



**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Woodstock
Champaign County
P.O. Box 134
101 South Main Street
Woodstock, Ohio 43084

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodstock (the Village), Champaign County, as of and for the years ended December 31, 2000 and December 31, 1999. 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.

Except as discussed below, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Because of the inadequacies in Village accounting records, we were unable to obtain sufficient documentation to support the amounts recorded in the Special Revenue Park Fund for the years ended December 31, 2000 and 1999. This represents 31% of 2000 Special Revenue expenditures, and 4.5% of 1999 Special Revenue expenditures.

In our opinion, except as we do not express an opinion on the Special Revenue Park Fund, as described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Woodstock, Champaign County, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 10, 2001

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$9,004				\$9,004
Intergovernmental Receipts	20,188	12,329	52,790		85,307
Charges for Services		3,951		24,572	28,523
Fines, Licenses, and Permits	879				879
Miscellaneous	6,682	500			7,182
Total Cash Receipts	<u>36,753</u>	<u>16,780</u>	<u>52,790</u>	<u>24,572</u>	<u>130,895</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	8,051				8,051
Public Health Services	556				556
Leisure Time Activities	2,712	7,173			9,885
Community Environment	70				70
Transportation		12,911			12,911
General Government	21,941				21,941
Debt Service				6,332	6,332
Capital Outlay		2,784	68,197		70,981
Total Cash Disbursements	<u>33,330</u>	<u>22,868</u>	<u>68,197</u>	<u>6,332</u>	<u>130,727</u>
Total Receipts Over/(Under) Disbursements	<u>3,423</u>	<u>(6,088)</u>	<u>(15,407)</u>	<u>18,240</u>	<u>168</u>
Other Financing Receipts/(Disbursements):					
Sale Of Firetruck	1,000				1,000
Transfers-Out			(14,991)		(14,991)
Total other financing receipts/(disbursements)	<u>1,000</u>		<u>(14,991)</u>		<u>(13,991)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>4,423</u>	<u>(6,088)</u>	<u>(30,398)</u>	<u>18,240</u>	<u>(13,823)</u>
Fund Cash Balances January 1	<u>2,856</u>	<u>36,077</u>	<u>32,355</u>	<u>15,626</u>	<u>86,914</u>
Fund Cash Balances, December 31	<u>\$7,279</u>	<u>\$29,989</u>	<u>\$1,957</u>	<u>\$33,866</u>	<u>\$73,091</u>
Reserves for Encumbrances, December 31	<u>\$648</u>				<u>\$648</u>

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

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$44,959		\$44,959
Miscellaneous		20,490	20,490
	<u>44,959</u>	<u>20,490</u>	<u>65,449</u>
Operating Cash Disbursements:			
Personal Services	30,173		30,173
Capital Outlay	41,086		41,086
	<u>71,259</u>		<u>71,259</u>
Operating Income/(Loss)	(26,300)	20,490	(5,810)
Transfers-In	14,991		14,991
Net Receipts Over/(Under) Disbursements	(11,309)	20,490	9,181
Fund Cash Balances, January 1	<u>42,536</u>	<u>62,149</u>	<u>104,685</u>
Fund Cash Balances, December 31	<u><u>\$31,227</u></u>	<u><u>\$82,639</u></u>	<u><u>\$113,866</u></u>

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

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$8,634				\$8,634
Intergovernmental Receipts	19,174	11,996	84,328		115,498
Fines, Licenses, and Permits	869				869
Charges for Services				27,905	27,905
Miscellaneous	4,512				4,512
Total Cash Receipts	<u>33,189</u>	<u>11,996</u>	<u>84,328</u>	<u>27,905</u>	<u>157,418</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	8,135				8,135
Public Health Services	581				581
Leisure Time Activities	3,697	140			3,837
Community Environment	173				173
Transportation		2,322			2,322
General Government	19,796	246			20,042
Debt Service:				12,279	12,279
Capital Outlay		5,126	131,300		136,426
Total Cash Disbursements	<u>32,382</u>	<u>7,834</u>	<u>131,300</u>	<u>12,279</u>	<u>183,795</u>
Total Receipts Over/(Under) Disbursements	807	4,162	(46,972)	15,626	(26,377)
Fund Cash Balances January 1	<u>2,049</u>	<u>31,915</u>	<u>79,327</u>		<u>113,291</u>
Fund Cash Balances, December 31	<u>\$2,856</u>	<u>\$36,077</u>	<u>\$32,355</u>	<u>\$15,626</u>	<u>\$86,914</u>
Reserves for Encumbrances, December 31	<u>\$458</u>				<u>\$458</u>

