

VILLAGE OF OAKWOOD

PAULDING COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2008 & 2007

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



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Oakwood, Paulding County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 Oakwood is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 29, 2009

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VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Audit Report
For the Years ended December 31, 2008 & 2007

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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 (Village), Paulding County, Ohio for the years ended December 31, 2008 & 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.

Except as discussed in the following paragraph, 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. We believe that our audit provides a reasonable basis for our opinion.

During 2004, the Village did not reconcile their book balances per their banks to the Village records. In December 2004, the Village made an adjustment in the amount of \$111,237 in the General Fund due to the bank failure in 2002 in order for the book balances to equal the 2004 Village's balances. Adequate documentation could not be provided to support this adjustment. Also, the 2001-2002 audit required adjustments to the Special Revenue, Enterprise and Agency Funds, however, these adjusting journal entries were never made. The Village did not make the proper January 1, 2007 fund balance adjustments in the current audit period.

Also, the Village made transfers of \$40,000 from Special Revenue Funds to the General Fund to attempt to correct the above adjustments. These transfers had no substantiation and were not made in accordance with Ohio Revised Code requirements. The Village did not reverse these transfers.

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 years ended December 31, 2008 & 2007. Instead of the combined funds the accompanying financial statements present for 2008 & 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 & 2007. 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. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the 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 years ended December 31, 2008 & 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 & 2007, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves regarding the beginning and ending fund balances or the improper transfers, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Oakwood, Paulding County, as of December 31, 2008 & 2007, and its combined cash receipts and disbursements and changes in fund cash balances 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 years ended December 31, 2008 & 2007. 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 May 1, 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, 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 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.

Charles E. Harris & Associates, Inc.
May 1, 2009

**VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2008**

	Governmental Fund Types			(Memorandum)
	General	Special Revenue	Capital Projects	Only) Total
CASH RECEIPTS:				
Property and Other Local Taxes	\$ 83,668	\$ 62,105	\$ 43,118	\$ 188,891
Intergovernmental Receipts	7,669	67,637	-	75,306
Charges for Services	-	108,297	-	108,297
Fines, Licenses, and Permits	15	2,252	-	2,267
Earnings on Investments	8,219	-	-	8,219
Miscellaneous	5,729	15,295	217	21,241
Total Cash Receipts	105,300	255,586	43,335	404,221
CASH DISBURSEMENTS:				
Current:				
Security of Persons and Property	-	169,984	-	169,984
Leisure Time Activities	-	13,284	-	13,284
Transportation	-	19,352	-	19,352
General Government	90,145	2,281	1,670	92,426
Capital Outlay	-	233,912	32,408	266,320
Debt Service:				
Principal Payments	-	121,718	14,376	136,094
Interest Payments	-	21,931	1,985	23,916
Total Cash Disbursements	90,145	582,462	50,439	723,046
Cash Receipts Over/(Under) Cash Disbursements	15,155	(326,876)	(7,104)	(318,825)
Other Financing Sources (Uses)				
Transfers In	-	35,000	-	35,000
Transfers Out	(35,000)	-	-	(35,000)
Total Other Financing Sources (Uses)	(35,000)	35,000	-	-
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	(19,845)	(291,876)	(7,104)	(318,825)
Fund Cash Balance, January 1, 2008	46,661	514,747	81,402	642,810
Fund Cash Balance, December 31, 2008	\$ 26,816	\$ 222,871	\$ 74,298	\$ 323,985

See Accompanying Notes to the Financial Statements

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
For the Year Ended December 31, 2008

