



**Auditor of State  
Betty Montgomery**



VILLAGE OF WOODSFIELD  
MONROE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary Fund Types - For the Year Ended December 31, 2001.....	6
Notes to the Financial Statements.....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	25

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Woodsfield  
Monroe County  
221 South Main Street  
Woodsfield, Ohio 43793

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodsfield, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001. 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 *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 generally accepted accounting principles.

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 as of December 31, 2002 and 2001, 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 February 28, 2003, 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 management, 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.

**Betty Montgomery**  
Auditor of State

February 28, 2003

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**This page intentionally left blank.**

VILLAGE OF WOODSFIELD  
MONROE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$194,059	\$198,232	\$	\$87,161	\$479,452
Intergovernmental Receipts	58,910	101,550	10,787		171,247
Charges for Services	70,568	77,425		6,480	154,473
Fines, Licenses, and Permits	26,495	2,467			28,962
Earnings on Investments	17,208	2			17,210
Miscellaneous	39,765	17,506		5,870	63,141
<b>Total Cash Receipts</b>	<u>407,005</u>	<u>397,182</u>	<u>10,787</u>	<u>99,511</u>	<u>914,485</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	266,239	10,382			276,621
Public Health Services	9,778	19,298			29,076
Leisure Time Activities	2,265	71,347			73,612
Basic Utility Services		781			781
Transportation		208,184			208,184
General Government	120,958	21,902			142,860
Debt Service:					
Principal Payments	9,500	4,440	10,117		24,057
Interest Payments	26,399	2,317	670	6,063	35,449
Capital Outlay	527	36,522		437,387	474,436
<b>Total Cash Disbursements</b>	<u>435,666</u>	<u>375,173</u>	<u>10,787</u>	<u>443,450</u>	<u>1,265,076</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(28,661)</u>	<u>22,009</u>	<u>0</u>	<u>(343,939)</u>	<u>(350,591)</u>
<b>Other Financing Receipts:</b>					
Sale of Bonds or Notes				358,308	358,308
Other Financing Receipts		10,651			10,651
<b>Total Other Financing Receipts</b>	<u>0</u>	<u>10,651</u>	<u>0</u>	<u>358,308</u>	<u>368,959</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	<u>(28,661)</u>	<u>32,660</u>	<u>0</u>	<u>14,369</u>	<u>18,368</u>
<b>Fund Cash Balances, January 1</b>	<u>43,338</u>	<u>167,394</u>		<u>19,817</u>	<u>230,549</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$14,677</b></u>	<u><b>\$200,054</b></u>	<u><b>\$0</b></u>	<u><b>\$34,186</b></u>	<u><b>\$248,917</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$4,906</b></u>	<u><b>\$14,751</b></u>	<u><b>\$0</b></u>	<u><b>\$679</b></u>	<u><b>\$20,336</b></u>

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

VILLAGE OF WOODSFIELD  
MONROE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$2,053,344	\$690	\$2,054,034
Interest		104,976	104,976
Miscellaneous		791	791
Total Operating Cash Receipts	<u>2,053,344</u>	<u>106,457</u>	<u>2,159,801</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	537,708	13,106	550,814
Fringe Benefits	183,220	7,901	191,121
Contractual Services	957,926	9,136	967,062
Supplies and Materials	274,121	6,245	280,366
Capital Outlay	402,410		402,410
Miscellaneous	6,544		6,544
Total Operating Cash Disbursements	<u>2,361,929</u>	<u>36,388</u>	<u>2,398,317</u>
Operating Income/(Loss)	<u>(308,585)</u>	<u>70,069</u>	<u>(238,516)</u>
<b>Non-Operating Cash Receipts:</b>			
Property Tax and Other Local Taxes	89,142		89,142
Intergovernmental Receipts	6,208		6,208
Fines, Licenses and Permits	4,802		4,802
Proceeds from Notes and Bonds	1,081,338		1,081,338
Other Non-Operating Receipts	6,247	7	6,254
Total Non-Operating Cash Receipts	<u>1,187,737</u>	<u>7</u>	<u>1,187,744</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	1,123,160	32,942	1,156,102
Total Non-Operating Cash Disbursements	<u>1,123,160</u>	<u>32,942</u>	<u>1,156,102</u>
Net Receipts Over/(Under) Disbursements	(244,008)	37,134	(206,874)
Fund Cash Balances, January 1	<u>1,371,711</u>	<u>1,400,073</u>	<u>2,771,784</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,127,703</u></b>	<b><u>\$1,437,207</u></b>	<b><u>\$2,564,910</u></b>
Reserves for Encumbrances, December 31	<u>\$58,107</u>	<u>\$158</u>	<u>\$58,265</u>

