

**VILLAGE OF WOODSFIELD
MONROE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007



Mary Taylor, CPA

Auditor of State

Village Council
Village of Woodsfield
221 South Main Street
Woodsfield, Ohio 43793

We have reviewed the *Independent Accountants' Report* of the Village of Woodsfield, Monroe County, prepared by Knox & Knox, for the audit period January 1, 2007 through December 31, 2008. 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 Accountants' 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 Accountants' 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 Woodsfield is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 4, 2009

This page is intentionally left blank.

**VILLAGE OF WOODSFIELD
MONROE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the year ended December 31, 2008.	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type and Similar Fiduciary Fund For the year ended December 31, 2008.	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the year ended December 31, 2007.	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Type and Similar Fiduciary Fund For the year ended December 31, 2007.	6
Notes to the Financial Statements.	7
Independent Accountants' Report on Compliance and on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	16
Schedule of Findings.	18
Schedule of Prior Audit Findings.	19

This page is intentionally left blank.

KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodsfield, Monroe County, Ohio, (the Village) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared its 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 accounting principles generally accepted in the United States of America, 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 years ended December 31, 2008 and 2007. In addition to the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements. 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 governments 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.

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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position and cash flows 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 of the Village of Woodsfield, Monroe County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements, and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

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 November 6, 2009, 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 do not opine on the internal control over financial reporting or on compliance, that reports 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 *Governmental Auditing Standards*. You should read it in conjunction with this report in considering the results of our audit.

Knox & Knox

Orrville, Ohio
November 6, 2009

VILLAGE OF WOODSFIELD
MONROE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
CASH RECEIPTS:						
Property and Other Local Taxes	\$48,973			\$77,783		\$126,756
Municipal Income Taxes	181,970	\$221,794		15,824		419,588
Intergovernmental Receipts	62,853	117,565	\$23,198			203,616
Charges for Services	138,142	112,424		7,330	\$28,345	286,241
Licenses, Permits, and Fees	14,785	225				15,010
Earnings on Investments	5,939				76,424	82,363
Special Assessments	200	517,000				517,200
Other				905		905
Total Cash Receipts	<u>452,862</u>	<u>969,008</u>	<u>23,198</u>	<u>101,842</u>	<u>104,769</u>	<u>1,651,679</u>
CASH DISBURSEMENTS:						
Current:						
Security of Persons & Property	302,140	24,855				326,995
Public Health Services	14,975	17,178			58,119	90,272
Transportation		264,746				264,746
Leisure Time Activities		87,436				87,436
General Government	208,597	27,456				236,053
Capital Outlay	16,500	530,207		104,795	11,273	662,775
Debt Service:						
Principal Payment		21,843	18,971	38,000		78,814
Interest Payments	296	2,552	4,227	754		7,829
Total Cash Disbursements	<u>542,508</u>	<u>976,273</u>	<u>23,198</u>	<u>143,549</u>	<u>69,392</u>	<u>1,754,920</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(89,646)</u>	<u>(7,265)</u>		<u>(41,707)</u>	<u>35,377</u>	<u>(103,241)</u>
OTHER FINANCING SOURCES (USES)						
Sale of Notes	70,047			38,000		108,047
Other Financing Sources (Uses)		1,303			(27,705)	(26,402)
Total Other Financing Sources (Uses)	<u>70,047</u>	<u>1,303</u>		<u>38,000</u>	<u>(27,705)</u>	<u>81,645</u>
Total Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	<u>(19,599)</u>	<u>(5,962)</u>		<u>(3,707)</u>	<u>7,672</u>	<u>(21,596)</u>
Fund Cash Balances, January 1	<u>34,813</u>	<u>195,692</u>		<u>\$48,890</u>	<u>1,466,606</u>	<u>1,746,001</u>
FUND CASH BALANCES, DECEMBER 31	<u>\$15,214</u>	<u>\$189,730</u>		<u>\$45,183</u>	<u>\$1,474,278</u>	<u>\$1,724,405</u>

