



**Auditor of State  
Betty Montgomery**



VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodstock (the Village) as of and for the years ended December 31, 2002 and December 31, 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 of the Village as of December 31, 2002 and December 31, 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 June 26, 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.

Village of Woodstock  
Champaign County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 26, 2003

**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, 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	\$9,605				\$9,605
Intergovernmental Receipts	19,138	\$13,129			32,267
Charges for Services			\$26,000		26,000
Fines, Licenses, and Permits	842				842
Earnings on Investments	673	653			1,326
Miscellaneous	429	1,127			1,556
	<u>30,687</u>	<u>14,909</u>	<u>26,000</u>		<u>71,596</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	4,700				4,700
Public Health Services	450				450
Leisure Time Activities		1,653			1,653
Community Environment	500				500
Transportation		29,808			29,808
General Government	25,603				25,603
Debt Service:					
Principal Payments			13,882		13,882
Interest Payments			13,603		13,603
	<u>31,253</u>	<u>31,461</u>	<u>27,485</u>		<u>90,199</u>
Total Receipts Over/(Under) Disbursements	<u>(566)</u>	<u>(16,552)</u>	<u>(1,485)</u>		<u>(18,603)</u>
Fund Cash Balances, January 1	<u>3,849</u>	<u>33,020</u>	<u>35,722</u>	<u>23,862</u>	<u>96,453</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$3,283</u></b>	<b><u>\$16,468</u></b>	<b><u>\$34,237</u></b>	<b><u>\$23,862</u></b>	<b><u>\$77,850</u></b>

*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, 2002**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$50,848		\$50,848
Total Operating Cash Receipts	<u>50,848</u>		<u>50,848</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	1,769		1,769
Fringe Benefits	330		330
Contractual Services	20,347		20,347
Supplies and Materials	842		842
Miscellaneous	1,213		1,213
Capital Outlay	22,747		22,747
Total Operating Cash Disbursements	<u>47,248</u>		<u>47,248</u>
Operating Income/(Loss)	<u>3,600</u>		<u>3,600</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	27,563		27,563
Total Non-Operating Cash Disbursements	<u>27,563</u>		<u>27,563</u>
Excess of Receipts Over/(Under) Disbursements	<u>(23,963)</u>		<u>(23,963)</u>
Fund Cash Balances, January 1	<u>36,632</u>	<u>18,830</u>	<u>55,462</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$12,669</u></b>	<b><u>\$18,830</u></b>	<b><u>\$31,499</u></b>

*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, 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	\$8,377				\$8,377
Intergovernmental Receipts	20,033	\$12,769		\$7,280	40,082
Charges for Services			\$28,657		28,657
Fines, Licenses, and Permits	16				16
Earnings on Investments	2,493	768			3,261
Miscellaneous	726	1,620		63,809	66,155
	<u>31,645</u>	<u>15,157</u>	<u>28,657</u>	<u>71,089</u>	<u>146,548</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	4,280				4,280
Public Health Services	540				540
Leisure Time Activities	75	6,778			6,853
Community Environment	600				600
Transportation		5,348			5,348
General Government	29,580				29,580
Debt Service:					
Principal Payments			19,790		19,790
Interest Payments			7,011		7,011
Capital Outlay				49,184	49,184
	<u>35,075</u>	<u>12,126</u>	<u>26,801</u>	<u>49,184</u>	<u>123,186</u>
<b>Total Cash Disbursements</b>					
Total Receipts Over/(Under) Disbursements	<u>(3,430)</u>	<u>3,031</u>	<u>1,856</u>	<u>21,905</u>	<u>23,362</u>
Fund Cash Balances, January 1	<u>7,279</u>	<u>29,989</u>	<u>33,866</u>	<u>1,957</u>	<u>73,091</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$3,849</b></u>	<u><b>\$33,020</b></u>	<u><b>\$35,722</b></u>	<u><b>\$23,862</b></u>	<u><b>\$96,453</b></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, 2001**