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



VILLAGE OF WOODSFIELD  
MONROE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$173,821	\$181,796	\$	\$78,680	\$434,297
Intergovernmental Receipts	100,159	100,607	11,082		211,848
Charges for Services	64,338	60,910		6,180	131,428
Fines, Licenses, and Permits	22,522	385			22,907
Earnings on Investments	55,607	33		489	56,129
Miscellaneous	43,666	7,484			51,150
<b>Total Cash Receipts</b>	<u>460,113</u>	<u>351,215</u>	<u>11,082</u>	<u>85,349</u>	<u>907,759</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	285,937	32,900			318,837
Public Health Services	6,722	3,729			10,451
Leisure Time Activities	9,033	62,407			71,440
Basic Utility Services		11,076			11,076
Transportation		206,682			206,682
General Government	135,063	26,301			161,364
Debt Service:					
Principal Payments		35,224	10,460		45,684
Interest Payments		2,194	622		2,816
Financing and Other Debt-Service Related	3,000				3,000
Capital Outlay	51,834	71,281		90,555	213,670
<b>Total Cash Disbursements</b>	<u>491,589</u>	<u>451,794</u>	<u>11,082</u>	<u>90,555</u>	<u>1,045,020</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(31,476)</u>	<u>(100,579)</u>	<u>0</u>	<u>(5,206)</u>	<u>(137,261)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Bonds or Notes	22,854	65,861			88,715
Other Financing Receipts		476		21	497
Other Financing Disbursements	(21)				(21)
Transfers- In				63,200	63,200
Transfers -Out				(63,200)	(63,200)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>22,833</u>	<u>66,337</u>	<u>0</u>	<u>21</u>	<u>89,191</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(8,643)</u>	<u>(34,242)</u>	<u>0</u>	<u>(5,185)</u>	<u>(48,070)</u>
<b>Fund Cash Balances, January 1</b>	<u>51,981</u>	<u>201,636</u>		<u>25,002</u>	<u>278,619</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$43,338</b></u>	<u><b>\$167,394</b></u>	<u><b>\$0</b></u>	<u><b>\$19,817</b></u>	<u><b>\$230,549</b></u>
<b>Reserves for Encumbrances, December 31</b>	<u><b>\$929</b></u>	<u><b>\$1,198</b></u>	<u><b>\$0</b></u>	<u><b>\$2,106</b></u>	<u><b>\$4,233</b></u>

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

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$2,016,235	\$645	\$2,016,880
Interest		88,703	88,703
Miscellaneous		734	734
	<u>2,016,235</u>	<u>90,082</u>	<u>2,106,317</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	546,685	12,566	559,251
Fringe Benefits	173,130	8,611	181,741
Contractual Services	919,841	17,495	937,336
Supplies and Materials	279,392	7,426	286,818
Capital Outlay	491,583	89,213	580,796
Public Health Services		9,367	9,367
Miscellaneous	3,137		3,137
	<u>2,413,768</u>	<u>144,678</u>	<u>2,558,446</u>
Total Operating Cash Disbursements			
Operating Income/(Loss)	<u>(397,533)</u>	<u>(54,596)</u>	<u>(452,129)</u>
<b>Non-Operating Cash Receipts:</b>			
Property Tax and Other Local Taxes	53,712		53,712
Fines, Licenses, and Permits	4,047		4,047
Proceeds from Notes and Bonds	1,092,017	47,000	1,139,017
Other Non-Operating Receipts	14,461	23	14,484
	<u>1,164,237</u>	<u>47,023</u>	<u>1,211,260</u>
Total Non-Operating Cash Receipts			
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	92,727	16,043	108,770
Other Non-Operating Cash Disbursements	24	88,474	88,498
	<u>92,751</u>	<u>104,517</u>	<u>197,268</u>
Total Non-Operating Cash Disbursements			
Net Receipts Over/(Under) Disbursements	673,953	(112,090)	561,863
Fund Cash Balances, January 1	697,758	1,512,163	2,209,921
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,371,711</u></b>	<b><u>\$1,400,073</u></b>	<b><u>\$2,771,784</u></b>
Reserves for Encumbrances, December 31	<u>\$21,983</u>	<u>\$387</u>	<u>\$22,370</u>

