

VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY, OHIO

Audited Financial Statements

For the Years Ended December 31, 2010 and 2009



Dave Yost • Auditor of State

Village Council
Village of Williamsport
P. O. Box 163
Williamsport, Ohio 43164

We have reviewed the *Independent Auditor's Report* of the Village of Williamsport, Pickaway County, prepared by Van Krevel and Company, CPA's, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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

Dave Yost
Auditor of State

September 19, 2011

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Village of Williamsport
Pickaway County, Ohio

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INDEPENDENT AUDITOR'S REPORT

Village of Williamsport
 Pickaway County, Ohio
 P O Box 163
 Williamsport, Ohio 43164-0163

To the Village Council:

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

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

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

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require, Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

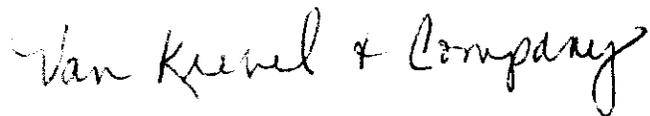
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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Williamsport, Pickaway County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.



Van Kregel & Company
Dublin, Ohio

July 25, 2011

Village of Williamsport
Pickaway County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2010

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 34,836	\$ 30,288	\$ -	\$ 65,124
Intergovernmental Receipts	38,924	51,150	51,541	141,615
Charges for Services		8,267		8,267
Fines, Licenses and Permits	653			653
Earnings on Investments	2,983	418		3,401
Miscellaneous	3,452	212		3,664
Total Cash Receipts	80,848	90,335	51,541	222,724
Cash Disbursements:				
Current:				
Security of Persons and Property	35,879	156,150		192,029
Public Health Services	2,503			2,503
Leisure Time Activities	6,095			6,095
Community Environment	330			330
Transportation		16,318		16,318
General Government	43,578			43,578
Capital Outlay	3,000	2,237	51,541	56,778
Debt Service:				
Principal Payments	-	1,704		1,704
Interest and Other Fiscal Charges	-			-
Total Cash Disbursements	91,385	176,409	51,541	319,335
Total Cash Receipts Over/(Under) Cash Disbursements	(10,537)	(86,074)	-	(96,611)
Other Financing Receipts/(Disbursements):				
Debt Proceeds				-
Sale of Fixed Assets		-		-
Total Other Financing Receipts/(Disbursements)	-	-	-	-
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,537)	(86,074)	-	(96,611)
Fund Cash Balances, January 1	138,824	352,811	-	491,635
Fund Cash Balances, December 31	\$ 128,287	\$ 266,737	\$ -	\$ 395,024
Reserve for Encumbrances	\$ -	\$ -	\$ -	\$ -

Village of Williamsport
Pickaway County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Proprietary Fund Types
For the Year Ended December 31, 2010

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 733,283
Total Operating Receipts	733,283
Operating Cash Disbursements	
Personal Services	101,135
Employee Fringe Benefits	19,737
Contractual Services	275,216
Supplies and Materials	46,521
Other	9,333
Total Operating Cash Disbursements	451,942
Operating Income (Loss)	281,341
Non-Operating Receipts/Disbursements	
Intergovernmental	11,606
Miscellaneous Receipts	1,692
Capital Outlay	(48,839)
Principal Payments	(44,662)
Interest and Fiscal Charges	(41,246)
Total Non Operating Receipts/Disbursements	(121,449)
Income (Loss) Before Transfers and Advances	159,892
Transfers In	122,026
Transfers Out	(122,026)
Change in Net Assets	159,892
Fund Cash Balances, January 1	534,999
Fund Cash Balances, December 31	\$ 694,891
Reserve for Encumbrances	\$ -

Village of Williamsport
 Pickaway County, Ohio
 Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
 All Governmental Fund Types
 For the Year Ended December 31, 2009

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 34,646	\$ 29,433	\$ 64,079
Intergovernmental Receipts	38,151	50,524	88,675
Charges for Services		47,519	47,519
Fines, Licenses and Permits	644		644
Earnings on Investments	3,878	913	4,791
Miscellaneous	3,691	20,431	24,122
Total Cash Receipts	<u>81,010</u>	<u>148,820</u>	<u>229,830</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	43,739	62,593	106,332
Public Health Services	2,471		2,471
Leisure Time Activities	4,846		4,846
Community Environment	360		360
Transportation		8,853	8,853
General Government	54,310		54,310
Capital Outlay	1,420	41,247	42,667
Debt Service:			
Redemption of Principal	-	3,407	3,407
Interest and Other Fiscal Charges	-		-
Total Cash Disbursements	<u>107,146</u>	<u>116,100</u>	<u>223,246</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(26,136)</u>	<u>32,720</u>	<u>6,584</u>
Other Financing Receipts/(Disbursements):			
Debt Proceeds			-
Sale of Fixed Assets			-
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(26,136)	32,720	6,584
Fund Cash Balances, January 1	<u>164,960</u>	<u>320,091</u>	<u>485,051</u>
Fund Cash Balances, December 31	<u>\$ 138,824</u>	<u>\$ 352,811</u>	<u>\$ 491,635</u>
Reserve for Encumbrances	<u>\$ 2,542</u>	<u>\$ -</u>	<u>\$ 2,542</u>