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Agency	(Memorandum Only)
OPERATING CASH RECEIPTS:			
Charges for Services	\$3,049,108		\$3,049,108
Fines, Licenses, and Permits	2,228	21,865	24,093
Total Operating Cash Receipts	3,051,336	21,865	3,073,201
OPERATING CASH DISBURSEMENTS:			
Personal Services	526,537		526,537
Employee Fringe Benefits	196,509		196,509
Contractual Services	1,610,533		1,610,533
Supplies and Materials	386,802		386,802
Other	6,707	21,865	28,572
Total Operating Cash Disbursements	2,727,088	21,865	2,748,953
Operating Income (Loss)	324,248		324,248
NON-OPERATING CASH RECEIPTS (DISBURSEMENTS)			
Property and Other Local Taxes	94,567		94,567
Special Assessments	3,133		3,133
Sale of Notes	623,801		623,801
Miscellaneous Receipts	1,989		1,989
Debt Service:			
Principal	(213,423)		(213,423)
Interest	(72,399)		(72,399)
Capital Outlay	(574,226)		(574,226)
Other Sources (Uses)	19,259		19,259
Total Other Non-Operating Cash Receipts (Disbursements)	(117,299)		(117,299)
Net Receipts Over/(Under) Disbursements	206,949		206,949
Fund Cash Balances, January 1	532,944		532,944
FUND CASH BALANCES, DECEMBER 31	\$739,893		\$739,893
Reserves for Encumbrances, December 31	\$10,428		\$10,428

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
CASH RECEIPTS:						
Property and Other Local Taxes	\$50,365			\$78,669		\$129,034
Municipal Income Taxes	182,334	\$219,137		15,768		417,239
Intergovernmental Receipts	31,843	106,253	\$19,055			157,151
Charges for Services	135,350	70,093		8,280	\$79,615	293,338
Licenses, Permits, and Fees	17,898	1,480				19,378
Earnings on Investments	7,336				87,036	94,372
Special Assessments	309	157,631				157,940
Other	5,745	15,000				20,745
Total Cash Receipts	431,180	569,594	19,055	102,717	166,651	1,289,197
CASH DISBURSEMENTS:						
Current:						
Security of Persons & Property	290,262	10,665				300,927
Public Health Services	15,139	9,409			50,424	74,972
Transportation		244,431				244,431
Leisure Time Activities		67,059				67,059
General Government	134,982	30,534				165,516
Capital Outlay		222,117		24,546	13,151	259,814
Debt Service:						
Principal Payment	7,600	12,919	17,127	35,000	382	73,028
Interest Payments	584	3,133	1,928	890	40	6,575
Total Cash Disbursements	448,567	600,267	19,055	60,436	63,997	1,192,322
Total Cash Receipts Over/(Under) Cash Disbursements	(17,387)	(30,673)		42,281	102,654	96,875
OTHER FINANCING SOURCES (USES)						
Sale of Notes		39,452				39,452
Other Financing Sources (Uses)		3,494			(79,000)	(75,506)
Total Other Financing Sources (Uses)		42,946			(79,000)	(36,054)
Total Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	(17,387)	12,273		42,281	23,654	60,821
Fund Cash Balances, January 1	52,200	183,419		\$6,609	1,442,952	1,685,180
FUND CASH BALANCES, DECEMBER 31	\$34,813	\$195,692		\$48,890	\$1,466,606	\$1,746,001
Reserves for Encumbrances, December 31		\$267				\$267

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Agency	(Memorandum Only)
OPERATING CASH RECEIPTS:			
Charges for Services	\$2,779,205	\$21,129	\$2,800,334
Fines, Licenses, and Permits	2,602		2,602
Total Operating Cash Receipts	2,781,807	21,129	2,802,936
OPERATING CASH DISBURSEMENTS:			
Personal Services	482,000		482,000
Employee Fringe Benefits	199,617		199,617
Contractual Services	1,598,462		1,598,462
Supplies and Materials	307,468		307,468
Other	7,583	21,129	28,712
Total Operating Cash Disbursements	2,595,130	21,129	2,616,259
Operating Income (Loss)	186,677		186,677
NON-OPERATING CASH RECEIPTS (DISBURSEMENTS)			
Property and Other Local Taxes	97,044		97,044
Special Assessments	3,129		3,129
Sale of Notes	60,000		60,000
Capital Outlay	(10,000)		(10,000)
Debt Service:			
Principal	(160,727)		(160,727)
Interest and other fiscal charges	(89,938)		(89,938)
Other Financing Sources	47,545		47,545
Total Other Non-Operating Cash Receipts (Disbursements)	(52,947)		(52,947)
Net Receipts Over/(Under) Disbursements	133,730		133,730
Fund Cash Balances, January 1	399,214		399,214
FUND CASH BALANCES, DECEMBER 31	\$532,944		\$532,944

