



**VILLAGE OF OAKWOOD
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF OAKWOOD
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Oakwood
Paulding County
228 North First Street
P.O. Box 457
Oakwood, Ohio 45873-0457

To the Village Council:

We have audited the accompanying financial statements of the Village of Oakwood, Paulding County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 9, 2000

**VILLAGE OF OAKWOOD
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<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	\$120,964	\$52,631		\$173,595
Special Assessments		15,492		15,492
Intergovernmental Receipts	26,679	31,321	\$34,828	92,828
Charges for Services		62,618		62,618
Fines, Licenses, and Permits	14,875			14,875
Earnings on Investments	14,495	219		14,714
Miscellaneous	1,112	3,493		4,605
	<u>178,125</u>	<u>165,774</u>	<u>34,828</u>	<u>378,727</u>
Cash Disbursements:				
Current:				
Security of Persons and Property		121,390		121,390
Leisure Time Activities		6,194		6,194
Transportation		20,704		20,704
General Government	53,343			53,343
Capital Outlay	47,817	51,091	64,379	163,287
	<u>101,160</u>	<u>199,379</u>	<u>64,379</u>	<u>364,918</u>
Total Receipts Over/(Under) Disbursements	<u>76,965</u>	<u>(33,605)</u>	<u>(29,551)</u>	<u>13,809</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		30,000	44,908	74,908
Transfers-Out	(79,908)			(79,908)
Total Other Financing Receipts/(Disbursements)	<u>(79,908)</u>	<u>30,000</u>	<u>44,908</u>	<u>(5,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,943)	(3,605)	15,357	8,809
Fund Cash Balances, January 1	<u>126,085</u>	<u>173,975</u>	<u>29,823</u>	<u>329,883</u>
Fund Cash Balances, December 31	<u>\$123,142</u>	<u>\$170,370</u>	<u>\$45,180</u>	<u>\$338,692</u>

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

**VILLAGE OF OAKWOOD
 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, 1999**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$163,650		\$163,650
Miscellaneous	2,161		2,161
	<u>165,811</u>		<u>165,811</u>
Operating Cash Disbursements:			
Personal Services	50,858		50,858
Fringe Benefits	17,557		17,557
Contractual Services	19,443		19,443
Supplies and Materials	14,910		14,910
Miscellaneous	1,427		1,427
Capital Outlay	4,685		4,685
	<u>108,880</u>		<u>108,880</u>
Operating Income	<u>56,931</u>		<u>56,931</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		\$20,051	20,051
Non-Operating Cash Disbursements:			
Debt Service	65,719		65,719
Other Non-Operating Cash Disbursements		20,581	20,581
	<u>65,719</u>	<u>20,581</u>	<u>86,300</u>
Excess of Disbursements over Receipts Before Interfund Transfers	(8,788)	(530)	(9,318)
Transfers-In	<u>5,000</u>		<u>5,000</u>
Net Disbursements Over Receipts	(3,788)	(530)	(4,318)
Fund Cash Balances, January 1	<u>207,337</u>	<u>2,630</u>	<u>209,967</u>
Fund Cash Balances, December 31	<u>203,549</u>	<u>2,100</u>	<u>205,649</u>