Village of Williamsport
 Pickaway County, Ohio
 Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
 All Proprietary Fund Types
 For the Year Ended December 31, 2009

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 752,981
Total Operating Receipts	752,981
Operating Cash Disbursements	
Personal Services	71,297
Employee Fringe Benefits	18,935
Contractual Services	412,945
Supplies and Materials	38,678
Other	10,495
Total Operating Cash Disbursements	552,350
Operating Income (Loss)	200,631
Non-Operating Receipts/Disbursements	
Intergovernmental	-
Miscellaneous Receipts	10,541
Capital Outlay	(59,864)
Principal Payments	(70,608)
Interest and Fiscal Charges	(74,608)
Total Non Operating Receipts/Disbursements	(194,539)
Income (Loss) Before Transfers and Advances	6,092
Transfers In	127,523
Transfers Out	(127,523)
Change in Net Assets	6,092
Fund Cash Balances, January 1	528,907
Fund Cash Balances, December 31	\$ 534,999
Reserve for Encumbrances	\$ 21,607

Village of Williamsport
Pickaway County, Ohio

Notes to the Financial Statements
December 31, 2010 and 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Village of Williamsport, Pickaway County, Ohio, (the Village) as a body corporate and politic. A publicly-elected six member Council governs the Village. The Village provides general governmental services, water, sewer and gas utilities, park operations, emergency medical ambulance and fire protection services. The Village contracts with the Pickaway County Sheriff's department to provide security of persons and property. The Village provides emergency medical ambulance services to the citizens of the Village of Williamsport and fire protection services to Jackson, Monroe, Muhlenberg and Wayne Townships, all located within Pickaway County. In May of 2010, a joint fire district was created and all funds received for township fire contracts were transferred to the new joint fire district.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C Cash

The Village values certificates of deposit at cost.

Village of Williamsport
Pickaway County, Ohio

Notes to the Financial Statements
December 31, 2010 and 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2 Special Revenue Funds

These funds account for proceeds from specific sources (other than private purpose trusts or 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 monies to pay for constructing, maintaining and repairing Village streets.

Fire Fund – This fund receives the Village's fire levy tax monies that are used for fire protection services.

Joint Fire Fund – This fund received monies from fire contracts for the operations and maintenance of the joint fire department.

Village of Williamsport
Pickaway County, Ohio

Notes to the Financial Statements
December 31, 2010 and 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D Fund Accounting

3 Capital Projects Funds

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

OPWC Main Street Improvements - This fund records Ohio Public Works Commission receipts and disbursements expended on behalf of the Village by the Ohio Public Works Commission for the improvement of Main Street.

4 Enterprise Funds

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

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

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

Sewer Operating Fund – This fund receives charges from residents to cover the cost of providing this utility.

Water Debt Fund – This fund receives charges for services from residents to cover the debt payments associated with this utility.

Village of Williamsport
Pickaway County, Ohio

Notes to Financial Statements
December 31, 2010 and 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Village Council members must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

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

Village of Williamsport
Pickaway County, Ohio

Notes to Financial Statements
December 31, 2010 and 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F Property, Plant and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

F Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

NOTE 2 EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2010</u>	<u>2009</u>
Demand Deposits	\$1,089,915	\$1,006,634
Certificates of Deposit	<u> </u>	<u>20,000</u>
	<u>\$1,089,915</u>	<u>\$1,026,634</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Village of Williamsport
 Pickaway County, Ohio
 Notes to Financial Statements
 December 31, 2010 and 2009

NOTE 3 BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2010, follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 78,689	\$ 80,848	\$ 2,159
Special Revenue	81,896	90,335	8,439
Capital Projects	-	51,541	51,541
Enterprise	1,019,517	868,607	(150,910)
Totals	\$ 1,180,102	\$ 1,091,331	\$ (88,771)

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 138,723	\$ 91,385	\$ 47,338
Special Revenue	237,612	176,409	61,203
Capital Projects	-	51,541	(51,541)
Enterprise	1,225,884	708,715	517,169
Totals	\$ 1,602,219	\$ 1,028,050	\$ 574,169

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Capital Projects Fund by \$51,541 for the year ended December 31, 2010.