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Woodsfield, Monroe County, (the Village) is a body of corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water, sewer, and electric utilities, park operations, and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. Special revenue funds are as follows:

- Street Construction, Maintenance, and Repair
- State Highway
- Cemetery
- Parks and Recreation

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

D. Fund Accounting (continued)

2. Special Revenue Funds (continued)

- Income Tax
- Drug Law Enforcement
- Law Enforcement Trusts
- Enforcement and Education
- Permissive Sales Tax
- Fire Equipment Fund

3. Debt Service Fund

This debt service fund is used to account for proceeds restricted to debt service principal in interest.

4. Capital Projects Funds

These funds are used to account for resources to be used for the acquisition or construction of capital assets. The Village has the following significant Capital Projects Funds:

- Building Fund
- Firehouse Building Fund

5. Permanent Funds

These funds are used to account for resources in permanent trust funds. The Village has the following permanent trust funds:

- Bague Endowment Fund
- Cemetery Endowment Fund

6. Enterprise Funds

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

- Water
- Sewer
- Electric
- Parking

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

D. Fund Accounting (continued)

7. Fiduciary Fund Type

The Village had one agency fund (Mayor's Court). The agency fund is used to account for funds held by the Village in a trustee or agent capacity.

E. Budgetary Process

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Clerk by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or the Clerk identifies decreases in revenue. The amounts reported in the budgetary footnote reflect the amounts in the final amended certificates issued during 2008 and 2007.

Budget receipts, as shown in footnote number 5, do not include the unencumbered fund balances as of January 1, 2008 and 2007. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31, An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (continued)

3 Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is for each office, department, division, and within each of these the amounts appropriated for personal services..

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payment for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$1,395,013	\$1,394,154
Certificates of deposit	142,000	142,000
Total deposits	<u>1,537,013</u>	<u>1,536,154</u>
STAR Ohio	2,612	2,547
Mortgaged-backed securities	924,673	740,243
Total investments	<u>927,285</u>	<u>742,790</u>
Total Deposits and Investments	<u>\$2,464,298</u>	<u>\$2,278,944</u>

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

3. PROPERTY TAX

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 is due the following June 20.

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

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

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

4. LOCAL INCOME TAX

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

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

5. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

5. **BUDGETARY ACTIVITY** (continued)

Fund Type	2008 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$603,176	\$522,909	(\$80,267)
Special Revenue	1,047,095	970,311	(76,784)
Debt Service Fund	22,320	23,198	878
Capital Projects	105,800	139,842	34,042
Enterprise Funds	4,651,000	3,794,085	(856,915)
Permanent Funds	90,150	104,769	14,619
Total	<u>\$6,519,541</u>	<u>\$5,555,114</u>	<u>(\$964,427)</u>

Fund Type	2008 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$632,319	\$542,508	\$89,811
Special Revenue	1,184,808	976,203	208,605
Debt Service Fund	23,198	23,198	
Capital Projects	153,553	143,549	10,004
Enterprise Funds	4,752,578	3,597,564	1,155,014
Permanent Funds	205,833	97,097	108,736
Total	<u>\$6,952,289</u>	<u>\$5,380,119</u>	<u>\$1,572,170</u>

Fund Type	2007 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$463,092	\$431,180	(\$31,912)
Special Revenue	574,521	612,540	38,019
Debt Service Fund	17,088	19,055	1,967
Capital Projects	100,104	102,717	2,613
Enterprise Funds	2,706,750	2,989,525	282,775
Permanent Funds	59,613	166,651	107,038
Total	<u>\$3,921,168</u>	<u>\$4,321,668</u>	<u>\$400,500</u>