	Proprietary Fund Types	Fiduciary Fund Type	(Memorandum Only) Total
	Enterprise	Agency	
OPERATING CASH RECEIPTS:			
Charges for Services	\$ 188,623	-	\$ 188,623
Fees, License and Permits	125	-	125
Miscellaneous	2,917	-	2,917
Total Operating Cash Receipts	191,665	-	191,665
OPERATING CASH DISBURSEMENTS:			
Personal Services	61,403	-	61,403
Transportation	1,338	-	1,338
Supplies and Materials	8,854	-	8,854
Contractual Services	46,021	-	46,021
Capital Outlay	427	-	427
Total Operating Cash Disbursements	118,043	-	118,043
Operating Income (Loss)	73,622	-	73,622
NON OPERATING CASH RECEIPTS (DISBURSEMENTS)			
Debt Service:			
Principal Payments	(16,126)	-	(16,126)
Interest Payments	(45,414)	-	(45,414)
Other Non-Operating Cash Receipts	2,773	\$ 5,997	8,770
Other Non-Operating Cash Disbursements	(229)	(5,997)	(6,226)
Total Non Operating Cash Receipts (Disbursements)	(58,996)	-	(58,996)
Excess of Cash Receipts Over/(Under) Cash Disbursements	14,626	-	14,626
Fund Cash Balance, January 1, 2008	104,177	-	104,177
Fund Cash Balance, December 31, 2008	\$ 118,803	\$ -	\$ 118,803

See Accompanying Notes to the Financial Statements

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2007

	Governmental Fund Types			(Memorandum)
	General	Special Revenue	Capital Projects	Only) Total
CASH RECEIPTS:				
Property and Other Local Taxes	\$ 89,197	\$ 63,521	\$ 36,753	\$ 189,471
Intergovernmental Receipts	9,187	30,556	-	39,743
Charges for Services	-	101,535	-	101,535
Fines, Licenses, and Permits	60	2,198	-	2,258
Earnings on Investments	10,949	-	-	10,949
Donations	-	397,341	-	397,341
Miscellaneous	43,997	21,817	-	65,814
Total Cash Receipts	153,390	616,968	36,753	807,111
CASH DISBURSEMENTS:				
Current:				
Security of Persons and Property	-	239,374	-	239,374
Leisure Time Activities	-	1,496	-	1,496
Transportation	-	31,645	-	31,645
General Government	109,204	8,158	6,287	117,362
Capital Outlay	-	27,173	29,336	56,509
Debt Service:				
Principal Payments	-	14,865	12,993	27,858
Interest Payments	-	30,643	2,021	32,664
Total Cash Disbursements	109,204	353,354	50,637	506,908
Cash Receipts Over/(Under) Cash Disbursements	44,186	263,614	(13,884)	300,203
Other Financing Sources (Uses):				
Other Financing Sources	-	25,000	-	25,000
Other Financing Uses	(32,218)	-	-	(32,218)
Sale of Notes	9,300	27,173	19,033	55,506
Transfers In	40,000	40,000	-	80,000
Transfers Out	(40,000)	(40,000)	-	(80,000)
Total Other Financing Sources	(22,918)	52,173	19,033	48,288
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	21,268	315,787	5,149	342,204
Fund Cash Balance, January 1, 2007	25,393	198,960	76,253	300,606
Fund Cash Balance, December 31, 2007	\$ 46,661	\$ 514,747	\$ 81,402	\$ 642,810
Reserve for Encumbrances, December 31, 2007	\$ 204	\$ 14,999	\$ 9,500	\$ 24,703

See Accompanying Notes to the Financial Statements

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS
For the Year Ended December 31, 2007