Village of Williamsport
Pickaway County, Ohio

Notes to Financial Statements
December 31, 2010 and 2009

NOTE 3 BUDGETARY ACTIVITY (continued)

Budgetary activity for the year ending December 31, 2009, follows:

2009 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 84,648	\$ 81,010	\$ (3,638)
Special Revenue	124,577	148,820	24,243
Enterprise	1,028,204	891,045	(137,159)
Totals	<u>\$ 1,237,429</u>	<u>\$ 1,120,875</u>	<u>\$ (116,554)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 140,728	\$ 109,688	\$ 31,040
Special Revenue	185,866	116,100	69,766
Enterprise	1,195,940	906,560	289,380
Totals	<u>\$ 1,522,534</u>	<u>\$ 1,132,348</u>	<u>\$ 390,186</u>

Village of Williamsport
Pickaway County, Ohio

Notes to Financial Statements
December 31, 2010 and 2009

NOTE 4 PROPERTY TAXES

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

NOTE 5 RETIREMENT SYSTEM

The Village's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10.0% of their gross salaries. The Village contributed an amount equal to 14.0% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

Village of Williamsport
Pickaway County, Ohio

Notes to Financial Statements
December 31, 2010 and 2009

NOTE 6 RISK MANAGEMENT

The Village has obtained insurance for the following risks:

Comprehensive Property and General Liability
Vehicles
Errors and Omissions

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

NOTE 7 DEBT

Debt outstanding at December 31, 2010, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Sewer Loan	\$ 171,000	5.00%
OPWC Water Loan	29,400	0.00%
OWDA Water Loan	922,109	6.11%
OWDA Sewer Loan	76,980	5.66%
OPWC Sewer Loan	28,128	0.00%
OPWC Street Improvements Loan #1	25,556	0.00%
OPWC Street Improvements Loan #2	<u>2,713</u>	0.00%
	<u>\$1,255,886</u>	

The U. S. Department of Agriculture sewer loan relates to the construction of the waste water treatment plant. The loan is payable in annual installments until 2018. The debt is being repaid from user charges billed to consumers.

Village of Williamsport
Pickaway County, Ohio

Notes to Financial Statements
December 31, 2010 and 2009

NOTE 7 DEBT (continued)

The Ohio Public Works Commission water loan provided assistance for the water plant expansion plan. The loan is payable in semi-annual installments of \$2,100 until 2017. The debt is being repaid from user charges billed to consumers.

The Ohio Water Development Authority water loan and sewer loan provided funds for a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loans are being repaid in semi-annual installments of \$52,416 and \$4,054 (including interest), through 2023 and 2024, respectively. The debt is being repaid from user charges billed to consumers.

The Ohio Public Works Commission sewer loan provided funds for the construction of new sand beds for the Village's sewer system. The loan is being repaid in semi-annual installments of \$938 until 2025. The debt is being repaid from user charges billed to consumers.

The Ohio Public Works Commission Street Improvements Loan #1 was used to upgrade and improve Main Street. The loan is payable in semi-annual installments of \$1,704 until 2018. The loan is supported by the full faith and credit of the Village and is payable from governmental receipts.

The Ohio Public Works Commission Street Improvements Loan #2 was also used to upgrade and improve Main Street. The loan is payable in semi-annual installments of \$136 until 2021. The loan is supported by the full faith and credit of the Village and is payable from governmental receipts.

Village of Williamsport
Pickaway County, Ohio

Notes to Financial Statements
December 31, 2010 and 2009

NOTE 7 DEBT (continued)

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

<u>Year Ending December 31</u>	<u>Amount</u>
2011	\$ 151,986
2012	149,373
2013	149,423
2014	149,423
2015	149,373
2016-2020	671,645
2021-2025	<u>356,307</u>
	<u>\$1,777,530</u>

NOTE 8 – SUBSEQUENT EVENTS

In June of 2011, the Village paid off the OPWC Street Improvement Loan #2.

Management has evaluated subsequent events through July 25, 2011, the date on which the financial statements were available to be issued.



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

Village of Williamsport
Pickaway County, Ohio
P O Box 163
Williamsport, Ohio 43164-0163

To the Village Council:

We have audited the financial statements of the Village of Williamsport, Pickaway County, Ohio, (the Village), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 25, 2011, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as describe in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and another deficiency we consider to be a significant deficiency.

