



**Auditor of State
Betty Montgomery**

VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY

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**Auditor of State
Betty Montgomery**

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 15, 2005

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

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, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 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, 2004, or its changes in financial position for the year 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, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 15, 2005, 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 audit.



Betty Montgomery
Auditor of State

July 15, 2005

**VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<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	\$30,327	\$29,196	\$0	\$59,523
Intergovernmental Receipts	42,202	45,324	396,400	483,926
Charges for Services	0	37,297	0	37,297
Fines, Licenses, and Permits	1,029	0	0	1,029
Earnings on Investments	5,187	652	0	5,839
Miscellaneous	5,398	1,000	0	6,398
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	84,143	113,469	396,400	594,012
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
Security of Persons and Property	33,428	37,507	0	70,935
Public Health Services	2,178	0	0	2,178
Leisure Time Activities	13,576	0	0	13,576
Community Environment	360	0	0	360
Transportation		14,014	0	14,014
General Government	34,647	0	0	34,647
Debt Service:				
Principal Payments	0	18,203	0	18,203
Interest Payments	0	607	0	607
Capital Outlay	0	24,700	396,400	421,100
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	84,189	95,031	396,400	575,620
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(46)	18,438	0	18,392
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing (Disbursements):				
Transfers-Out	(110)	0	0	(110)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing (Disbursements)	(110)	0	0	(110)
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(156)	18,438	0	18,282
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	111,491	171,765	0	283,256
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$111,335	\$190,203	\$0	\$301,538
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$691	\$7,519	\$29,597	\$37,807
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The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY
AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$647,963	\$0	\$647,963
Miscellaneous	0	5,340	5,340
Total Operating Cash Receipts	647,963	5,340	653,303
Operating Cash Disbursements:			
Personal Services	89,947	0	89,947
Fringe Benefits	39,119	0	39,119
Contractual Services	312,598	0	312,598
Supplies and Materials	20,196	0	20,196
Other Operating Cash Disbursements	8,752	0	8,752
Capital Outlay	233,629	0	233,629
Total Operating Cash Disbursements	704,241	0	704,241
Operating Income/(Loss)	(56,278)	5,340	(50,938)
Non-Operating Cash Receipts:			
Intergovernmental Receipts	3,737	0	3,737
Proceeds from Notes	3,737	0	3,737
Other Non-Operating Receipts	237	0	237
Total Non-Operating Cash Receipts	7,711	0	7,711
Non-Operating Cash Disbursements:			
Debt Service:			0
Principal Payments	51,818	0	51,818
Interest Payments	91,072	0	91,072
Total Non-Operating Cash Disbursements	142,890	0	142,890
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(191,457)	5,340	(186,117)
Transfers-In	110	0	110
Net Receipts Over/(Under) Disbursements	(191,347)	5,340	(186,007)
Fund Cash Balances, January 1	667,051	0	667,051
Fund Cash Balances, December 31	\$475,704	\$5,340	\$481,044
Reserve for Encumbrances, December 31	\$93,148	\$5,340	\$98,488

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

**VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<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	\$31,856	\$29,837	\$0	\$61,693
Intergovernmental Receipts	70,925	44,821	10,791	126,537
Charges for Services		34,525	0	34,525
Fines, Licenses, and Permits	1,510	0	0	1,510
Earnings on Investments	7,375	573	0	7,948
Miscellaneous	8,615	0	0	8,615
Total Cash Receipts	<u>120,281</u>	<u>109,756</u>	<u>10,791</u>	<u>240,828</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	29,593	41,605	0	71,198
Public Health Services	2,071	0	0	2,071
Leisure Time Activities	12,417	0	0	12,417
Community Environment	810	0	0	810
Transportation	0	56,401	0	56,401
General Government	42,830	0	0	42,830
Debt Service:				
Principal Payments	0	6,502	0	6,502
Interest Payments	0	2,220	0	2,220
Capital Outlay	0	26,160	10,791	36,951
Total Cash Disbursements	<u>87,721</u>	<u>132,888</u>	<u>10,791</u>	<u>231,400</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>32,560</u>	<u>(23,132)</u>	<u>0</u>	<u>9,428</u>
Other Financing(Disbursements):				
Transfers-Out	<u>(2,456)</u>	<u>0</u>	<u>0</u>	<u>(2,456)</u>
Total Other Financing (Disbursements)	<u>(2,456)</u>	<u>0</u>	<u>0</u>	<u>(2,456)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	30,104	(23,132)	0	6,972
Fund Cash Balances, January 1	<u>81,387</u>	<u>194,897</u>	<u>0</u>	<u>276,284</u>
Fund Cash Balances, December 31	<u>\$111,491</u>	<u>\$171,765</u>	<u>\$0</u>	<u>\$283,256</u>
Reserves for Encumbrances, December 31	<u>\$140</u>	<u>\$2,105</u>	<u>\$185,743</u>	<u>\$187,988</u>