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

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Woodsfield, Monroe 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 water, sewer, and electric utilities, park operations, and police services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting 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**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and mortgage-backed securities are valued at cost. Money market mutual funds (including STAROhio) are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund 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 (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:

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

*Parks and Recreation Fund* -This fund receives income tax and park admission revenues for the maintenance and upkeep of the Village's park.

**3. Debt Service Fund**

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

*Debt Service Fund* – This fund receives gasoline tax receipts for payment of the street grader note indebtedness.

**4. Capital Project 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 enterprise or trust funds). The Village had the following significant capital project funds:

*Municipal Building Fund* - This fund receives property tax and other revenues to fund major capital improvements to the Village fire station.

**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 Funds:

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

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

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

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**6. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Village had the following significant fiduciary funds:

*Brague Endowment Fund* - This fund receives interest income from investments donated to the Village for upkeep and maintenance of the Village cemetery.

*Cemetery Endowment Fund* – This fund receives interest income and donations for additional maintenance and upkeep of the Village cemetery.

**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 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.

**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. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 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.

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**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:

	2002	2001
Demand deposits	\$920,887	\$615,678
Certificates of deposit	221,000	421,000
Total deposits	1,141,887	1,036,678
Money market mutual fund	5,234	10,259
STAROhio	323,706	655,396
Mortgage-backed securities	1,343,000	1,300,000
Total investments	1,671,940	1,965,655
Total deposits and investments	\$2,813,827	\$3,002,333

**Deposits:** 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.

**Investments:** Mortgage-backed securities are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAROhio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

The Village has not established an investment policy, contrary to Ohio Rev. Code Section 135.14.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001, follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$342,184	\$407,005	\$64,821
Special Revenue	335,332	407,833	72,501
Debt Service	10,787	10,787	0
Capital Projects	421,930	457,819	35,889
Enterprise	2,379,950	3,241,081	861,131
Fiduciary	102,350	106,464	4,114
Total	\$3,592,533	\$4,630,989	\$1,038,456

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$472,408	\$440,572	\$31,836
Special Revenue	550,998	389,924	161,074
Debt Service	10,050	10,787	(737)
Capital Projects	441,006	444,129	(3,123)
Enterprise	3,378,476	3,543,196	(164,720)
Fiduciary	110,387	69,488	40,899
Total	<u>\$4,963,325</u>	<u>\$4,898,096</u>	<u>\$65,229</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$412,016	\$482,967	\$70,951
Special Revenue	338,568	417,552	78,984
Debt Service	8,945	11,082	2,137
Capital Projects	99,218	148,570	49,352
Enterprise	3,301,640	3,180,472	(121,168)
Fiduciary	85,850	137,105	51,255
Total	<u>\$4,246,237</u>	<u>\$4,377,748</u>	<u>\$131,511</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$513,671	\$492,539	\$21,132
Special Revenue	643,673	452,992	190,681
Debt Service	11,082	11,082	0
Capital Projects	115,305	155,861	(40,556)
Enterprise	3,198,609	2,528,502	670,107
Fiduciary	118,125	249,582	(131,457)
Total	<u>\$4,600,465</u>	<u>\$3,890,558</u>	<u>\$709,907</u>

Contrary to Ohio Rev. Code Section 5705.41(B), as of December 31, 2002, the General, State Highway and Improvement, Cemetery, Parks and Recreation, FEMA, Income Tax, Fire Levy, Motor Vehicle License Tax, Building, Fire Building, Debt Service, Water, Sewer, Electric, Parking, and Brague Endowment Funds' had expenditures exceeding appropriations at the legal level of control in amounts anywhere from \$600 to \$1,000,000. Contrary to Ohio Rev. Code Section 5705.41(B), as of December 31, 2001, the General, Building, Fire Building, Water, Sewer, Electric, Cemetery Trust, and Brague Endowment Funds' had expenditures exceeding appropriations at the legal level of control in amounts anywhere from \$1,000 to \$49,000.