	Proprietary Fund Types	Fiduciary Fund Type	(Memorandum Only) Total
	Enterprise	Agency	
OPERATING CASH RECEIPTS:			
Fines, Permits, and Fees	\$ 250	-	\$ 250
Charges for Services	182,761	-	182,761
Miscellaneous	12,464	-	12,464
Total Operating Cash Receipts	195,475	-	195,475
OPERATING CASH DISBURSEMENTS:			
Personal Services	62,085	-	62,085
Transportation	1,794	-	1,794
Supplies and Materials	14,921	-	14,921
Contractual Services	49,380	-	49,380
Capital Outlay	179	-	179
Total Operating Cash Disbursements	128,359	-	128,359
Operating Income (Loss)	67,116	-	67,116
NON OPERATING CASH RECEIPTS (DISBURSEMENTS)			
Debt Service:			
Principal Payment	(15,273)	-	(15,273)
Interest Payment	(46,163)	-	(46,163)
Other Non-Operating Cash Receipts	950	\$ 13,248	14,198
Other Non-Operating Cash Disbursements	(318)	(11,117)	(11,435)
Total Non Operating Cash Receipts (Disbursements)	(60,804)	2,131	(58,673)
Excess of Cash Receipts Over/(Under) Cash Disbursements	6,312	2,131	8,443
Fund Cash Balance, January 1, 2007	97,865	(2,131)	95,734
Fund Cash Balance, December 31, 2007	\$ 104,177	\$ -	\$ 104,177
Reserve for Encumbrances, December 31, 2007	\$ 11,047	\$ -	\$ 11,047

See Accompanying Notes to the Financial Statements

**VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Notes To The Financial Statements
For The Years Ended December 31, 2008 & 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

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

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

B. BASIS OF ACCOUNTING

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

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

C. CASH AND INVESTMENTS

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

The Village values certificates of deposits at cost.

D. FUND ACCOUNTING

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

1. General Fund

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

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Notes To The Financial Statements
For The Years Ended December 31, 2008 & 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **FUND ACCOUNTING** - (continued)

2. **Special Revenue Funds**

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

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

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

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

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

3. **Capital Projects Funds**

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

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

4. **Enterprise Funds**

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

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

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

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Notes To The Financial Statements
For The Years Ended December 31, 2008 & 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **FUND ACCOUNTING** - (continued)

4. **Enterprise Funds** – (continued)

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

5. **Agency Fund**

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

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

E. **BUDGETARY PROCESS**

The Ohio Revised Code requires that each fund be budgeted annually.

1. **Appropriations**

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

2. **Estimated Resources**

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

3. **Encumbrances**

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

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Notes To The Financial Statements
For The Years Ended December 31, 2008 & 2007

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

F. **PROPERTY, PLANT AND EQUIPMENT**

The Village records disbursements for acquisition 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.

2. **EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2007</u>	<u>2008</u>
Demand Deposits	\$503,008	\$338,809
Certificates of Deposit	<u>243,979</u>	<u>103,979</u>
 Total	 <u>\$746,987</u>	 <u>\$442,788</u>

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

VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Notes To The Financial Statements
For The Years Ended December 31, 2008 & 2007

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2007 and 2008 is as follows:

<u>2007 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	Budgeted Receipts	Actual Receipts	Variance
General	\$ 101,380	\$ 202,690	\$ 101,310
Special Revenue	213,420	709,141	495,721
Capital Projects	37,000	55,786	18,786
Enterprise	155,900	196,425	40,525
Total	\$ 507,700	\$ 1,164,042	\$ 656,342

<u>2007 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	Total Appropriations	Total Expenditures	Variance
General	\$ 151,969	\$ 181,626	\$ (29,657)
Special Revenue	348,725	408,353	(59,628)
Capital Projects	53,850	60,137	(6,287)
Enterprise	214,794	201,160	13,634
Total	\$ 769,338	\$ 851,276	\$ (81,938)

<u>2008 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	Budgeted Receipts	Actual Receipts	Variance
General	\$ 117,641	\$ 105,300	\$ (12,341)
Special Revenue	721,108	255,586	(465,522)
Capital Projects	36,753	43,335	6,582
Enterprise	161,809	194,438	32,629
Total	\$ 1,037,311	\$ 598,659	\$ (438,652)

<u>2008 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	Total Appropriations	Total Expenditures	Variance
General	\$ 159,641	\$ 125,145	\$ 34,496
Special Revenue	992,244	582,462	409,782
Capital Projects	53,974	50,439	3,535
Enterprise	221,180	179,812	41,368
Total	\$ 1,427,039	\$ 937,858	\$ 489,181

**VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Notes To The Financial Statements
For The Years Ended December 31, 2008 & 2007**

4. PROPERTY TAXES

Real property becomes a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utility property tax receipts received represent the collection of the previous year's taxes. Public utility real and tangible personal property taxes received in the current year became a lien on December 31, were levied after October 1 of the previous year, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in the current year (other than public utility property) represent the collection of the previous year's taxes. Tangible personal property taxes received in the current year were levied after October 1 of the previous year, on the true value as of December 31 of the previous year. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2007 is 12.5 percent, 6.25 percent for 2008, and zero for 2009.

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

5. RETIREMENT SYSTEMS

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

Contribution rates for both plans are prescribed by the Ohio Revised Code. For 2007, OPERS members contributed 9.5% of their wages. The Village contributed an amount equal to 13.85% of participants' gross salaries during the years. For 2008, OPERS members contributed 10% of their wages. The Village contributed an amount equal to 14.00% of participants' gross salaries during the year. The Village has paid all contributions required through December 31, 2008.

For both years, OP&F members contributed 10% of their wages. The Village contributed an amount equal to 19.5% for police officers of participants' gross salaries during the years. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Notes To The Financial Statements
For The Years Ended December 31, 2008 & 2007**

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency or business activities within the Village corporate limits as well as certain income of residents earned outside the Village corporate limits.

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

7. DEBT

Debt outstanding as of December 31, 2008:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$31,592	5.77%
Ohio Public Works Commission Loan	88,583	0.00%
Rural Economic and Community Development Services Loan	913,385	4.88%
State Bank Dodge Truck Loan	4,855	4.78%
Ohio Public Works Water Treatment Plant Loan	27,144	0.00%
Fire Station Loan	<u>464,897</u>	4.72%
Total	\$1,530,456	

The Ohio Water Development Authority (OWDA) loan related to water plant filtration project that was mandated by the Ohio Environmental Protection Agency. The loan will be paid in semiannual installments of \$1,960 including interest over 20 years. The loan is collateralized by water and sewer receipts. After the collapse of the Village's depository and the subsequent loss of Village funds, OWDA restructured the terms of the loan with the Village.

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

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

The Village obtained a four-year loan from State Bank and Trust in the amount of \$9,000 for the purchase of a Dodge pickup truck. The Village makes monthly payments of \$213 with the last payment due on January 4, 2011.

The Ohio Public Works Commission (OPWC) loan related to water plant chlorination project that was mandated by the Ohio Environmental Protection Agency. The loan will be paid in semiannual installments of \$1,697 over 10 years with the first payment due on July 1, 2007. The OPWC issued payment in the amount of \$19,033 to a contractor in 2007. The total amount of loan will be \$33,930. The loan is collateralized by water and sewer receipts.

**VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Notes To The Financial Statements
For The Years Ended December 31, 2008 & 2007**

7. DEBT - (continued)

The State Bank & Trust fire station loan related to construction of a fire station within the Village corporation limits. The loan will be paid in 240 monthly-principal payments with the first principal payment due on May 5, 2007. On April 5, 2017, the interest rate shall be at a rate per annum equal to the rate of the 10-year United States Treasury bonds on April 5, 2017. The full amount of the loan is \$600,000. The Village made a \$100,000 principal payment on March 4, 2008. The loan is collateralized by certificates of deposit and assignment of fire and EMS contracts.

The Village paid \$705 to OPWC for two Oakwood Village in Cuyahoga County loans. The Village has requested reimbursement from Oakwood Village in Cuyahoga County.

