

VILLAGE OF OAKWOOD

PAULDING COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2003

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



**Auditor of State
Betty Montgomery**

Honorable Mayor and Village Council
Village of Oakwood
228 North First Street
P.O. Box 457
Paulding, Ohio 45873-0457

We have reviewed the *Report of Independent Accountants* of the Village of Oakwood, Paulding County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2003 through December 31, 2004. 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.

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 Oakwood is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

May 25, 2006

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VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Audit Report
For the Year ended December 31, 2003

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Honorable Mayor and the Village Council
Village of Oakwood
228 North First Street
P.O. Box 457
Paulding, Ohio 45873-0457

We were engaged to audit the accompanying financial statements of the Village of Oakwood, Paulding County (the Village), as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Village's management.

We were unable to obtain adequate documentation regarding the ambulance claims reported in the EMS Levy Fund (a special revenue fund) and Mayor's court transactions in the Mayor's Court Fund (an agency fund). The Village did not provide us with the information regarding the transactions or proper operation of its internal control relative to the processing of the ambulance claims and Mayor's court transactions, therefore we were unable to perform procedures to satisfy ourselves as to the proper processing of these transactions. Ambulance claims represent 10% of the revenue in the Special Revenue Fund Type. The Mayor's Court revenue represents 17% of the Agency Fund Type revenue. Also, bank reconciliations were not performed in 2003, therefore we were unable to satisfy ourselves as to the balances. Transfers representing 48% of the total General Fund disbursements, and 21% of the total Special Revenue receipts and 11% of Proprietary Fund receipts could not be verified. The General Fund had \$47,199 in transfers out, which could not be verified.

Since we did not audit the financial statements of the Village referred to above, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

Charles E. Harris & Associates, Inc.
January 23, 2006

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2003

	Governmental Fund Types			(Memorandum)
	General	Special Revenue	Capital Projects	Only) Total
CASH RECEIPTS:				
Property Tax and Other Local Taxes	\$ 79,804	\$ 56,854	\$ 39,522	\$ 176,180
Intergovernmental Receipts	12,874	52,292	-	65,166
Charges for Services	-	76,076	-	76,076
Fines, Licenses, and Permits	1,327	855	-	2,182
Earnings on Investments	238	-	-	238
Miscellaneous	95,346	22,389	663	118,398
Total Cash Receipts	189,589	208,466	40,185	438,240
CASH DISBURSEMENTS:				
Current:				
Security of Persons and Property	-	183,828	-	183,828
Leisure Time Activities	-	4,250	-	4,250
Transportation	-	34,544	-	34,544
General Government	47,730	9,907	-	57,637
Capital Outlay	4,500	37,991	18,666	42,491
Debt Service:				
Principal Payments	-	-	4,596	4,596
Interest Payments	-	-	1,214	1,214
Total Cash Disbursements	52,230	270,520	24,476	322,750
Cash Receipts Over/(Under) Cash Disbursements	137,359	(62,054)	15,709	115,490
Other Financing Sources (Uses)				
Transfers In	-	56,387	-	56,387
Transfers Out	(80,562)	-	-	(80,562)
Total Other Financing Sources (Uses)	(80,562)	56,387	-	(24,175)
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	56,797	(5,667)	15,709	66,839
Fund Cash Balance, January 1, 2003	186,604	54,597	16,474	257,675
Fund Cash Balance, December 31, 2003	\$ 243,401	\$ 48,930	\$ 32,183	\$ 324,514

See Accompanying Notes to the Financial Statements

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
For the Year Ended December 31, 2003

	Proprietary Fund Types	Fiduciary Fund Type	(Memorandum Only) Total
	Enterprise	Agency	
OPERATING CASH RECEIPTS:			
Fines, Permits, and Fees	\$ 1,460	\$ -	\$ 1,460
Charges for Services	174,771	-	174,771
Miscellaneous	13,587	-	13,587
Total Operating Cash Receipts	189,818	-	189,818
OPERATING CASH DISBURSEMENTS			
Personal Services	63,199	-	63,199
Transportation	526	-	526
Supplies and Materials	37,993	-	37,993
Contractual Services	32,867	-	32,867
Capital Outlay	66	-	66
Total Operating Cash Disbursements	134,651	-	134,651
Operating Income (Loss)	55,167	-	55,167
NON OPERATING CASH RECEIPTS (DISBURSEMENTS)			
Debt Service:			
Principal Payment	(30,601)	-	(30,601)
Interest Payment	(50,556)	-	(50,556)
Other Non-Operating Cash Receipts	1,641	7,272	8,913
Other Non-Operating Cash Disbursements	(381)	(948)	(1,329)
Total Non Operating Cash Receipts (Disbursements)	(79,897)	6,324	(73,573)
Transfers in	24,175	-	24,175
Excess of Cash Receipts Over/(Under) Cash Disbursements	(555)	6,324	(18,406)
Fund Cash Balance, January 1, 2003	82,261	2,269	84,530
Fund Cash Balance, December 31, 2003	\$ 81,706	\$ 8,593	\$ 90,299