Contrary to Ohio Rev. Code Section 5705.39, as of December 31, 2002, the General, Street Construction, Cemetery, Parks and Recreation, Income Tax, and Sewer Funds' had appropriations that exceeded estimated revenue in the amount of \$112,510, \$22,995, \$3,965, \$28,926, \$1,628, and \$4,640, respectively.

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio Rev. Code Section 5705.39, as of December 31, 2001, the General, Street Construction, State Highway and Improvement, Cemetery, Parks and Recreation, Motor Vehicle License Tax, Debt Service, Building, Sewer Replacement, and Light Improvement Funds' had appropriations that exceeded estimated revenue in the amount of \$49,674, \$23,107, \$4,030, \$6,680, \$54,156, \$25,000, \$2,137, \$6,307, \$3,833, and \$6,609, respectively.

Contrary to Ohio Rev. Code Section 5705.09, the Village received and expended Issue II monies during 2002 and 2001 and did not establish a separate fund to account for these monies.

**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 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.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2002, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loans	\$294,372	0 - .02%
General Obligation Notes	115,597	4.15 - 5.8%
Mortgage Revenue Bonds	545,000	2.39%
Bond Anticipation Notes	1,358,308	4 - 4.20%
Total	<u>\$2,313,277</u>	



**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. DEBT (Continued)**

The Ohio Public Works Commission (OPWC) loans relate to water expansion projects. The loans are collateralized by water receipts.

The General Obligation Notes were issued to finance the purchase of various equipment, bleachers at Monroe Memorial Park, and equipment and renovations to the Village swimming pool. The notes are collateralized solely by the Village's taxing authority.

The Mortgage Revenue Bonds relate to a bond issue for the construction of a new sanitary sewer system. The bonds are collateralized by sewer receipts.

The Bond Anticipation Notes relate to the construction of a new fire station, and to an electric system improvement project between the Village and American Municipal Power-Ohio, Inc. The fire station bond anticipation notes can be issued in an amount up to \$400,000. As of December 31, 2002, the Village has borrowed only \$358,308 on these notes and are backed by the full faith and credit of the Village and have maturity dates of five years or less. The notes pertaining to the electric system improvements are issued in the amount of \$1,000,000 and will be paid from revenues derived by the Village from the operation of the Village's electric system and have been issued for one year or less.

Amortization of the above debt, except the Bond Anticipation Notes, including interest, is scheduled as follows:

	<u>OPWC Loans</u>	<u>General Obligation Notes</u>	<u>Mortgage Revenue Bonds</u>
Year ending December 31:			
2003	\$19,788	\$40,476	\$58,916
2004	19,788	27,754	58,916
2005	19,788	20,395	64,272
2006	19,788	18,501	69,628
2007	19,788	11,514	74,984
2008-2012	98,940	19,920	257,088
2013-2017	87,959		
2018-2022	53,454		
Total	<u>\$339,293</u>	<u>\$138,560</u>	<u>\$583,804</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2002 and 2001, members of OP&F contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**9. CONTINGENT LIABILITIES**

The Village is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



## Auditor of State Betty Montgomery

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

Village of Woodsfield  
Monroe County  
221 South Main Street  
Woodsfield, Ohio 43793

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodsfield, Monroe County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated February 28, 2003. 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, 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 2002-31056-001 through 2002-31056-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 28, 2003.

#### 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 a certain matter involving the internal control over financing reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financing 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. The reportable condition is described in the accompanying Schedule of Findings as item 2002-31056-006.

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, we believe the reportable condition described above is not a material weakness. 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 February 28, 2003.