	<u>Proprietary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$55,284		\$55,284
Miscellaneous			
Total Operating Cash Receipts	<u>55,284</u>		<u>55,284</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	2,312		2,312
Fringe Benefits	124		124
Contractual Services	26,007		26,007
Supplies and Materials	596		596
Capital Outlay	5,482		5,482
Total Operating Cash Disbursements	<u>34,521</u>		<u>34,521</u>
Operating Income/(Loss)	<u>20,763</u>		<u>20,763</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	26,088		26,088
Total Non-Operating Cash Receipts	<u>26,088</u>		<u>26,088</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	41,446		41,446
Other Non-Operating Cash Disbursements		\$63,809	63,809
Total Non-Operating Cash Disbursements	<u>41,446</u>	<u>63,809</u>	<u>105,255</u>
Excess of Receipts Over/(Under) Disbursements	<u>5,405</u>	<u>(63,809)</u>	<u>(58,404)</u>
Fund Cash Balances, January 1	<u>31,227</u>	<u>82,639</u>	<u>113,866</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$36,632</u></b>	<b><u>\$18,830</u></b>	<b><u>\$55,462</u></b>

*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, 2002 AND 2001**

**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, 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 Fund**

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 and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

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

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

**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 funds:

**Loan Repayment Fund** – This fund accounts for the payment of the Water Pollution Control Loan Fund obligation disclosed in Note 5.

**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 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 finish the construction of a sewer system. The grant funds are used to repay the loan debt.

**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 (except certain agency funds) 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.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

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

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

**2. 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.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not encumber all commitments required by Ohio law.

Contrary to the Ohio Revised Code, the Village did not properly certify estimated resources for 2001 and filed late for 2002, expended monies in excess of appropriations, did not approve an annual appropriation measure for 2001, and did not approve an appropriation measure for 2002 in a timely manner. 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.

**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:

	2002	2001
Demand deposits	\$109,349	\$151,915

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

**3. BUDGETARY ACTIVITY**

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

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,868	\$30,687	(\$4,181)
Special Revenue	7,300	14,909	7,609
Debt Service	0	26,000	26,000
Capital Projects	0	0	0
Enterprise	82,037	50,848	(31,189)
Total	\$124,205	\$122,444	(\$1,761)

**VILLAGE OF WOODSTOCK  
CHAMPAIGN 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	\$39,637	\$31,253	\$8,384
Special Revenue	5,342	31,461	(26,119)
Debt Service	27,485	27,485	0
Capital Projects	0	0	0
Enterprise	78,260	74,811	3,449
Total	\$150,724	\$165,010	(\$14,286)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$0	\$31,645	\$31,645
Special Revenue	0	15,157	15,157
Debt Service	0	28,657	28,657
Capital Projects	0	71,089	71,089
Enterprise	0	81,372	81,372
Total	\$0	\$227,920	\$227,920

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$35,075	(\$35,075)
Special Revenue	0	12,126	(12,126)
Debt Service	0	26,801	(26,801)
Capital Projects	0	49,184	(49,184)
Enterprise	0	75,967	(75,967)
Total	\$0	\$199,153	(\$199,153)

**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.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

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

**4. PROPERTY TAX (Continued)**

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. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	483,541	0.00%
Water Pollution Control Loan Fund	338,328	4.12%
Total	\$821,869	

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 semi-annual installments of \$27,600, including interest, over 20 years. The Ohio Public Works Commission (OPWC) paid \$7,147 of interest on the May 2001 (WPCLF) loan payment and does not anticipate paying any additional interest on behalf of the Village. 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
2003	\$13,742	\$13,815	\$27,557
2004	27,485	27,631	55,116
2005	27,485	27,631	55,116
2006	27,485	27,631	55,116
2007	27,485	27,631	55,116
2008 - 2012	137,425	138,154	275,579
2013 - 2017	137,425	138,154	275,579
Subsequent	41,226	82,894	124,120
Total	\$439,758	\$483,541	\$923,299

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

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

**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 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2002. The Village has paid all contributions required through December 31, 2002, except that contributions were not made for three part time employees.