Year Ended December 31:	OWDA Filtration Loan	OPWC Loan	RECDS Loan	State Bank Truck Loan	OPWC Chlorination Loan	Fire Station Loan
2009	\$3,919	\$7,703	\$60,528	\$2,562	\$3,394	\$46,685
2010	3,919	7,703	60,748	2,537	3,394	46,685
2011	3,919	7,703	60,919	-	3,394	46,685
2012	3,919	7,703	60,041	-	3,394	46,865
21013	3,919	7,703	60,164	-	3,394	46,865
2014-2018	19,595	38,515	301,950	-	10,174	233,427
2019-2023	-	11,553	302,920	-	-	233,427
2024-2028	-	-	304,603	-	-	31,830
2029-2033	-	-	305,568	-	-	-
2034-2036	-	-	173,554	-	-	-
Total	\$39,190	\$88,583	\$1,690,995	\$5,099	\$27,144	\$732,469

The OPWC and the State Bank & Trust loans above were approved in the amounts of \$33,930 and \$600,000, but the Village only drew down \$14,897 and \$572,827, respectively. The amortization schedule below reflects the principal and interest based on the full amount of the loan.

**VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Notes To The Financial Statements
For The Years Ended December 31, 2008 & 2007**

8. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 governments ("Members").

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

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts which vary from Member to Member.

Plan Members are responsible to notify the Plan of their intent to renew coverages by their renewal date. If a Member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former Member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been significant reductions in insurance coverage from last year.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	2007	2006
Assets	\$ 11,136,455	\$ 9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	\$ 6,862,902	\$ 6,290,528

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

9. CONTINGENT LIABILITIES

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

**VILLAGE OF OAKWOOD
PAULDING COUNTY, OHIO
Notes To The Financial Statements
For The Years Ended December 31, 2008 & 2007**

10. LEGAL COMPLIANCE

Contrary to Ohio Revised Code Section 5705.36(A)(4), in 2008 the Village had several funds' actual receipts lower than estimated receipts, where the deficiency reduced the estimated resources below the level of appropriations in those funds.

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

Ohio Revised Code Section 5705.41 (B), prohibits a subdivision from making expenditures unless they have been appropriated. The Village had expenditures exceeding appropriations in various funds in both years.

Ohio Revised Code Section 5705.14-16, the Village improperly transferred funds from special revenue funds to the General Fund.

11. TRANSFERS

The Village transferred funds from the General Fund to the Police Levy Fund – Special Revenue Fund in both years to subsidize normal operations. These transfers were made in accordance with the Ohio Revised Code.

The Village improperly transferred \$20,000 from the EMS Levy Fund – Special Revenue Fund and \$20,000 from the Fire Levy Fund – Special Revenue Fund to the General Fund. The Village was allocating the loss from the bank failure. The Village did not adjust their books for the improper transfer. These transfers were not made in accordance with the Ohio Revised Code.

12. DONATIONS

In 2007, the Village received \$389,450 in donations from the Andrews' Estate. The will stipulated that the funds be placed in the Parks and Recreation Fund – Special Revenue Fund, EMS Levy Fund – Special Revenue Fund and the Fire Levy Fund – Special Revenue Fund. The decedent was not a resident of the Village.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

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 financial statements of the Village of Oakwood, Paulding County, Ohio (Village) as of and for the years ended December 31, 2008 & 2007, and have issued our report thereon dated May 1, 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. Also, we qualified our opinion on the beginning and ending fund balances and certain transfers. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the deficiencies described in the accompanying schedule of findings to be a significant deficiencies in internal control over financial reporting. The significant deficiencies are described as items 2008-OAKPC-04 through 2008-OAKPC-11.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-OAKPC-01 through 2008-OAKPC-03 and 2008-OAKPC-10 and 2008-OAKPC-11.

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

We also noted certain matters that we have reported to management of the Village in a separate letter dated May 1, 2009.