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

**VILLAGE OF OAKWOOD
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<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	\$99,799	\$43,729		\$143,528
Special Assessments		12,051		12,051
Intergovernmental Receipts	39,516	24,293		63,809
Charges for Services		60,074		60,074
Fines, Licenses, and Permits	17,191			17,191
Earnings on Investments	13,454	267		13,721
Miscellaneous	1,584	10,321	\$3,000	14,905
	<u>171,544</u>	<u>150,735</u>	<u>3,000</u>	<u>325,279</u>
Cash Disbursements:				
Current:				
Security of Persons and Property		98,061		98,061
Leisure Time Activities		3,883		3,883
Transportation		17,954		17,954
General Government	38,530			38,530
Capital Outlay	1,696	12,343	24,318	38,357
	<u>40,226</u>	<u>132,241</u>	<u>24,318</u>	<u>196,785</u>
Total Receipts Over/(Under) Disbursements	<u>131,318</u>	<u>18,494</u>	<u>(21,318)</u>	<u>128,494</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		30,000	39,573	69,573
Advances-In		10,800		10,800
Transfers-Out	(69,573)			(69,573)
Advances-Out	(10,800)			(10,800)
	<u>(80,373)</u>	<u>40,800</u>	<u>39,573</u>	<u></u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	50,945	59,294	18,255	128,494
Fund Cash Balances January 1	<u>75,140</u>	<u>114,681</u>	<u>11,568</u>	<u>201,389</u>
Fund Cash Balances, December 31	<u>\$126,085</u>	<u>\$173,975</u>	<u>\$29,823</u>	<u>\$329,883</u>

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

**VILLAGE OF OAKWOOD
 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, 1998**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$158,831		\$158,831
Miscellaneous	2,446		2,446
	<u>161,277</u>		<u>161,277</u>
Operating Cash Disbursements:			
Personal Services	41,940		41,940
Fringe Benefits	13,010		13,010
Contractual Services	21,931		21,931
Supplies and Materials	28,870		28,870
Miscellaneous	965		965
Capital Outlay	1,880		1,880
	<u>108,596</u>		<u>108,596</u>
Operating Income	<u>52,681</u>		<u>52,681</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	2,873		2,873
Other Non-Operating Receipts		20,416	20,416
	<u>2,873</u>	<u>20,416</u>	<u>23,289</u>
Non-Operating Cash Disbursements:			
Debt Service	60,431		60,431
Other Non-Operating Cash Disbursements		19,146	19,146
	<u>60,431</u>	<u>19,146</u>	<u>79,577</u>
Net Receipts Over/(Under) Disbursements	(4,877)	1,270	(3,607)
Fund Cash Balances, January 1	<u>212,214</u>	<u>1,360</u>	<u>213,574</u>
Fund Cash Balances, December 31	<u><u>\$207,337</u></u>	<u><u>\$2,630</u></u>	<u><u>\$209,967</u></u>

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

**VILLAGE OF OAKWOOD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Oakwood, Paulding County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), fire, EMS 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 and Investments

Certificates of deposit are valued 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

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.

VILLAGE OF OAKWOOD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

Fire Levy Fund - This fund receives revenues from property taxes to provide fire services to Village residents. Additional revenues are derived from fire contracts with surrounding Townships and Villages to provide fire services to their residents, as well.

3. Capital Project Funds

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

Capital Improvements Fund - Receives 40% of the Village income tax for the purpose of acquisition or construction of major capital projects.

4. Enterprise Funds

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

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.

Sewer Bond Retirement Fund - Receives charges for services from residents to retire a Rural Economic and Community Development Services (RECDs) loan.

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Agency Fund - This fund accounts for payments from Mayor's court cases. Mayor's court fines and fees are distributed monthly to the Village General Fund or the State Treasury, as appropriate.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**VILLAGE OF OAKWOOD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

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>1999</u>	<u>1998</u>
Demand deposits	\$324,341	\$372,850
Certificates of deposit	<u>220,000</u>	<u>167,000</u>
Total deposits	<u>\$544,341</u>	<u>\$539,850</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