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

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type	Fiduciary Fund	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$51,056		\$51,056
Miscellaneous	413	62,149	62,562
 Total Operating Cash Receipts	 51,469	 62,149	 113,618
Operating Cash Disbursements:			
Personal Services	30,602		30,602
Operating Income	20,867	62,149	83,016
Fund Cash Balances, January 1	21,669		21,669
Fund Cash Balances, December 31	\$42,536	\$62,149	\$104,685

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

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Woodstock, Champaign County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including sewer utilities, park operations (leisure time activities), and street construction maintenance and repair. The village contracts with the Champaign 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 all of its funds in interest bearing checking accounts.

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through the enterprise fund). The Village had the following significant Capital Project Fund:

Permanent Improvement Fund - this fund receives loan proceeds and grant funds which are being used to construct a sewer system. The grant funds are used to repay the loan debt.

4. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Loan Repayment Fund - This fund accounts for the payment of the Water Pollution Control Loan Fund obligation shown in Note 5.

5. Enterprise Funds

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

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

6. Agency Funds

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

Escrow Fund- This fund was established by agreement with the Village of North Lewisburg to ensure payment to North Lewisburg for sewage treatment in the event of deficiencies in sewer collections.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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. The Village expended monies in the Capital Projects Fund which were not appropriated.

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not encumber funds at year end.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 186,957	\$ 191,599

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 34,865	\$ 37,753	\$ 2,888
Special Revenue	9,500	16,780	7,280
Capital Projects	0	52,790	52,790
Debt Service	24,572	24,572	0
Enterprise	63,424	59,950	(3,472)
Total	\$ 132,361	\$ 191,845	\$ 59,484

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 42,436	\$ 33,978	\$ 8,458
Special Revenue	44,040	22,868	21,172
Capital Project	103,426	83,188	20,238
Debt Service	6,332	6,332	0
Enterprise	137,923	71,259	66,664
Total	\$ 334,157	\$ 217,625	\$ 116,532

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 32,971	\$ 33,189	\$ 218
Special Revenue	9,500	11,996	2,496
Capital Project	0	84,328	84,328
Debt Service	27,905	27,905	0
Enterprise	62,575	51,469	(11,106)
Total	\$ 132,951	\$ 208,887	\$ 75,936

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 35,016	\$ 32,840	\$ 2,176
Special Revenue	41,418	7,834	33,584
Capital Project	98,758	131,300	(32,542)
Debt Service	12,279	12,279	0
Enterprise	67,057	30,602	36,455
Total	\$ 254,528	\$ 214,855	\$ 39,673

4. PROPERTY TAX

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

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

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

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

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$ 552,618	0%
Water Pollution Control Loan Fund	\$ 372,000	4.12
Total	\$ 924,618	

The Ohio Water Pollution control Loan Fund (WPCLF) loan relates to a sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The WPCLF approved \$372,000 in loans to the Village for this project. The loans will be repaid in annual installments of \$27,600, including interest over 20 years. The Ohio Public Works Commission (OPWC) paid the construction interest portion of the loan payment on behalf of the Village amounting to \$14,686 in 2000 and \$31,009 in 1999. OPWC paid \$7,147 of interest on the May 2001 loan payment and anticipates paying an additional \$12,154 of interest towards the December 2001 and June 2002 payments. This would make a total of \$65,000 contributed by the OPWC toward the loan payments. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover WPCLF debt service requirements.

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

Year ending December 31:	WPCLF Loan	OPWC Loan	Total
2001	\$27,600	\$27,631	\$55,231
2002	27,600	27,631	55,231
2003	27,600	27,631	55,231
2004	27,600	27,631	55,231
2005	27,600	27,631	55,231
Subsequent	349,690	414,463	764,153
Total	\$487,690	\$552,618	\$ 1,040,308

6. RETIREMENT SYSTEMS

The Village's 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries from January 1999 through June 2000, and an amount equal to 8.13% of participants' gross salaries for July 2000 through December 2000. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Village has obtained commercial insurance through the Ohio Government Risk Management Plan for the following risks:

- Comprehensive property and general liability
- Vehicles
- Wrongful Acts
- Inland Marine
- Fire Vehicle

8. DEFICIT FUND BALANCE

The Park Fund balance did not maintain a positive fund balance during the audit period, which indicated that monies from other funds were used for park operations.