See Accompanying Notes to the Financial Statements

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO

Notes To The Financial Statements
For The Year Ended December 31, 2003

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

The Village of Oakwood, (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 Village Council. The Village provides general governmental services including police, EMS services and fire protection, road maintenance, utilities (water and sewer) and park operations (leisure time activities).

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 by the Auditor of State.

C. **CASH AND INVESTMENTS**

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investments purchases or receipts for investments sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposits at cost.

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

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO

Notes To The Financial Statements
For The Year Ended December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. FUND ACCOUNTING - (continued)

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund – This fund receives gasoline and motor vehicle tax money for construction, maintenance and repairing of Village streets.

Police Levy Fund – This fund receives revenue from property taxes to provide police protection to residents of the Village. The Police Levy Fund is not self supporting and is supplemented by the General Fund.

Fire Levy Fund-This fund receives property taxes to provide fire protection to residents of the Village. Additional revenues are derived from fire contracts with surrounding Villages and Townships to provide fire protection to their residents.

EMS Levy Fund-This fund receives revenue from property taxes to provide EMS services to residents of the Village. Additional revenues are derived from EMS contracts with surrounding Villages and Townships to provide EMS services to their residents and charges for services for EMS runs.

3. Capital Projects Funds

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

Capital Improvement Fund- This fund receives 40% of the Village's income tax revenue. This revenue is used to make permanent improvements on the Village's land and property.

4. Enterprise Funds

These funds are used to account for operations that are similar to private business enterprises where management intends that 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 the utility.

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

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO

Notes To The Financial Statements
For The Year Ended December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Sewer Bond Retirement Fund- This fund receives charges for services from resident to retire a Rural Economic and Community Development Services loan.

5. 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 funds:

Mayor's Court Fund- This fund receives fines, bonds and costs assessed by the Court and disburses these amounts to the State, Village or the payee.

Fire Insurance Claim Fund- This fund is used to hold a portion of the insurance money received by the Village residents due to claims for fire damage. The Village holds a portion of the proceeds until the property is cleaned up.

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 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 balances 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.

The Village did not use the encumbrance method of accounting in 2003.

F. PROPERTY, PLANT AND EQUIPMENT

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

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO

Notes To The Financial Statements
For The Year Ended December 31, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

G. 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.

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>2003</u>
Demand Deposits	\$438,470
Certificates of Deposit	8,709
Cash on Hand	<u>100</u>
Total	<u>\$447,279</u>

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

The ending cash balances do not equal the ending book balances. The Village did not make audit adjustments required from the 2001-2002 audit.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2003 is as follows:

<u>Fund Type</u>	<u>2003 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$474,390	\$189,589	\$(284,801)
Special Revenue	338,980	264,853	(74,127)
Capital Projects	60,519	40,185	(20,334)
Enterprise	<u>287,372</u>	<u>215,633</u>	<u>(71,739)</u>
Total	<u>\$1,161,261</u>	<u>\$710,260</u>	<u>\$(451,001)</u>

<u>Fund Type</u>	<u>2003 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
General	\$33,201	\$132,792	\$(99,591)
Special Revenue	194,710	270,520	(75,810)
Capital Projects	48,253	24,476	23,777
Enterprise	<u>213,178</u>	<u>216,189</u>	<u>(3,011)</u>
Total	<u>\$489,342</u>	<u>\$643,977</u>	<u>\$(154,635)</u>

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO

Notes To The Financial Statements
For The Year Ended December 31, 2003

4. PROPERTY TAX

Real property becomes 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 on the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are a cost sharing, multiple-employer plans. 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 2003, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries during the year. The Village has paid all contributions required through December 31, 2003.