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

**Betty Montgomery**  
Auditor of State

February 28, 2003

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2002-31056-001**

**Noncompliance Citation**

Ohio Rev. Code Section 135.14 states that investments can not be made unless a written investment policy approved by the treasurer or governing board is on file with the Auditor of State, with the following exceptions:

- If a written investment policy is not filed with the Auditor of State, the treasurer or governing board is permitted to invest only in interim deposits, no-load money market mutual funds, or STAROhio.
- A subdivision whose average annual portfolio of investments is \$100,000 or less is not required to file an investment policy, provided that the treasurer or governing board certifies to the Auditor of State that the treasurer or governing board will comply and is in compliance with the provisions of Section 135.01 to 135.21.

The Village did not have an investment policy. The Village's investments consisted of investments other than interim deposits, no-load money market mutual funds, or STAROhio, and were over \$100,000.

We recommend Village Council establish an investment policy and file such with the Auditor of State.

**FINDING NUMBER 2002-31056-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.09 states that each subdivision is required to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

Also, Auditor of State Management Advisory Services (MAS) Bulletin 89-17, updated by Auditor of State Bulletin 2002-004, requires all local governments participating in Issue II projects through the Ohio Public Works Commission to establish an Issue II, Capital Projects Fund, to account for Issue II monies anticipated to be received. The fund appropriations should also include the amount necessary to meet the obligations to be incurred during the fiscal year.

The Village received/expended Issue II monies in the amount of \$58,732 in 2002 and \$63,232 in 2001 and did not establish an Issue II, Capital Projects Fund, to account for these receipts and expenditures nor did they obtain an amended certificate and a supplemental appropriation, as required by Ohio Rev. Code Section 5705.41(B). The 2002 Issue II monies were recorded on the Village's financial statements in the Water Improvement Fund; however, they did not budget for this activity. The 2001 Issue II monies were not recorded on the Village's financial statements nor was the activity budgeted for. This caused the Village's 2001 Water Improvement Fund receipts and expenditures to be understated by the amount of the Issue II funds. The audited financial statements were adjusted in 2001 to reflect Issue II receipts and expenditures in the Water Improvement Fund.





**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**FINDING NUMBER 2002-31056-004 (Continued)**

**Noncompliance Citation (Continued)**

<b>Capital Project Funds:</b>			
<u>Building Fund</u>			
Capital Outlay	\$14,106	\$24,902	(\$10,796)
<u>Fire Building Fund</u>			
Capital Outlay	\$400,000	\$412,692	(\$12,692)
Interest	\$0	\$6,063	(\$6,063)
<b><u>Debt Service Fund</u></b>			
Principal	\$8,600	\$10,117	(\$1,517)
<b>Enterprise Funds:</b>			
<u>Water Fund</u>			
Principal	\$0	\$5,069	(\$5,069)
Interest	\$0	\$1,133	(\$1,133)
Other	\$0	\$21,846	(\$21,846)
<u>Sewer Fund</u>			
Salaries	\$110,000	\$112,193	(\$2,193)
Principal	\$0	\$55,924	(\$55,924)
Interest	\$0	\$18,493	(\$18,493)
<u>Electric Fund</u>			
Payment to Another Subdivision	\$507	\$6,544	(\$6,037)
Interest	\$0	\$20,693	(\$20,693)
Principal	\$0	\$1,000,000	(\$1,000,000)
<u>Parking Fund</u>			
Salaries	\$20,000	\$21,792	(\$1,792)
<b>Fiduciary Fund:</b>			
<u>Braque Endowment Fund</u>			
Principal	\$0	\$32,000	(\$32,000)
Interest	\$0	\$942	(\$942)





**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**FINDING NUMBER 2002-31056-004 (Continued)**

**Noncompliance Citation (Continued)**

We noted variances within the same line items noted above throughout the period.

We recommend the Village Council and Village Clerk compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, then Village Council should take the necessary steps to adopt additional appropriations, if sufficient resources are available, to prevent expenditures from exceeding appropriations.

**FINDING NUMBER 2002-31056-005**

Ohio Rev. Code Section 5705.39 states in part that the total appropriation from each fund shall not exceed the total estimated revenue.