**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.





**Auditor of State  
Betty Montgomery**

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodstock (the Village) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated June 26, 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 finding as items 2002-001 through 2002-007. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 26, 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 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. A reportable condition is described in the accompanying schedule of findings as item 2002-008.

**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, we consider the reportable condition described to be 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 June 26, 2003.

This report is intended solely 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.



**Betty Montgomery**  
Auditor of State

June 26, 2003

**VILLAGE OF WOODSTOCK  
CHAMPAIGN 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>
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**FINDING NUMBER 2002-001**

**Ohio Rev. Code Section 5705.36** requires that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

This section also allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

The Village failed to file the certification for fiscal year 2001 and did not file the certification until April 2, 2002, for fiscal year 2002. Additionally, the certification for fiscal year 2002 did not accurately reflect the amount of revenue to be received by the debt service fund. The Clerk certified that \$0 was estimated to be received for the debt service fund, the total receipts posted to the cash book for fiscal year 2002 was \$23,544. Failure to compile the information correctly and file it timely with the county auditor could result in expenditures exceeding available resources and possibly result in deficit spending.

The Village should implement monitoring procedures such as a tickler file or designate the clerk or a member of council to contact the county auditor to ensure that all required budgetary documents have been filed. Additionally, the Clerk and Council should review and compare the certificates to prior financial reports and the tax budget to more accurately reflect anticipated receipts.

**FINDING NUMBER 2002-002**

**Ohio Rev. Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Village did not pass an annual appropriation measure for fiscal year 2001. The annual appropriation measure for fiscal year 2002 was not passed until April 1, 2002. A temporary appropriation measure for the meeting of ordinary expenses was not passed for either year.

Additionally, the following lines items at the fund, function, object level of control had unfavorable variances at December 31, 2002:

December 31, 2002 Line Item	Amount Appropriated	Expended	Unfavorable Variance
General Fund, Community Environment, contractual services	\$40	\$500	\$460
Street Fund, Transportation, contractual services	\$4,742	\$27,454	\$22,712
Park Fund, Leisure Time Activities, supplies and materials	\$0	\$1,653	\$1,653
State Highway Fund, Transportation, contractual services	\$600	\$1,110	\$510

**FINDING NUMBER 2002-003**

**Ohio Rev. Code Section 5705.41(C)** states that no subdivision is to expend money except by a proper warrant drawn against an appropriate fund.

The Village expended \$41,904 from the Sewer Fund that should have been expended from the Capital Projects Fund in the amount of \$41,904. This resulted in adjustments to the books that are reflected in the accompanying financial statements.

Additionally, the sewer fund advanced the park fund \$10,000 to meet the obligations of that fund. Sewer monies are to be utilized for the operation of the sewer system and may not be utilized to supplement the operations of any other activities of the Village. This resulted in an adjustment that is reflected in the accompanying financial statements.

The Village should implement procedures to ensure that expenditures are made from the proper funds and that advances are allowable. The Village should refer to Audit Bulletin 97-003 for guidance on the proper use and accounting treatment of advances.

**FINDING NUMBER 2002-004**

**Ohio Rev. Code Section 5705.38** requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

The Village did not pass an annual appropriation measure for fiscal year 2001. The annual appropriation measure for fiscal year 2002 was not passed until April 1, 2002. A temporary appropriation measure for the meeting of ordinary expenses was not passed for either year. Failure to pass an appropriation measure could result in deficit spending. Deficit spending could result in fiscal watch or fiscal emergency.

The Village should implement monitoring procedures such as a tickler file or designate the clerk or a member of council to contact the county auditor to ensure that all required budgetary documents have been filed.