This report is intended solely for the information and use of the audit committee, management and the Village Council and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris and Associates, Inc.*
May 1, 2009**

VILLAGE OF OAKWOOD
PAULDING COUNTY
SCHEDULE OF FINDINGS
December 31, 2008 & 2007

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

FINDING NUMBER 2008-OAKPC-01 Noncompliance Citation

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

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

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

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

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

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

The Village did not make the proper certification of funds in 32 of 60 transactions tested during the audit period. We recommend that the Village institute the use of purchase orders for any expenditure to be made and certify expenditures prior to incurring the liability. In instances where prior certification is not practical, we recommend the issuance of a "Then and Now" certificate. Also, we recommend that Council approve all "then and now certificates."

Management Response: Management indicates that they are in compliance in 2009. The departments see the importance of using purchase orders.

VILLAGE OF OAKWOOD
PAULDING COUNTY
SCHEDULE OF FINDINGS – (continued)
December 31, 2008 & 2007

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

FINDING NUMBER 2008-OAKPC-02 Noncompliance Citation

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing authority shall make any expenditure of money unless it has been appropriated unless it has been appropriated as provided in such chapter. Furthermore, Ohio Administrative Code 117-2-02 states that all local public offices should integrate the budgetary accounts, at the legal level of control which is the object level for all funds.

During the years ended December 31, 2008 and 2007, the following funds' expenditures exceeded total appropriations:

2008

Special Revenue Funds

Fire Levy Fund (\$137,632)

EMS Levy Fund (\$23,201)

2007

General Fund (\$29,657)

Capital Projects Fund

Capital Improvement Fund (\$6,287)

Special Revenue Funds

EMS Levy Fund (\$26,394)

Fire Levy Fund (\$75,502)

Police Levy Fund (\$67)

Mayor's Court Computer Fund (\$2,504)

At December 31, 2008, the following line items had expenditures plus encumbrances exceeded total appropriations:

SCM&R Fund – Operating Supplies (\$979)

Parks & Recreation Fund – Repair and Maintenance (\$10,154)

At December 31, 2007, the following line items had expenditures plus encumbrances exceeded total appropriations:

Water Fund – Utilities (\$5,229)

Water Fund – Other Professional Services (\$7,036)

Sewer Fund – Sewer Personal Benefits (\$75)

Sewer Fund – Repairs and Maintenance (\$659)

We recommend that management monitor all budgetary information timely to avoid expenditures from exceeding appropriations.

Management's Response: Management will make Council and the Mayor aware of the issue and monitor appropriations versus expenditures to help avoid overspending.

**VILLAGE OF OAKWOOD
PAULDING COUNTY
SCHEDULE OF FINDINGS – (continued)
December 31, 2008 & 2007**

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

FINDING NUMBER 2008-OAKPC-03 Noncompliance Citation

Ohio Revised Code Section 5705.36(A)(4) requires that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. The following funds had actual receipts below estimated receipts, which the deficiency reduced the estimated resources below the level of appropriations.

	Estimated Receipts	Actual Receipts	Variance
2008:			
General Fund	\$117,641	\$105,300	(\$12,341)
Special Revenue Fund:			
Parks & Recreation Fund	\$459,537	\$23,231	(\$436,306)

We recommend that the Village monitor estimated receipts and actual revenue. The Village should request that Paulding County issue an amended certificate of estimated resources to reflect the actual revenue.

Management’s Response: The Village was awaiting on their ODNR grant to be received. The Village failed to change the certificate of estimated resources when the grant funds were not received.

FINDING NUMBER 2008-OAKPC-04 Material Weakness

The Village obtained two loans during 2007. The Village started construction on a \$600,000 fire station in the previous audit period. The Village only expended \$572,827 of the loan proceeds in previous audit period. In 2007, the Village expended the remaining \$27,173. Neither the proceeds of the loan nor the capital outlay were recorded on the Village’s books. The financial statements were adjusted to reflect the loan activity.

The Village received a \$9,000 loan for a Dodge pick-up truck. The proceeds of the loan were recorded as miscellaneous revenue rather than proceeds of loan on the Village’s books. The financial statements were adjusted to reflect the loan activity.

