

VILLAGE OF MARENGO
MORROW COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA

Auditor of State

Village Council
Village of Marengo
P.O. Box 310
Marengo, Ohio 43334-0310

We have reviewed the *Independent Auditors' Report* of the Village of Marengo, Morrow County, prepared by Holbrook & Manter, for the audit period January 1, 2006 through December 31, 2007. 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 Marengo 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

September 23, 2009

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of Marengo
Morrow County

We have audited the accompanying financial statements of the Village of Marengo, Morrow County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006. 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 audits.

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State of Ohio 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 for 2007 and 2006, 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 the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio 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, 2007 and 2006 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, 2007 and 2006, 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 and reserves for encumbrances of the Village of Marengo, Morrow County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 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 audits.



Certified Public Accountants

February 23, 2009

**VILLAGE OF MARENGO
MORROW 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>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS:-			
Property and other local taxes	\$ 4,053	\$ 0	\$ 4,053
Intergovernmental	16,770	20,987	37,757
Fines, licenses and permits	599	841	1,440
Earnings on investments	10,582	1,651	12,233
Total cash receipts	32,004	23,479	55,483
CASH DISBURSEMENTS:-			
Current:-			
Security of persons and property	0	0	0
Basic utility services	503	0	503
Transportation	0	8,088	8,088
General government	37,572	4,102	41,674
Capital outlay	0	6,338	6,338
Total cash disbursements	38,075	18,528	56,603
Total receipts over (under) cash disbursements	(6,071)	4,951	(1,120)
Other financing receipts (disbursements):-			
Other financing sources	295	984	1,279
Total other financing receipts (disbursements)	295	984	1,279
Total receipts over (under) cash disbursements	(5,776)	5,935	159
Fund cash balances, January 1, 2007	97,087	47,716	144,803
Fund cash balances, December 31, 2007	<u>\$ 91,311</u>	<u>\$ 53,651</u>	<u>\$ 144,962</u>
Reserve for encumbrances, December 31, 2007	<u>\$ 650</u>	<u>\$ 0</u>	<u>\$ 650</u>

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

**VILLAGE OF MARENGO
MORROW COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2007

	Proprietary Fund Type
	Enterprise
OPERATING CASH RECEIPTS:-	
Charges for services	\$ 100,838
Total operating cash receipts	100,838
OPERATING CASH DISBURSEMENTS:-	
Current:	
Personal services	20,509
Employee fringe benefits	6,441
Contractual services	7,457
Supplies and materials	25,647
Total operating cash disbursements	60,054
Net operating receipts (disbursements)	40,784
NON-OPERATING CASH RECEIPTS(DISBURSEMENTS):-	
Special assessments	2,039
Principal retirement	(17,897)
Interest and other fiscal charges	(20,305)
Miscellaneous receipts	201
Total non-operating cash receipts (disbursements)	(35,962)
Net receipts over (under) disbursements	4,822
Fund cash balances, January 1, 2007	117,545
Fund cash balances, December 31, 2007	\$ 122,367
Reserve for encumbrances, December 31, 2007	\$ 3,044

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

VILLAGE OF MARENGO
MORROW COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS:-			
Property and other local taxes	\$ 2,794	\$ 0	\$ 2,794
Intergovernmental	15,111	24,592	39,703
Fines, licenses and permits	1,156	0	1,156
Earnings on investments	3,627	537	4,164
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Total cash receipts	22,688	25,129	47,817
CASH DISBURSEMENTS:-			
Current:-			
Security of persons and property	63	0	63
Basic utility services	713	0	713
Transportation	0	6,136	6,136
General government	25,800	3,884	29,684
Capital outlay	0	3,842	3,842
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Total cash disbursements	26,576	13,862	40,438
Total receipts over (under) disbursements	(3,888)	11,267	7,379
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Other financing receipts (disbursements):-			
Other financing sources	1,089	0	1,089
	<hr/>	<hr/>	<hr/>
Total other financing receipts (disbursements)	1,089	0	1,089
Total receipts over (under) cash disbursements	(2,799)	11,267	8,468
Fund cash balances, January 1, 2006	99,886	36,449	136,335
	<hr/>	<hr/>	<hr/>
Fund cash balances, December 31, 2006	\$ 97,087	\$ 47,716	\$ 144,803
	<hr/>	<hr/>	<hr/>
Reserve for encumbrances, December 31, 2006	\$ 586	\$ 0	\$ 586
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The notes to the financial statements are an integral part of this statement.