**FINDING NUMBER 2002-005**

**Ohio Rev. Code Section 5705.41 (D)** states that no orders or contracts involving the expenditure of money is to be made unless there is attached there to 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.

This Section of the Code provides the following exception to this requirement:

If no certificate is issued at the time the contract or order is presented, the fiscal officer may execute a then and now certificate that states that there was, at the time of the making of such contract or order, and at the time of the execution of such certificate, a sufficient sum appropriated for the purpose of such contract and in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. If the amount involved is greater than one thousand dollars, the taxing authority must authorize the drawing of a warrant with a resolution or ordinance within thirty days from execution of the then and now.

The Village was in violation of the above provision and did not meet the requirements to the exception for all of the expenditure transactions examined for the period of January 1, 2001 through December 31, 2002.

#### **FINDING NUMBER 2002-006**

**Ohio Rev. Code Sections 733.28 and 733.43** indicates 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 all taxes and assessments.

For the years of 2002 and 2001, Village records did not accurately report receipts and disbursements of the Village. Receipts were not accurately reflected in the Capital Projects Fund, Sewer Fund, and Debt Service Fund. The disbursements were not accurately reflected for all funds. The cash book did not reconcile to the receipts or appropriation ledgers. Additionally, the 2001 cashbook, receipts ledger, and appropriations ledger was not posted until after year end. The appropriations ledger was not posted for 2002 as to the amounts budgeted by Council.

These conditions resulted in numerous adjustments to the books and financial statements and could result in the 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 records as proof of their review.

#### **FINDING NUMBER 2002-007**

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

At December 31, 2002, the Park Fund had a deficit fund cash balance of (\$8,603) and at December 31, 2001 the Park fund had a deficit fund balance of (\$8,077).

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 2002-008**

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

- Bank to book reconciliations were not performed for fiscal year 2001 until fiscal year 2002;
- Monthly receipt totals were not computed;
- Monthly expenditure totals were not computed;
- The client prepared cash basis report fund balances did not agree to the book fund balances for both fiscal years; and,
- There was no indication that Council was reviewing bank-to-book reconciliations.

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

**FINDING NUMBER 2002-008**  
**(Continued)**

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:

- The receipt book should be agreed to the receipt ledger;
- Monthly totals in the cashbook should be agreed to the monthly totals in the receipt and appropriation journals;
- The cashbook should be reconciled to the monthly bank statement;
- Interest from all accounts should be posted monthly;
- 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.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN 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>
2000-30311-001	Revised Code 5705.41 (D), failure to certify the availability of funds prior to purchase commitment	No	Repeated as Finding 2002-005.
2000-30311-002	Revised Code 5705.41 (B), expenditures exceeded appropriations	No	Repeated as Finding 2002-002.
2000-30311-003	Revised Code 5705.10, deficit fund cash balances	No	Repeated as Finding 2002-007.
2000-30311-004	Revised Code Sections 733.28 & 733.43, failure to maintain required accounting ledgers	No	Repeated as Finding 2002-006.
2000-30311-005	Revised Code Section 5705.09(F), failure to adopt and maintain required funds	Yes	Finding no longer valid
2000-30311-006	Revised Code Section 149.351(A), failure to maintain required accounting records	No	Not fully corrected, reported in a separate letter to management of the Village.
2000-30311-007	Village Ordinance # 08-18-97A, failure to set aside sewer receipts for repayment of loan	No	Not fully corrected, reported in a separate letter to management of the Village.
2000-30311-008	Material Weakness, monthly bank reconciliations not performed	No	Repeated as Finding 2002-008.
2000-30311-009	Material Weakness, lack of supporting documentation or monitoring for park activity	No	Not fully corrected, reported in a separate letter to management of the Village.
2000-30311-010	Reportable Condition, failure to properly record year-end encumbrances	Yes	Finding no longer valid
2000-30311-011	Reportable Condition, failure to properly post OPWC and OWDA receipts	Yes	Finding no longer valid







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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  
SEPTEMBER 30, 2003**