9. SUBSEQUENT EVENTS

On May 13, 2000, the Village issued a retainer check in the amount of \$26,088. This check has not been cashed as of October 2001, and the Village does not believe that anyone else has a claim on the proceeds, therefore the Village intends to void the check and return this amount into the Sewer Fund. The ultimate result of this would be a decrease in the capital outlay expenditure and an increase in the fund balance for the Sewer Fund at December 31, 2000.

The Village had an escrow account with a contractor who was performing sewer work for the Village. At December 31, 2000, there was \$63,809 in the escrow account. The contractor went bankrupt during 1999, and Buckeye Construction assumed the contract. During April 2001, the bankruptcy referee determined the Village could close the account and return the money to their Capital Projects Fund. The Village then used the proceeds to pay bills owed to Buckeye Construction.

The Village has not posted the receipt ledger, appropriation ledger, or cashbook for year 2001. Also, the Village has not filed the required reports with the County Auditor for year 2001; Certificate of the Total Amount From All Sources Available for Expenditure and Balances, Appropriation Resolution, and Certificate of Estimated Resources.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Woodstock
Champaign County
P.O. Box 134
101 South Main Street
Woodstock, Ohio 43084

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodstock, Champaign County (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated December 10, 2001 wherein we noted that we were unable to obtain sufficient documentation to support the amounts recorded in the Special Revenue Park Fund for 2000 and 1999. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, except for records in the 1999 and 2000 Special Revenue Park Fund, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30311-001 through 2000-30311-007. We also noted immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated December 10, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-30311-008 through 2000-30311-011.

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-30311-008 and 2000-30311-009 to be material weaknesses. We also noted other matters involving the internal control over financial reporting, that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated December 10, 2001.

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

Jim Petro
Auditor of State

December 10, 2001

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

Finding Number	2000-30311-001
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Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000 for villages may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village did not comply with the certification requirements and did not fulfill the requirements of the exception for 100% of the tested expenditures for 2000 and 1999. The Village should implement procedures to comply with this requirement

We also reported this matter in the management letter of our audit of the 1997 and 1998 financial statements.

Finding Number	2000-30311-002
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Ohio Rev. Code Section 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

Total expenditures exceeded total appropriations by thirty-three percent in the Capital Projects Fund for 1999. Additional immaterial violations at the object level (the legal level of control) were also noted.

The failure to monitor appropriations versus expenditures could result in expenditures exceeding available resources and possibly result in deficit spending.

**Non-Compliance Citations
(Continued)**

Finding Number	2000-30311-003
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Ohio Rev. Code Section 5705.10 states that monies paid into any fund shall be used only for which purpose such fund was established. The existence of a deficit balance in any fund indicates that money from another fund or funds have been used to pay the obligations of the fund or funds carrying the deficit balance.

At December 31, 2000, the Park Fund had a deficit balance of (\$2,897) and at December 31, 1999, the Park Fund had a deficit balance of (\$175).

The Village should develop a plan of action to control operating costs or increase the revenues generated in the Park Fund to improve the cash management of the Fund.

Finding Number	2000-30311-004
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Ohio Rev. Code Sections 733.28 and 733.43 state that the Village Clerk/Treasurer shall keep the books of the Village, exhibit accurate statements of all monies received and expended, of all property owned by the Village and the income derived therefrom, and of all taxes and assessments. For the years of 2000 and 1999, Village records did not accurately report the receipts and expenditures of the Village. The Capital Project Fund, Agency Fund, and Sewer Fund were not posted to the cashbook. The cashbook did not include appropriation fund/function/objects, was not reconciled to the monthly bank statements, and did not have month-to-date and year-to-date totals. There was no receipt ledger and appropriation ledger for the Capital Projects Fund and Agency Fund. Eight months of year 2000 activity were not posted until July 2001.

Failure to properly maintain records could result in misappropriation of funds without timely detection by management.