**VILLAGE OF MARENGO
MORROW COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2006

	Proprietary Fund Type
	Enterprise
OPERATING CASH RECEIPTS:-	
Charges for services	\$ 104,541
Total operating cash receipts	104,541
OPERATING CASH DISBURSEMENTS:-	
Current:	
Personal services	21,690
Employee fringe benefits	5,352
Contractual services	6,755
Supplies and materials	25,573
Total operating cash disbursements	59,370
Net operating receipts (disbursements)	45,171
NON-OPERATING CASH RECEIPTS(DISBURSEMENTS):-	
Special assessments	602
Principal retirement	(16,648)
Interest and other fiscal charges	(21,470)
Miscellaneous receipts	0
Total non-operating cash receipts (disbursements)	(37,516)
Net receipts over (under) disbursements	7,655
Fund cash balances, January 1, 2006	109,890
Fund cash balances, December 31, 2006	\$ 117,545
Reserve for encumbrances, December 31, 2006	\$ 2,878

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

VILLAGE OF MARENGO
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. **Description of the Entity** - The Village of Marengo, Morrow County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village is directed by a publicly-elected six-member Council. The Village provides sewer utilities. The Village contracts with the Morrow County Sheriff's department to provide security of persons and property.

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

- B. **Basis of Accounting** - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

- C. **Cash and Investments** - The Village maintains its cash deposits in an interest-bearing checking account. 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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund

This fund receives gasoline tax, motor vehicle tax money and municipal income taxes for constructing, maintaining and repairing Village streets.

Enterprise Fund

This fund accounts 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 Fund:

Sewer Operating Fund

This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF MARENGO
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:- (continued)

- E. Budgetary Process** - The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure and subsequent amendments. Unencumbered appropriations lapse at year-end.

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 and amendments.

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 2007 and 2006 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.

NOTE 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>2007</u>	<u>2006</u>
Demand deposits	\$ <u>267,327</u>	\$ <u>262,348</u>

Deposits - The Village's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

VILLAGE OF MARENGO
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 3 - BUDGETARY ACTIVITY :-

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

2007 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 21,946	\$ 32,299	\$ 10,353
Special Revenue	36,296	24,463	(11,833)
Proprietary	<u>109,000</u>	<u>103,078</u>	<u>(5,922)</u>
Total	\$ <u>167,242</u>	\$ <u>159,840</u>	\$ <u>(7,402)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 110,946	\$ 38,725	\$ 72,221
Special Revenue	72,626	18,528	54,098
Proprietary	<u>205,472</u>	<u>142,084</u>	<u>63,388</u>
Total	\$ <u>389,044</u>	\$ <u>199,337</u>	\$ <u>189,707</u>

Contrary to Ohio law, actual receipts were less than budgeted receipts as of December 31, 2007 by \$11,833 in the Special Revenue Fund and by \$5,922 in the Proprietary Fund

VILLAGE OF MARENGO
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 3 - BUDGETARY ACTIVITY :- (continued)

Budgetary activity for the year ending December 31, 2006 was as follows:

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 28,265	\$ 23,777	\$ (4,488)
Special Revenue	35,359	25,129	(10,230)
Proprietary	<u>95,950</u>	<u>105,143</u>	<u>9,193</u>
Total	\$ <u>159,574</u>	\$ <u>154,049</u>	\$ (<u>5,525</u>)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 113,058	\$ 27,162	\$ 85,896
Special Revenue	78,157	13,862	64,295
Proprietary	<u>208,019</u>	<u>100,366</u>	<u>107,653</u>
Total	\$ <u>399,234</u>	\$ <u>141,390</u>	\$ <u>257,844</u>

Contrary to Ohio law, actual receipts were less than budgeted receipts as of December 31, 2006 by \$4,488 in the General Fund and by \$10,230 in the Special Revenue Fund.

