OH 43467

To the Village Council:

We have audited the financial statements of **Village of West Millgrove**, Wood County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 29, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of audit findings, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses and another deficiency we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 through 2010-003 described in the accompanying schedule of audit findings to be material weaknesses.

Village of West Millgrove
Wood County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Internal Control over Financial Reporting

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2010-004 described in the accompanying schedule of findings to be a significant deficiency.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated April 29, 2011.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-002 and 2010-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 29, 2011.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF WEST MILLGROVE
WOOD COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2010 and 2009, several receipts and expenditures were not posted into accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Rollback and personal property tax reimbursement receipts were posted as Property and Local Taxes instead of Intergovernmental
- Grant revenues were posted as Intergovernmental instead of Miscellaneous
- Repair of a tractor was posted in the Mayor's Court Clerk's Computer Fund instead of the Street Construction, Maintenance, and Repair Fund
- Insurance expenditure was posted to Office Supplies and Materials and Operating Supplies and Materials instead of Insurance
- Mayor's Court activity was not properly recorded on UAN

Not posting revenues and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The Village has made all adjustments to its accounting system, and the financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

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

FINDING NUMBER 2010-002

Noncompliance Citation/ Material Weakness

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

Mayor's Court activity was not recorded on UAN during either year of operation. The Village brought on the activity through fund balance adjustments, transfers, and memo entries.

VILLAGE OF WEST MILLGOVE
WOOD COUNTY

SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-002 (Continued)

Noncompliance Citation/Material Weakness (Continued)

These weaknesses could allow recording errors and irregularities to occur and remain undetected. We recommend that the Village record all expenditures and disbursements related to Mayor's Court on the financial statements.

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

FINDING NUMBER 2010-003

Noncompliance Citation/ Material Weakness

Ohio Revised Code Section 102.03(E) states that no public official or employee shall solicit or accept anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties.

In *Advisory Opinion No. 93-006*, the Ohio Ethics Commission held that the above-referenced Code provision "prohibits a village mayor from accepting, for the duration of his current term, an increase in compensation enacted by village council while he was mayor, regardless of whether he voted in favor of the increase in order to break a tie on council."

Ann Schreiner, President of Council, was entitled to compensation in the amount of \$960. On November 3, 2009, Village Council voted to increase the Council President's compensation by \$50 a month. Dean Wolfrum, Village Mayor, was entitled to compensation in the amount of \$1,800 for 2009. On December 1, 2009, Village Council voted to increase the Mayor's compensation by \$100 a month. As stated above, the OEC has held that Ohio Ethics Law prohibits an in-term increase in salary for a village mayor during his current term of office. The amount of the increase totaled \$100 for the Council President, \$100 for the Mayor in 2009, and \$1200 for the Mayor in 2010.

This matter will be referred to the Ohio Ethics Commission.

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

FINDING NUMBER 2010-004

Significant Deficiency

Posting Estimated Revenues and Appropriations

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

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

**VILLAGE OF WEST MILLGOVE
WOOD COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-004 (Continued)

Significant Deficiency (Continued)

Posting Estimated Revenues and Appropriations (Continued)

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

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

**VILLAGE OF WEST MILLGROVE
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	ORC Section 733.40 – Improper running of Mayor’s Court	No	Partially Corrected; Finding 2010-001
2008-002	ORC Section 5705.10 – Negative cash fund balance	Yes	
2008-003	ORC Section 5705.39 – Appropriations exceeded total estimated revenue	No	Partially Corrected; Moved to the Management Letter
2008-004	ORC Section 5705.41(D)(1) – Expenditures not properly encumbered	No	Partially Corrected; Moved to the Management Letter
2008-005	Posting Estimated Revenues and Appropriations	No	Partially Corrected; Finding 2010-004

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Dave Yost • Auditor of State

VILLAGE OF MILLGROVE

WOOD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 28, 2011