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

Village of Williamsport
Pickaway County, Ohio
Independent Accountant's Report on Internal Control over
Financial Reporting and on Compliance with Other Matters
Required by *Government Auditing Standards*

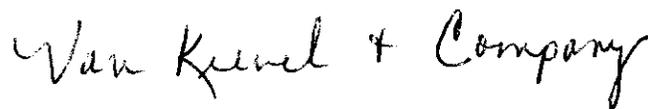
A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Finding 2010-002 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under Government Auditing Standards which is described in the accompanying schedule of findings as 2010-001.

The Village's responses to the findings identified in our audits are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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



Van Krevel & Company
Dublin, Ohio

July 25, 2011

Village of Williamsport
Pickaway County, Ohio

Schedule of Audit Findings
December 31, 2010 and 2009

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

Finding 2010-001 – Proper Budgeting and Accounting for On-Behalf-of Programs

Material Weakness – Noncompliance

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced 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. Ohio Revised Code Section 705(A)(3) requires obtaining an increased amended certificate from the budget commission if the legislative authority intends to appropriate and expend excess revenue. Ohio Revised Code Section 5705.40 provides that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. However, no appropriation for any purpose may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation. Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Auditor of State Bulletin 2002-004 states that all local governments participating in Issue II Funds (single or multi-project grant) must, for each project awarded, establish a capital projects fund to account for both the Issue II monies and local matching funds. It is not necessary to obtain authorization from the Auditor of State to establish the fund(s) because the authority exists under Section 5705.09 of the Ohio Revised Code. The purpose of the fund is to account for the related revenues and expenditures to the extent the local government has received the benefit from the project. The Ohio Public Works Commission (OPWC) will make payments to the contractor(s) for its share based on invoices submitted by the fiscal officer or to the local government as a reimbursement. For payments made to the contractor, the State will notify the fiscal officer of the amount disbursed. Upon receipt of this notice, each local government shall record a receipt and expenditure in the capital projects fund equal to the amount disbursed to OPWC.

In 2010, payments totaling \$51,541 were made by the Ohio Public Works Commission (OPWC) directly to vendors on behalf of the Village. The related receipts and expenditures were not recorded on the books of the Village. In accordance with Auditor of State Bulletin 2002-004, both the receipt and expenditure activity should have been included. Also, the Village did not amend their Certificate of Estimated Resources or their appropriations measure to account for the payments of the OPWC monies. As a result, budgetary expenditures for capital outlay in the capital projects fund exceeded the appropriations by \$51,541.

Village of Williamsport
Pickaway County, Ohio

Schedule of Audit Findings
December 31, 2010 and 2009

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

Finding 2010-001 – Proper Budgeting and Accounting for On-Behalf-of Programs (cont.)

The Village's financial statements and accounting records have been adjusted to properly reflect the receipts and expenditures in the established Capital Projects Fund.

We recommend the Village review and follow the accounting and budgeting guidance from AOS Bulletin 2002-004 and post all receipts and expenditures for Issue 2 monies and any matching funds.

Officials' Response: The funds were disbursed at a time when the prior fiscal clerk was leaving and a new clerk was assuming the position. The failure to record was simply an oversight, and the new clerk is aware of the recording requirements.

Finding No. 2010-002 – Utility System Standing Data

Significant Deficiency

The Village's "standing" data file for the Utility Department contains each customer's name, address, account number, telephone number, service provided and billings rates. The billing rate is applied to the usage number to calculate the billing amount for the utility services used. Access to this file has been limited to a specific user; however, that individual is involved in performing the daily operation activities (billings and payment postings) of the Utility Department. This employee has access to the standing data file and could modify any information contained therein without any management oversight.

This weakness could permit the manipulation of standing data, resulting in errors and irregularities. A management individual should be appointed to monitor activity and ensure modifications are properly authorized before files are changed.

Officials' Response: Officials are aware of this weakness. However, because of the small size of the Village's staff, it is not possible to segregate the duties.

Village of Williamsport
Pickaway County, Ohio

Schedule of Prior Audit Findings
December 31, 2010 and 2009

<u>Finding No.</u>	<u>Finding Summary</u>	<u>Fully Corrected</u>	<u>Action Taken</u>
2008-001	Failure to limit access to standing data for the Utility Department billing system	Not corrected	Reissued as Finding 2010-002



Dave Yost • Auditor of State

VILLAGE OF WILLIAMSPORT

PICKAWAY 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 29, 2011