Fund Type	2007 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$514,567	\$448,567	\$66,000
Special Revenue	717,670	600,534	117,136
Debt Service Fund	19,055	19,055	
Capital Projects	97,819	60,436	37,383
Enterprise Funds	2,958,436	2,855,795	102,641
Permanent Funds	214,940	142,997	71,943
Total	<u>\$4,522,487</u>	<u>\$4,127,384</u>	<u>\$395,103</u>

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

5. BUDGETARY ACTIVITY (continued)

Contrary to Ohio Rev. Code Section 5705.39, as of December 2008 and 2007, appropriations exceeded estimated resources in the Debt Service Fund type.

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contributions rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. For 2008 and 2007 OPERS participants contributed 10% and 9.5% of their gross salaries, respectively. The Village contributed an amount equal to 14% (2008) and 13.75% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

7. DEBT

Debt outstanding as of December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commissions Loans	349,101	0.00% - 2.00%
General Obligation Notes	226,315	4.00% - 5.85%
Mortgage Revenue Bonds	124,531	2.39%
Bond Anticipation Notes	720,000	6.00%
Ohio Water Development Authority	860,215	2.00% - 4.50%
	<u>\$2,280,162</u>	

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

The general obligation notes were issued to finance the purchase of various equipment, renovations to the Village swimming pool and to purchase vehicles, backhoes, and mowers. The notes are collateralized by the Village's taxing authority.

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

The bond anticipation notes relate to an electric system improvement project between the Village and American Power-Ohio, Inc. The notes pertaining to the electric system improvements were originally issued for \$1,000,000. The balance on these notes will be repaid from electric receipts and have been issued for one year.

The Ohio Water Development Authority loan was obtained to finance the Route 78 sewer line expansion project.

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

7. **DEBT** (continued)

Year ending December 31:	Payment	Principal	Interest
2009	\$302,529	\$226,400	\$76,129
2010	308,304	237,034	71,270
2011	219,900	157,086	62,815
2012	206,865	156,719	50,146
2013	191,022	146,130	44,891
2014-2018	792,475	643,644	148,832
2019-2023	374,061	300,881	73,181
2024-2028	222,253	190,014	32,239
2029-2033	129,023	111,734	17,289
2034-2038	116,121	110,521	5,599
	<u>\$2,862,553</u>	<u>\$2,280,162</u>	<u>\$582,390</u>

8. **RISK MANAGEMENT**

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

9. **CONTINGENCIES**

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

This page is intentionally left blank.

KNOX & KNOX

Accountants and Consultants

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodsfield, Monroe County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated November 6, 2009, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Village's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine 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.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we did note other matters that we communicated to the Village's management in a separate letter dated November 6, 2009.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Village's basic 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 one instance of noncompliance that we must report under *Government Auditing Standards* and is shown in the accompanying schedule as Finding 2008-01. We did not audit the Village of Woodsfield's response, and accordingly, we express no opinion on it.

We also noted a certain noncompliance that we reported to the Village's management in a separate letter dated November 6, 2009.

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

KNOX & KNOX

Orrville, Ohio
November 6, 2009

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-01

Noncompliance Citation

Ohio Revised Code Section 135.14(0) (1) provides that investments under Section 135.14 can not be made unless a written investment policy approved by the treasurer or governing board is on file with the Auditor of State, with the following exceptions, found in Sections 135.14(0) (2) and (0) (3), respectively.

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

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

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

Client response: The Village enacted and filed an investment policy with the Auditor of State in January 2009.

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-01	The Village did not have an investment policy, even though its investments were other than those allowed by the Ohio Revised Code without an approved investment policy.	NO	Not Corrected: This is repeated in the Schedule of Findings as item 2008-01.
2006-02	The Village had expenditures in excess of appropriations	YES	Finding is no longer valid.



Mary Taylor, CPA
Auditor of State

VILLAGE OF WOODSFIELD

MONROE 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
DECEMBER 17, 2009**