Council should establish policies and procedures to be followed and periodically review the records maintained to determine they are accurate, information is complete, properly posted and retained according to policy. Council should initial and date the records as proof of their review.

We also reported this matter in the management letter of our audit of the 1997 and 1998 financial statements.

Finding Number	2000-30311-005
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Ohio Rev. Code Section 5705.09(F) states that each subdivision shall establish a special fund for each class of revenue derived from a source other than the general property tax, which the law requires to be used for a particular purpose. A Capital Project Fund was not established to account for the Ohio Public Works Commission and Ohio Water Development Authority monies the Village received during 2000 and 1999. An Agency Fund was not established during 2000 and 1999 to account for the escrow fund with the Village of North Lewisburg and the escrow account with Johnson and Hughes Excavating.

A Capital Project Fund and Agency Fund have been established and reported in the accompanying financial statements.

The Village should establish procedures to ensure proper accounting for these types of funds in order to properly present the financial statements.

**Non-Compliance Citations
 (Continued)**

Finding Number	2000-30311-006
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Ohio Rev. Code Section 149.351(A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under sections 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred, or destroyed unlawfully.

The following items were not provided by the Village during the audit: 1) All Utility billing reports were not available for 2000; 2) The cash journal for 2000 and 1999; 3) The Village did not maintain utility billing stubs to support bank deposit receipts; 4) The W-3 Form transmittal of income for 2000 and 1999; and 5) The Village could not produce any resolutions or ordinances.

The lack of retaining required records could result in unexpected liabilities, utility payments posted to the wrong accounts, increased audit costs and qualified opinions on financial statement reporting. Ordinances and Resolutions should be retained in a permanent binder. The Village should adopt a policy for retaining of records generated and the manner in which they are to be maintained until they have been audited. A request for destruction may then be submitted to the Records Commission to address the appropriate procedures for destruction.

Finding Number	2000-30311-007
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Village Ordinance #08-18-97A, enacted August 1997, states the Village will deposit \$17.16 of each \$49.80 monthly sewer charge into a dedicated loan repayment fund established to be utilized solely for the repayment of the WPCLF Loan. The Village has failed to follow their Ordinance and has not established the fund nor set aside the sewer receipts for the repayment of the loan.

Failure to follow the Ordinance can result in the inability to repay the liability. An adjustment has been made to the financial statements to account for these restricted monies in a loan repayment fund, as indicated below.

2000

\$ 24,572 in charges for services reclassified from Sewer Fund to Debt Service Fund. \$6,332 in debt payments reclassified from Sewer Fund to Debt Service Fund.

1999

\$27,905 in charges for services reclassified from Sewer Fund to Debt Service Fund. \$12,279 in debt payments reclassified from Sewer Fund to Debt Service Fund.

The Village should follow their Ordinance, and deposit the required share of the sewer receipt into the loan repayment fund. All debt payments for the above mentioned loan should be made from this fund.

Reportable Conditions

Finding Number	2000-30311-008
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Cash Reconciliation

Monthly bank-to-book reconciliations should be performed and all accounts belonging to the Village should be included on the monthly reconciliation. The following deficiencies were noted in monthly cash reconciliations which resulted in inaccurate fund balances and incorrect bank to book reconciliations:

1. Monthly reconciliations were not properly performed. The cashbook balance at the end of the month was not used to reconcile to the ending balance on the bank statement.
2. The outstanding check list at December 31, 2000 was not accurate. A check for \$26,088 that had been outstanding since May 31, 2000 was not included on the reconciliation.
3. The Sewer Fund, Capital Project Fund, and Agency Fund were not posted to the cashbook.
4. Receipt numbers were not always posted to the cashbook, monthly receipt totals, and year-to-date receipt totals were not computed.
5. Appropriation account codes were not always posted to the cashbook, monthly expenditures, and year-to-date expenditures were not computed.
6. All accounts belonging to the Village were not included on the monthly bank-to-book reconciliation.
7. There was no indication that Council was reviewing the monthly bank-to-book reconciliations.
8. Most cash reconciliations were reconstructed after the end of the calendar year.

Risks associated with these conditions include 1) the possibility of loss of revenue to the entity, 2) missed or duplicate posting of cash receipts, and 3) reconciliation errors could go undetected.