The following funds had appropriations in excess of estimated revenue for the year ended December 31, 2002:

Fund	Estimated Receipts	Appropriations	Excess
<b>General Fund</b>	\$358,965	\$471,475	\$112,510
<b>Special Revenue Funds:</b>			
Street Construction Fund	\$249,005	\$272,000	\$22,995
Cemetery Fund	\$19,735	\$23,700	\$3,965
Parks and Recreation Fund	\$64,374	\$93,300	\$28,926
Income Tax Fund	\$27,372	\$29,000	\$1,628
<b>Enterprise Fund:</b>			
Sewer Fund	\$272,360	\$277,000	\$4,640

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**FINDING NUMBER 2002-31056-005 (Continued)**

The following funds had appropriations in excess of estimated revenue for the year ended December 31, 2001:

Fund	Estimated Receipts	Appropriations	Excess
<b>General Fund</b>	\$459,253	\$508,927	\$49,674
<b>Special Revenue Funds:</b>			
Street Construction Fund	\$242,893	\$266,000	\$23,107
State Highway and Improvement Fund	\$9,470	\$13,500	\$4,030
Cemetery Fund	\$19,154	\$25,834	\$6,680
Parks and Recreation Fund	\$59,230	\$113,386	\$54,156
Motor Vehicle License Tax Fund	\$0	\$25,000	\$25,000
<b>Debt Service Fund:</b>			
Debt Service Fund	\$8,945	\$11,082	\$2,137
<b>Capital Projects Fund:</b>			
Building Fund	\$32,693	\$39,000	\$6,307
<b>Enterprise Funds:</b>			
Sewer Replacement Fund	\$21,167	\$25,000	\$3,833
Light Improvement Fund	\$153,391	\$160,000	\$6,609

We recommend the Village Clerk amend the certificate of estimated resources or modify the total appropriations with the approval of Village Council and the County Budget Commission whenever appropriations exceed estimated revenue.

**FINDING NUMBER 2002-31056-006**

**Reportable Condition**

The pool operates a concession stand in which items are sold to pool patrons. The pool manager does not keep track of items purchased or sold in the stand. There is no reconciliation performed of items sold times the selling price to determine the cash on hand is reasonable to the items sold; however we were able to determine the amounts collected at the concession stand per the monthly summary sheets were deposited.

With no type of reconciliation process between items sold and monies collected, errors or irregularities could occur and go undetected.

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**FINDING NUMBER 2002-31056-006 (Continued)**

**Reportable Condition (Continued)**

We recommend the pool manager perform a detailed inventory of concession stand items at the beginning of the season and periodically throughout the season. The inventory at the beginning of the year should record all items purchased for sale in the concession stand. When an item is sold the pool manager should mark down the item sold as well as the selling price of that item. At the end of the day a comparison should be performed of items sold each day to money collected and investigate any significant variance. Periodically, remaining inventory should be verified by taking beginning inventory, plus items purchased, less items sold, should equal ending inventory. The inventory sheets should be maintained for review upon request. Finally, Village Council should designate someone to review the records maintained by the pool manager for errors or omissions throughout the pool season.

**VILLAGE OF WOODSFIELD  
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-31056-001	Ohio Rev. Code Section 135.14 – The Village did not establish an investment policy.	No	Reissued as finding number 2002-31056-001
2000-31056-002	Ohio Rev. Code Section 135.18 – Security for repayment of public deposits.	No	Partially corrected. Reissued as a management letter noncompliance citation
2000-31056-003	Ohio Rev. Code Section 135.14 – The Village had unallowable investments.	Yes	N/A
2000-31056-004	Ohio Rev. Code Section 5705.09 – The Village did not establish an Issue II Fund.	No	Partially corrected. Reissued as finding number 2002-31056-002
2000-31056-005	Ohio Rev. Code Section 5705.41(D) – The Village did not properly encumber expenditures.	No	Reissued as finding number 2002-31056-003
2000-31056-006	Ohio Rev. Code Section 5705.41(B) – The Village had expenditures in excess of appropriations.	No	Reissued as finding number 2002-31056-004
2000-31056-007	Ohio Rev. Code Section 5705.39 – The Village had appropriations in excess of estimated resources.	No	Reissued as finding number 2002-31056-005
2000-31056-008	Reportable Condition – The Village did not maintain documentation for daily pool admissions and did not perform a detailed inventory of concession stand items.	No	Partially corrected in regards to daily pool admissions; Reissued as finding number 2002-31056-006