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

**VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY
AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$585,949	\$0	\$585,949
Miscellaneous	0	18,000	18,000
Total Operating Cash Receipts	585,949	18,000	603,949
Operating Cash Disbursements:			
Personal Services	90,557	0	90,557
Fringe Benefits	37,544	0	37,544
Contractual Services	266,059	0	266,059
Supplies and Materials	22,404	0	22,404
Other Operating Cash Disbursements	7,715	18,000	25,715
Capital Outlay	3,260	0	3,260
Total Operating Cash Disbursements	427,539	18,000	445,539
Operating Income	158,410	0	158,410
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	69	0	69
Total Non-Operating Cash Receipts	69	0	69
Non-Operating Cash Disbursements:			
Debt Service:			0
Principal Payments	49,778	0	49,778
Interest Payments	93,713	0	93,713
Total Non-Operating Cash Disbursements	143,491	0	143,491
Excess of Receipts Over Disbursements Before Interfund Transfers	14,988	0	14,988
Transfers-In	2,456	0	2,456
Net Receipts Over Disbursements	17,444	0	17,444
Fund Cash Balances, January 1	649,607	0	649,607
Fund Cash Balances, December 31	\$667,051	\$0	\$667,051
Reserve for Encumbrances, December 31	\$201,796	\$0	\$201,796

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

**VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

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 the 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 water, sewer and gas utilities, park operations, and fire protection services. The Village contracts with the Pickaway County Sheriff's department to provide security of persons and property. The Village provides fire protection services to Jackson Township, Monroe Township, Muhlenberg Township and Wayne Township, all located within Pickaway County.

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. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash

The Village values certificates of deposit at cost.

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 for the Village. It is used to report 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 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 WILLIAMSPORT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Fund- This fund receives the Village's fire levy tax monies, which are used for the fire protection services.

Joint Fire Fund- This fund receives monies from fire contracts for the operation and maintenance of the joint fire department.

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 Water Tower Replacement Fund – This fund receives intergovernmental receipts from the Ohio Public Works Commission for the construction of a new Water Tower for the Village's water utility.

FEMA Fire Truck Grant – This fund receives intergovernmental receipts from the Federal Emergency Management Association for the purchase of a new fire truck for the fire department.

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

Water Tower Fund- This fund is utilized to pay the construction costs for the new water tower.

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

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

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**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Fiduciary Fund (Agency Fund)

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

Fire Destruction Deposit Fund (Agency)- This fund houses the insurance proceeds provided to the Village as deposit for repairing fire damaged properties as required by Village ordinance.

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 level of control, and appropriations may not exceed estimated resources. 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

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.

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.

**VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH

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

	2004	2003
Demand deposits	\$762,582	\$930,307
Certificates of deposit	20,000	20,000
Total deposits	\$782,582	\$950,307

Deposits: Deposits are (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2004 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$69,372	\$84,143	\$14,771
Special Revenue	103,265	113,469	10,204
Capital Projects	444,212	396,400	(47,812)
Enterprise	755,200	655,784	(99,416)
Fiduciary	5,340	5,340	0
Total	\$1,377,389	\$1,255,136	(\$122,253)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,140	\$84,990	\$65,150
Special Revenue	200,605	102,550	98,055
Capital Projects	444,211	425,997	18,214
Enterprise	1,127,495	940,279	187,216
Fiduciary	5,340	5,340	0
Total	\$1,927,791	\$1,559,156	\$368,635

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,600	\$120,281	\$49,681
Special Revenue	106,971	109,756	2,785
Capital Projects	225,000	10,791	(214,209)
Enterprise	595,813	588,474	(7,339)
Fiduciary	18,000	18,000	0
Total	\$1,016,384	\$847,302	(\$169,082)

**VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$149,157	\$90,317	\$58,840
Special Revenue	192,778	134,993	57,785
Capital Projects	225,000	196,534	28,466
Enterprise	953,149	772,826	180,323
Fiduciary	18,000	18,000	0
Total	\$1,538,084	\$1,212,670	\$325,414

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Farmer's Home Administration (Revenue Bonds-Sewer)	\$263,000	5.00%
Ohio Public Works Commission-Water	52,500	0.00%
Ohio Public Works Commission-Sewer	3,737	0.00%
Ohio Water Development Authority-Water Loan	1,142,748	6.11%
Ohio Water Development Authority-Sewer Loan	94,277	5.66%
Total	\$1,556,262	

The Ohio Water Development Authority (OWDA) loans relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency, which included the drilling of several new wells. The loans are to be paid in semi-annual installments of \$52,416 and \$4,054 respectively, through 2023 and 2024. These loans are to be repaid by user charges to consumers who use the system.

**VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. DEBT (Continued)

The Farmer's Home Administration Revenue Bonds were initiated for the construction of the waste water treatment plant in 1982 in the amount of \$431,000. These bonds are repaid in annual installments until 2018. The debt is to be repaid by user charges to consumers that use the sewer system.

The Ohio Public Works Commission (OPWC) Water Loan provided additional assistance for the water plant expansion project. The Village received \$320,000 in 1995 to be repaid over 20 years in semi-annual installments. This loan is to be repaid by user charges to consumers who use the system.

The Ohio Public Works Commission (OPWC) Sewer Loan is providing assistance for construction of new Sand Beds for the Village's sewer system. OPWC has approved a maximum loan amount of \$43,500 to the Village for this project. The Village as of December 31, 2004 has only drawn \$3,737 of the \$43,500 eligible under this loan. The loan will be repaid in semiannual installments effective July 1, 2005, over 20 years with the final installment payable on January 1, 2025. The debt is to be repaid by user charges to consumers that use the system. The Village must set rates in an amount that guarantees repayment of the debt construction. This project has not been completed as of this date of the report and once completed the repayment schedule will be finalized. However the repayment schedule noted below assumes the Village will receive the total amount eligible under this loan agreement. This loan is to be a zero percentage interest rate for the life of the loan. The above amounts include expenditures of the amount of construction as of December 31, 2004.

Amortization of the above debt, including interest, follows:

Year ending December 31:	FmHA Sewer	OPWC Water	OWDA Water	OWDA Sewer	OPWC Sewer
2005	\$27,150	\$4,200	\$104,832	\$8,108	\$2,175
2006	27,450	4,200	104,832	8,108	2,175
2007	26,700	4,200	104,832	8,108	2,175
2008	25,950	4,200	104,832	8,108	2,175
2009	26,200	4,200	104,832	8,108	2,175
2010-2014	133,000	21,000	524,160	40,540	10,875
2015-2019	104,800	10,500	524,160	40,540	10,875
2020-2025	0	0	366,912	36,486	10,875
Total	<u>\$371,250</u>	<u>\$52,500</u>	<u>\$1,939,392</u>	<u>\$158,106</u>	<u>\$43,500</u>

**VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

7. RISK POOL MEMBERSHIP

The Village, until June 30, 2004, belonged to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective local government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004 and 2003 (the latest information available):

**VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. RISK POOL MEMBERSHIP(Continued)

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,547,049	\$25,288,098
Liabilities	<u>(16,989,918)</u>	<u>(12,872,985)</u>
Retained earnings	<u>\$13,557,131</u>	<u>\$12,415,113</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$3,652,970	\$3,158,813
Liabilities	<u>(544,771)</u>	<u>(792,061)</u>
Retained earnings	<u>\$3,108,199</u>	<u>\$2,366,752</u>

Effective July 1, 2004, the Village 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 INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

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, 2004, and December 31, 2003, and have issued our report thereon dated July 15, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

A material weakness is a reportable 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 material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Village's management dated July 15, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated July 15, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

July 15, 2005

VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

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

Finding Number	2004-001
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Reportable Condition

Utility System Standing Data

The Village's "standing" data file for the Utility Department contains each customers name, address, account number, telephone number, service provided and billing 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 not been limited to a specific user other than those performing the daily operation activities (consumption, billings and payment postings) of the Utility Department. The two employees with access to the computer have access to the standing data file and can modify any information contained therein without any management oversight.

This weakness could permit the manipulation of standing data resulting in errors and irregularities. Standing data file access should be limited to one specific employee, with management oversight to ensure modifications are properly authorized before files are changed.

We recommend the Village limit access to the standing data file to an individual other than those performing the daily operation of the utility department and management authorize any modification before it is made.

**VILLAGE OF WILLIAMSPORT
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Inadequate segregation of duties within the Utility Department	No	Partially corrected. Reissued in the Management Letter
2002-002	Failure to limit access to standing data for the Utility Department billing system	No	Reissued as finding 2004-001



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

**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
AUGUST 30, 2005**