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, OP&F members contributed 10% of their wages. The Village contributed an amount equal to 19.5% and 24% respectively for police officers and firefighters of participants' gross salaries during the year. The Village has paid all contributions required through December 31, 2003.

6. 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 corporate limits as well as certain income of residents earned outside the Village corporate limits.

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO**

**Notes To The Financial Statements
For The Year Ended December 31, 2003**

7. DEBT

Debt outstanding as of December 31, 2003:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$41,351	5.77%
Ohio Public Works Commission Loan	130,949	0.00%
Rural Economic and Community Development Services Loan	981,385	4.88%
State Bank and Trust	<u>26,399</u>	3.25%
Total	<u>\$1,180,084</u>	

The Ohio Water Development Authority (OWDA) loan related to water plant filtration project that was mandated by the Ohio Environmental Protection Agency. The loan will be paid in semiannual installments of \$1,960 including interest over 20 years. The loan is collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) loan related to water plant filtration project that was mandated by the Ohio Environmental Protection Agency. The loan will be paid in semiannual installments of \$3,851 including interest over 20 years. The loan is collateralized by water and sewer receipts.

Proceeds from the Rural Economic and Community Development Services (RECDS) loan were used to retire Sanitary Sewer System First Mortgage Temporary Revenue Bonds which had been issued previously to pay a portion of the costs of constructing a sanitary sewer collection, treatment and disposal system. The Village will make annual payments to RECDS through the year 2036.

The debt balance at December 31, 2002 was understated by a \$44,472 loan. This loan was issued in anticipation of the collection of charges for services by the Sewer Fund. The loan was paid in full on June 18, 2004.

<u>Year Ended</u> <u>December 31:</u>	<u>OWDA</u> <u>Loan</u>	<u>OPWC</u> <u>Loan</u>	<u>RECDS</u> <u>Loan</u>	<u>State Bank</u> <u>& Trust</u> <u>Loan</u>
2004	\$3,919	\$7,703	\$59,843	\$26,886
2005	3,919	7,703	60,260	-
2006	3,919	7,703	59,485	-
2007	3,919	7,703	60,260	-
2008	3,919	7,703	60,626	-
Subsequent	<u>45,069</u>	<u>92,434</u>	<u>1,691,120</u>	-
Total	<u>\$63,421</u>	<u>\$130,949</u>	<u>\$1,992,124</u>	<u>\$26,886</u>

In prior years, the Village entered into a capital lease agreement with General Motors Acceptance Corporation (GMAC) for the lease/purchase of a new dump truck. The payment schedule is three years (\$13,306 due annually) and at the end of the lease, the Village has the option of purchasing the truck for \$1.00.

**VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO**

**Notes To The Financial Statements
For The Year Ended December 31, 2003**

8. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan, an unincorporated non-profit association over 600 government entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverage and reinsures these coverage's 100% rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Village also provides health insurance coverage to full-time employees through a private carrier.

9. CONTINGENT LIABILITIES

The Village may be a defendant in various lawsuits. Although, the outcome of the lawsuits is not presently determinable, in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

10. LEGAL COMPLIANCE

Contrary to Ohio Revised Code Section 5705.39, the Village had appropriations exceeding total estimated resources in 2003 in the following funds: Police Levy Fund, Street Maintenance Fund, Mayor's Court Computer Fund, Infrastructure Fund and Water Fund.

Contrary to Ohio Revised Code Section 5705.41 (D), no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Village does not use purchase orders. Also, the Village does not use encumbrances.

Ohio Revised Code Section 5705.41 (B), prohibits a subdivision from making expenditures unless they have been appropriated. In 2003, the following funds had expenditures exceeding appropriations: General Fund, Parks & Recreation Fund, Fire Levy Fund, EMS Levy Fund, Water Fund & Sewer Fund.

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Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

To the Honorable Mayor and the Village Council
Village of Oakwood
228 North First Street
P.O. Box 457
Oakwood, Ohio 45873-0457

We were engaged to audit the financial statements of the Village of Oakwood as and for the year ended December 31, 2003, and have issued our report thereon dated January 23, 2006. We did not express an opinion on the financial statements because we were unable to obtain adequate supporting documentation related to ambulance claims, Mayor's court, bank reconciliations and transfers.

Internal Controls 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 an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting that we consider reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design and 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 2003-OAKPC-04.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 caused by error or fraud 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 on 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 above to be a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated January 23, 2006.