The Ohio Public Works Commission made payments directly to the vendors for expenditures associated with the Water Treatment Plant Chlorination project. The Village failed to record the proceeds of both loans and the corresponding expenditures related to the loans. Also, the Village failed to budget for these receipts and disbursements. These amounts were adjusted in the financial statements.

We recommend that the Village record all transactions on their books. Also, we recommend that the Village budget receipts and disbursements related to the loans and capital outlay.

Management’s Response: Management understands how to properly record the loans. They will properly record the loans in the future.

**VILLAGE OF OAKWOOD
PAULDING COUNTY
SCHEDULE OF FINDINGS – (continued)
December 31, 2008 & 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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FINDING NUMBER 2008-OAKPC-05 Material Weakness

The Village recorded cashing in a certificate of deposit as a receipt and purchasing a certificate of deposit as a disbursement.

In 2007, the Village closed one CD's from Sky Bank resulting in \$25,000. The Village issued a check in the amount of \$15,000 to open a certificate of deposit at State Bank & Trust. The disbursement caused fund balance to be off by \$15,000 in 2007 and 2008.

In 2008, the Village closed a \$100,000 CD with Sky Bank. The Village recorded a \$50,000 receipt in the Fire Levy Fund and EMS Levy Fund. A \$100,000 disbursement was then made to reduce the principal on the new fire station.

The financial statements were adjusted to reflect the proper activity.

We recommend that the Village not record the closing of a CD as a receipt and the purchase of a CD as a disbursement. The activity should be recorded in their investment ledger.

Management Response: Management understands how to properly record the opening and closing of CD's.

FINDING NUMBER 2008-OAKPC-06 –Material Weakness

The Village hires the Central Collection Agency (CCA) to collect and remit income taxes on behalf of the Village. The Village has an ordinance establishing a 1% income tax rate. The Village allows a 100% credit for paying municipal income tax to another municipality.

The Village's ordinances allocate income taxes with 60% and 40% going to the General Fund and Capital Projects Fund, respectively. Refunds for paying municipal income tax to another municipality and overpayment of estimated taxes should be allocated using the same percentages. However, the Village allocated the refunds to the General Fund causing misstatement of the fund balances in General Fund and Capital Projects Funds.

The 2007 and 2008 activity was reclassified to reflect the proper allocation on the financial statements and the Village books.

Management Response: Management will properly record the refunds in the proper funds.

**VILLAGE OF OAKWOOD
PAULDING COUNTY
SCHEDULE OF FINDINGS – (continued)
December 31, 2008 & 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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FINDING NUMBER 2008-OAKPC-07– Material Weakness

Bank Reconciliations

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. A bank reconciliation means accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the entity's records. This process involves reconciling the bank balance to the cash and investment balance. The Village's reconciliation balance did not tie with their open certificates of deposit at State Bank & Trust for most of 2007 and all of 2008. This caused the CD balance and the related fund balance to be \$15,000 too low. The Village issued a check in the amount of \$15,000 to open a certificate of deposit. The Village corrected the error in 2009. Adjustments were made to the financial statements to reflect the proper activity.

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

The Village should perform and complete monthly bank reconciliations in a timely manner.

Management's Response: Management understands how to records CD's.

FINDING NUMBER 2008-OAKPC-08– Material Weakness

The Village improperly recorded numerous transactions during the audit period. The transactions include the following:

- Recorded homestead rollback as property taxes rather than intergovernmental revenue.
- Did not separate principal and interest on their books.
- Recorded voided checks as miscellaneous revenue.
- Recorded loan payments under building and structures, supplies, repairs and maintenance, and equipment.

We recommend that the Village properly record their transactions in accordance with the Village Officers' Handbook.

Management's Response: Management requested that their computer programmer add revenue and disbursement line items so all transactions are properly recorded.