VILLAGE OF OAKWOOD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$163,386	\$178,125	\$14,739
Special Revenue	197,135	195,774	(1,361)
Capital Projects	261,631	79,736	(181,895)
Enterprise	164,149	170,811	6,662
Total	<u>\$786,301</u>	<u>\$624,446</u>	<u>(\$161,855)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$198,743	\$181,068	\$17,675
Special Revenue	231,412	199,379	32,033
Capital Projects	77,828	64,379	13,449
Enterprise	186,375	174,599	11,776
Total	<u>\$694,358</u>	<u>\$619,425</u>	<u>\$74,933</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$172,794	\$171,544	(\$1,250)
Special Revenue	208,137	180,735	(27,402)
Capital Projects	38,773	42,573	3,800
Enterprise	181,995	164,150	(17,845)
Total	<u>\$601,699</u>	<u>\$559,002</u>	<u>(\$42,697)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$133,406	\$109,799	\$23,607
Special Revenue	179,352	132,241	47,111
Capital Projects	40,000	24,318	15,682
Enterprise	188,410	169,027	19,383
Total	<u>\$541,168</u>	<u>\$435,385</u>	<u>\$105,783</u>

4. COMPLIANCE

In most instances the Village does not certify the availability of funds as required by Ohio Revised Code § 5705.41(D).

**VILLAGE OF OAKWOOD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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 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.

6. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Rural Economic and Community Development Services Loan	\$1,025,431	4.875%
Ohio Public Works Commission	154,058	0%
Ohio Water Development Authority Loan	65,000	5.77%
Total	<u>\$2,499,970</u>	

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 sewage collection, treatment, and disposal system. The Village will make annual payments to RECDS through the year 2036.

The Ohio Water Development Authority (OWDA) loan and Ohio Public Works Loan (OPWC) relates to a water plant filtration project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved \$65,000 and OPWC has approved \$154,058 in loans to the Village for this project. The loans will be repaid in semiannual installments to OPWC until 2019 and OWDA until 202 with initial payments starting in 2000. As of December 31, 1999 the Village had drawn \$34,828 from the OPWC loan and \$592 from the OWDA loan.

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

VILLAGE OF OAKWOOD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

Year ending December 31:	OPWC Loan	OWDA Loan	RECDS Loan
2000	\$7,703	\$4,661	\$59,990
2001	7,703	5,551	60,502
2002	7,703	5,551	59,966
2003	7,703	5,551	60,430
2004	7,703	5,551	59,845
Subsequent	<u>115,543</u>	<u>86,033</u>	<u>1,932,281</u>
Total	<u>\$154,058</u>	<u>\$112,898</u>	<u>\$2,233,014</u>

The Village entered into a lease purchase agreement with General Motors Acceptance Corporation (GMAC) on December 20, 1999 for the lease/purchase of a new dump truck. Payment schedule is three years (\$13,306.40 due annually) and at the end of the lease, the Village has the option to purchase the truck for \$1.00.

7. RETIREMENT SYSTEMS

The Village's Police Chief belongs to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

8. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- Comprehensive liability
- Vehicle
- Building and Contents
- Wrongful Acts
- Law Enforcement
- EDP
- Inland marine
- Crime Coverage
- Employee Blanket Bond

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

**VILLAGE OF OAKWOOD
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

9. CONTRACTS OUTSTANDING

The Village entered into a contract with Artesian of Pioneer, Inc. for the construction of a water treatment plant in 1999. The total contract awarded was \$204,800 and in 1999, the Village paid \$35,420 to the contractor. The amount outstanding at December 31, 1999 was \$169,380.

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STATE OF OHIO
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Oakwood
Paulding County
228 North First Street
P.O. Box 457
Oakwood, Ohio 45873-0457

To the Village Council:

We have audited the accompanying financial statements of the Village of Oakwood, Paulding County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 9, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-30263-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 9, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 9, 2000.

Village of Oakwood
Paulding County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 9, 2000

**VILLAGE OF OAKWOOD
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30263-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

Seventy-one percent of the transactions tested did not include prior certification or a then and now certification from the Clerk.

Certification is not only required by Ohio law but is also a key control in the disbursement process to help assure that purchase commitments receive prior approval and to help reduce the possibility of Village funds being over expended. To improve controls over disbursements it is recommended that all Village disbursements receive prior certification of the Clerk and that the Village Council periodically review the expenditures made to ensure they are properly certified by the Clerk and recorded against appropriations.



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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
AUGUST 29, 2000**