To strengthen internal accounting controls, to reduce errors, and to provide management with reasonable assurance that all procedures are functioning properly, the following should be considered:

1. A pre-numbered duplicate receipt should be written for all monies received; when posting receipts to the cashbook and receipt ledger, the receipt number should also be posted;
2. The fund/function/object code should be included in the cashbook for all expenditures.
3. The following monthly reconciliations should be performed:
 - The receipt book should be reconciled to the receipt ledger;
 - Monthly totals in the cashbook should be reconciled to the monthly totals in the receipt and expenditure journals;
 - The cashbook should be reconciled to the monthly bank statement;
 - Monthly totals in the cashbook should be reconciled to the monthly totals in the receipt and expenditure journals;
 - Interest from all accounts should be posted monthly;

**Reportable Conditions
 (Continued)**

Cash Reconciliation (continued)

- The bank-to-book reconciliation should be reviewed by Council, along with the list of outstanding checks. The reconciled bank balance should be compared with 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 Village is included; and the prior month's bank statement should be reviewed to verify the prior month's reconciling items, such as deposits in transit and outstanding checks were accurately stated; and
 - Village Council should date and initial the monthly reconciliation as proof of their review.
4. All accounts should be posted to the cashbook (i.e. Capital Projects Fund, Sewer Fund, and Agency Fund).

Finding Number	2000-30311-009
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Park Fund Receipts

The Village entered into an agreement with a Village resident for the operation of the park. The Village was supposed to share in a portion of the profit from the park operation. At December 31, 2000 and December 31, 1999, the park fund had a deficit balance. This indicated the Village was not making a profit or breaking even from the park operation. The agreement between the Village and the park manager, as well as records pertaining to the operation of the park, were not produced for audit. There did not appear to be any review of the park operation by Village Council.

The lack of supporting documentation and monitoring of park activity did result in misappropriation of Village funds.

The Village should institute procedures to monitor the park activity on a regular basis and make more informed decisions as to the park operation.

Finding Number	2000-30311-010
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Recording of Unrecorded Encumbrances

The Village had material unrecorded encumbrances at December 31, 2000 representing 8.9% of the General fund balance and material unrecorded encumbrances at December 31, 1999 representing 16% of the General Fund balance. The financial statements have been adjusted to reflect these encumbrances.

Failure to properly record year-end encumbrances could result in overspending in those affected funds or could result in the Village being placed in a fiscal watch by the Auditor State.

The Village should review their records for evidence of year-end encumbrances. The amount of any encumbrances should be recorded on the annual financial statements and included in budgetary documents filed with the County Auditor for the subsequent year.

**Reportable Conditions
(Continued)**

Finding Number	2000-30311-011
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Ohio Public Works Commission and Ohio Water Development Authority Receipts

The Village did not post the receipts from the Ohio Public Works Commission to the Village books. All receipts from the Ohio Water Development Authority were posted to the Sewer Fund and had to be reclassified as Capital Projects Fund intergovernmental receipts. Numerous transactions were posted to the wrong fund which caused balances to be misstated. Adjustments were necessary in order to present the Village's financial statements accurately. Such adjustments have been agreed upon by Village officials, have been posted to the ledgers, and are reflected in the accompanying financial statements.

This resulted in changes in December 31, 2000 fund balances for the following funds;

- General Fund was increased \$2,832,
- Special Revenue Funds were decreased \$10,
- Capital Project Fund was decreased \$30,398,
- Enterprise Fund was increased \$8,737,
- Agency Fund was increased \$82,639.

This resulted in changes in December 31, 1999 fund balances for the following funds;

- General Fund was decreased \$3,817,
- Special Revenue Funds were decreased \$136,
- Capital Project Fund was decreased \$46,972,
- Enterprise Fund was decreased \$8,467,
- Agency Fund was increased \$62,149.

The Village should post receipts and pay expenditures from the proper funds to properly reflect Village activity and fund balances. An accurate reporting of Village activity is necessary for Council to make informed management decisions

**VILLAGE OF WOODSTOCK
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND DECEMBER 31,1999**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-30311-001	ORC Section 5705.41(B) Expenditures exceeded appropriations	No	Not corrected and reissued as finding number 2000-30311-001
1998-30311-002	ORC Section 5705.39 Appropriations limited by estimated resources	Yes	



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OFFICE OF THE AUDITOR

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VILLAGE OF WOODSTOCK

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 27, 2001**