Compliance and Other Matters

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 grant agreements and other matters, 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 item 2003-OAKPC-01 through 2003-OAKPC-03. We also noted certain additional matters that we have reported to management in a separate letter dated January 23, 2006.

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.

Charles E. Harris & Associates, Inc.
January 23, 2006

VILLAGE OF OAKWOOD
PAULDING COUNTY

SCHEDULE OF FINDINGS
December 31, 2003

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2003-OAKPC-01

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now Certificates" – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 (\$1,000 prior to April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificates - Fiscal officers may prepare "blanket" certificates for a certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificates – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

VILLAGE OF OAKWOOD
PAULDING COUNTY

SCHEDULE OF FINDINGS - CONTINUED
December 31, 2003

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

The Village did not make the proper certification of funds. The Village did not use purchase orders during the audit period. We recommend that the Village institute the use of purchase orders for any expenditure to be made and certify expenditures prior to incurring the liability. In instances where prior certification is not practical, we recommend the issuance of a "Then and Now" certificate.

Management has continued the practice of not using purchase orders. They plan on obtaining Village Council approval for large dollar-amount purchases.

FINDING NUMBER 2003-OAKPC-02

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing authority shall make any expenditure of money unless it has been appropriated unless it has been appropriated as provided in such chapter.

During the year ended December 31, 2003, the following funds' expenditures exceeded total appropriations:

General Fund (\$99,591)

<u>Special Revenue Funds</u>	<u>Enterprise Fund</u>
Parks and Recreation (\$11,018)	Water Fund (\$168)
Fire Levy (\$33,032)	Sewer Fund (\$5,960)
EMS Levy (\$47,300)	

The Village should monitor appropriations versus expenditures to help avoid overspending. Management agrees and will monitor appropriations and expenditures.

FINDING NUMBER 2003-OAKPC-03

Ohio Rev. Code Section 5705.39 states in part that total appropriations from each fund shall not exceed total estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During the year ended December 31, 2003, the following funds' appropriations exceeded total estimated resources:

<u>Special Revenue Funds</u>	<u>Enterprise Fund</u>	<u>Capital Projects Fund</u>
Street Maintenance (\$6,968)	Water Fund (\$7,402)	Infrastructure (\$8,500)
Police Levy (\$56,840)		
Mayor's Court Computer (\$366)		

The Village should monitor appropriations versus estimated resources to help avoid overspending. Management agrees and will monitor appropriations.

VILLAGE OF OAKWOOD
PAULDING COUNTY

SCHEDULE OF FINDINGS - CONTINUED
December 31, 2003

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - CONTINUED
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FINDING NUMBER 2003-OAKPC-04

Material Weakness

A necessity in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records agree. A bank reconciliation means accounting for the differences between the balances on the bank statement(s) and the cash and investment balances according to the entity's records. This process involves reconciling the bank balance to the cash and investment balance. For all of 2003, the Village did not reconcile their bank accounts.

Without complete and accurate monthly bank reconciliations, the Village's internal control is weakened, which could hinder the detection of errors or irregularities by the Village's management in a timely manner.

The Village should perform monthly bank reconciliations in a timely manner. Also, a copy of each monthly bank reconciliation and the listing of outstanding checks should be filed in the bank activity folder along with the bank statements and supporting documents for the applicable month, and the Village Council should sign and date the bank reconciliations to indicate that they have been reviewed.

Management intends to start performing monthly bank reconciliations.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2003**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2002-001	Overpayment to North Central Ambulance Sales	Yes	Overpayment repaid to the Village.
2002-002	Overpayment of the Village Clerk's Salary	Yes	Village Council passed an ordinance increasing the Village Clerk's salary to \$21,000.
2002-003	All money paid into any fund shall be used only for the purpose for which such fund is established	Yes	The special assessment was credited to the proper fund.
2002-004	Proper certification of funds prior to disbursement	No	Not Corrected-See Finding 2003-OAKPC-01
2002-005	Disbursement in excess of Appropriations	No	Not Corrected-See 2003-Finding OAKPC-02
2002-006	The Village's bank has pledged collateral in excess of the Village's depository balance	Yes	Collateral pledged is in excess of the Village's depository balance.
2002-007	Income Tax was allocated to the proper fund based on the net income tax collected	Yes	Income tax was properly allocated.



**Auditor of State
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VILLAGE OF OAKWOOD

PAULDING 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
JUNE 08, 2006**