**VILLAGE OF OAKWOOD
PAULDING COUNTY
SCHEDULE OF FINDINGS – (continued)
December 31, 2008 & 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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FINDING NUMBER 2008-OAKPC-09 – Material Weakness

The Village charges utility customers based on the number of persons in the household. New customers are required to complete a form declaring the number of occupants in the household. The forms are then stored in a cabinet at Village Hall. Customers are required to complete a new form when there are any changes in the number of occupants in the household.

While completing our testing, we noted that numerous accounts had changes in the computer system, but did not correspond to the forms kept in the cabinet. Therefore, we were unable to determine if the correct charges were being billed to the customers.

We recommend that the Village issue new forms to all utility customer to update their information. Also, customers making changes in the number of occupants in the household shall complete a form. All changes should be promptly entered into the computer system to ensure that households are being charged the proper amounts.

Management’s Response: Management will continuously update the forms to ensure accuracy.

FINDING NUMBER 2008-OAKPC-10 – Noncompliance Citation and Material Weakness

Ohio Revised Code 9.38 requires public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt. Public money collected for other public offices must be deposited by the first business day of the week following the date of collection.

If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public office is governed by a legislative authority (counties, municipalities, townships, and school Villages), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the next business day.

The Mayor’s Court Clerk stores money collected in an unlocked drawer in her office. She has cash and numerous checks in her drawer some being over two weeks old. In order to avoid the possibility of theft or other loss of money, we recommend that the money collected by the Mayor’s Court Clerk be stored in a locked cabinet/drawer at all times. Furthermore, the Village should deposit funds within the set guidelines of Ohio Revised Code 9.38.

Management’s Response: The Fiscal Officer will request Council to allow her to make all Village deposits.

**VILLAGE OF OAKWOOD
PAULDING COUNTY
SCHEDULE OF FINDINGS – (continued)
December 31, 2008 & 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - continued
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FINDING NUMBER 2008-OAKPC-11 – Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 5705.14, 5705.15, and 5705.16 states that no transfer can be made from one fund of a subdivision to any other fund, except money may be transferred from the general fund to any fund of the subdivision by resolution of the taxing authority or from one fund to another as is specifically authorized in Ohio Rev. Code Section 5705.14. The Village transferred \$20,000 from the EMS Levy Fund – Special Revenue Fund and \$20,000 from the Fire Levy Fund – Special Revenue Fund to the General Fund to allocate the loss from the 2002 bank failure.

Transfers and advances must be specifically approved by a formal resolution or ordinance of the taxing authority of the subdivision. The resolution must include:

- A specific statement that the transaction is either a transfer or an advance cash, and
- The specific funds providing and receiving, and the amounts of the transfer.

We recommend the Village refer to the Ohio Revised Code Section 5705.14, 5705.15, and 5705.16 prior to making transfers and make them accordingly. We also recommend the Village reverse these transfers to reimburse the EMS Levy and Fire Levy Funds.

Management’s Response: The Village transferred the funds since the FDIC forgave vehicle loans for the EMS Levy Fund – Special Revenue Fund and the Fire Levy Fund – Special Revenue Fund. The funds took a gain and never adjusted the fund balances for the gain.

**VILLAGE OF OAKWOOD
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2008 & 2007**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2006-OAKPC-01	ORC 5705.41(D) - Proper certification of funds prior to disbursement	No	Not Corrected-See Finding 2008- OAKPC-01
2006-OAKPC-02	ORC 5705.41(B) - Disbursement in excess of Appropriations	No	Not Corrected-See Finding 2008- OAKPC-02
2006-OAKPC-03	ORC 5705.39 - Appropriations Exceeded Estimated Resources	No	Not Corrected-See Finding 2008- OAKPC-03
2006-OAKPC-04	The Village failed to record loan proceeds and the corresponding expenditure	No	Not Corrected-See Finding 2008- OAKPC-04
2006-OAKPC-05	Proper fund allocation of adjustment	No	Adjustments not made. Part of qualified opinion.



Mary Taylor, CPA
Auditor of State

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 11, 2009**