VILLAGE OF MARENGO
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 4 - PROPERTY TAX:-

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by the Village Council. The State Council of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

NOTE 5 - DEBT:-

Debt outstanding at December 31, 2007 was as follows:

	Rate	Principal 12/31/2007
Ohio Water Development Authority Loan	7.50%	\$ 272,181
Total debt obligation		\$ 272,181

The Ohio Water Development Authority (OWDA) loan relates to a sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA loaned \$442,008 to the Village for this project. The loan will be repaid in semiannual installments, including interest, over 25 years and has an interest rate of 7.5%. This loan was approved for the interest subsidy program on May 29, 2003 to benefit local governments with outstanding loans that bear interest higher than 7%. The loan was effectively reduced from 7.50% to 7%, with the portion above 7% being paid by OWDA. The Village will realize a savings from the interest subsidy of \$14,568 over the remaining life of the loan after May, 2003. As of December 31, 2007, the total outstanding balance was \$272,181. The loan is collateralized by sewer receipts. The Village has agreed to set sewer rates sufficient to cover OWDA debt service requirements.

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

Year ending December 31,	Note - OWDA		Total
	Principal	Interest	
2008	\$ 19,240	\$ 20,414	\$ 39,654
2009	20,682	18,970	39,652
2010	22,234	17,419	39,653
2011	23,900	15,752	39,652
2012	25,694	13,028	38,722
2013-2017	160,431	38,765	199,196
	\$ 272,181	\$ 124,348	\$ 396,529

**VILLAGE OF MARENGO
MORROW COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

NOTE 6 - RETIREMENT SYSTEM AND SOCIAL SECURITY:-

Certain employees participated in Social Security. Those employees contributed 6.2% of their gross salaries. The Village also contributed 6.2% of participant's gross salaries. The Village has paid all contributions required through December 31, 2007.

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, PERS members contributed 9.5% and 9.0% of their gross salaries, respectively. The Village contributed an amount equal to 13.85% and 13.70% of participants' gross salaries for 2007 and 2006, respectively. The Village has paid all contributions required through December 31, 2007.

NOTE 7 - RISK MANAGEMENT:-

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

NOTE 8 - RELATED PARTY TRANSACTIONS:-

The Village Mayor is the owner of the local hardware store from which the Village purchases supplies and materials. The Village paid \$19,533 for supplies and materials in 2007 and \$9,188 in 2006. Also, a Village council member is the owner of a local propane company from which the Village purchases propane. The Village paid \$1,053 for propane from this company in 2007 and \$1,199 in 2006.



Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Village Council
Village of Marengo
Morrow County

We have audited the accompanying financial statements of the Village of Marengo, Morrow County, Ohio (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated February 23, 2009, wherein we noted the Village followed accounting practices the Auditor of State of Ohio 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 auditing procedures for 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 do not express an opinion on the effectiveness of the Village of Marengo's internal control over financial reporting.

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 deficiency described in the accompanying schedule of findings as item 2007-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

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 considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting as described above that we consider material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated February 23, 2009.

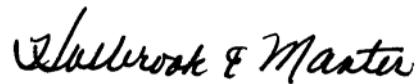
Compliance and Other Matters

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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*, which are described in the accompanying schedule of findings as item 2007-002.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated February 23, 2009.

The Village of Marengo's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Certified Public Accountants

February 23, 2009

**VILLAGE OF MARENGO
MORROW COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2007-001
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Significant Deficiency - Internal Control and Review Procedures

Although the Council Members receive and review a select number of reports from the Fiscal Officer of the Village for approval on a monthly basis, the Village has not established formal procedures to reasonably assure completeness, and accuracy of the monthly reporting. During our testing and analysis, we noted that the Village Council is not reviewing the numerical check sequence prior to signing the checks. In addition, they are not reviewing the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The Village should carefully review this information and make appropriate inquires to help determine the integrity of the financial information. When performing such review, the officials' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the officials' thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Council each month.

Officials' Response

The Village's Fiscal Officer will consider providing additional reports including a list of checks monthly to the Council for their review and signatures.

Finding Number	2007-002
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Noncompliance Citation – Amending Certificates of Estimated Resources

Ohio Revised Code, Section 5705.36, allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the clerk that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During our compliance testing, we noted that the Village did not amend estimated resources as outlined above. We recommend that the clerk monitor estimated resources throughout the year and obtain amendments from the county budget commission as necessary.

Officials' Response

The clerk and village council will monitor estimated and actual receipts and amend them as needed.



Mary Taylor, CPA
Auditor of State

VILLAGE OF MARENGO

MORROW 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
OCTOBER 6, 2009**