



**Auditor of State
Betty Montgomery**

VILLAGE OF WOODVILLE
SANDUSKY COUNTY

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**Auditor of State
Betty Montgomery**

Village of Woodville
Sandusky County
219 W. Main Street, P.O. Box 156
Woodville, Ohio 43469-0156

To the Village Council:

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

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

Betty Montgomery
Auditor of State

June 21, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Woodville
Sandusky County
219 W. Main Street, P.O. Box 156
Woodville, Ohio 43469-0156

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodville, Sandusky County, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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

paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or their changes in financial position or cash flows of its proprietary fund for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Woodville, Sandusky County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

June 21, 2005

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$272,160	\$8,569		\$280,729
Intergovernmental Receipts	157,295	133,732	\$138,035	429,062
Charges for Services	24,124	26,689		50,813
Fines, Licenses, and Permits	46,494	2,135		48,629
Earnings on Investments	13,814			13,814
Miscellaneous	10,049	3,739		13,788
Total Cash Receipts	<u>523,936</u>	<u>174,864</u>	<u>138,035</u>	<u>836,835</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	281,614	14,563		296,177
Public Health Services	1,141			1,141
Leisure Time Activities	36,911	70,224		107,135
Community Environment	7,759			7,759
Transportation	101,028	85,098		186,126
General Government	92,839			92,839
Capital Outlay			144,795	144,795
Total Cash Disbursements	<u>521,292</u>	<u>169,885</u>	<u>144,795</u>	<u>835,972</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,644</u>	<u>4,979</u>	<u>(6,760)</u>	<u>863</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		18,430		18,430
Transfers-Out	(70,455)		0	(70,455)
Total Other Financing Receipts/(Disbursements)	<u>(70,455)</u>	<u>18,430</u>	<u>0</u>	<u>(52,025)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(67,811)	23,409	(6,760)	(51,162)
Fund Cash Balances, January 1, 2004	<u>181,878</u>	<u>92,375</u>	<u>10,957</u>	<u>285,210</u>
Fund Cash Balances, December 31, 2004	<u>\$114,067</u>	<u>\$115,784</u>	<u>\$4,197</u>	<u>\$234,048</u>
Reserves for Encumbrances, December 31, 2004	<u>\$7,682</u>	<u>\$5,487</u>		<u>\$13,169</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,643,848
Miscellaneous	111,395
	1,755,243
Operating Cash Disbursements:	
Personal Services	374,192
Fringe Benefits	3,904
Contractual Services	908,823
Supplies and Materials	85,246
Miscellaneous	2,935
Capital Outlay	116,380
	1,491,480
Operating Income	263,763
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	1,700,000
	1,700,000
Non-Operating Cash Disbursements:	
Debt Service	1,926,408
Other Non-Operating Cash Disbursements	49,465
	1,975,873
Excess of Cash Receipts (Under) Cash Disbursements Before Interfund Transfers	(12,110)
Transfers-In	62,027
Transfers-Out	(10,002)
	39,915
Net Cash Receipts Over Cash Disbursements	39,915
Fund Cash Balances, January 1, 2004	901,816
Fund Cash Balances, December 31, 2004	\$941,731
Reserve for Encumbrances, December 31, 2004	\$167,082

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$267,376	\$8,277		\$275,653
Intergovernmental Receipts	157,272	113,950	\$18,989	290,211
Charges for Services	16,523	22,647		39,170
Fines, Licenses, and Permits	32,039	1,538		33,577
Earnings on Investments	14,820			14,820
Miscellaneous	13,741	10,223		23,964
Total Cash Receipts	<u>501,771</u>	<u>156,635</u>	<u>18,989</u>	<u>677,395</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	255,466	3,512		258,978
Public Health Services	1,256			1,256
Leisure Time Activities	34,789	81,424		116,213
Transportation	64,161	97,026		161,187
General Government	132,965			132,965
Capital Outlay			11,036	11,036
Total Cash Disbursements	<u>488,637</u>	<u>181,962</u>	<u>11,036</u>	<u>681,635</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>13,134</u>	<u>(25,327)</u>	<u>7,953</u>	<u>(4,240)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		30,000		30,000
Transfers-Out	(79,533)			(79,533)
Total Other Financing Receipts/(Disbursements)	<u>(79,533)</u>	<u>30,000</u>		<u>(49,533)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(66,399)	4,673	7,953	(53,773)
Fund Cash Balances, January 1, 2003	<u>248,277</u>	<u>87,702</u>	<u>3,004</u>	<u>338,983</u>
Fund Cash Balances, December 31, 2003	<u>\$181,878</u>	<u>\$92,375</u>	<u>\$10,957</u>	<u>\$285,210</u>
Reserves for Encumbrances, December 31, 2003	<u>\$33,631</u>	<u>\$25,358</u>	<u>\$6,760</u>	<u>\$65,749</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,572,593
Miscellaneous	98,235
	1,670,828
Operating Cash Disbursements:	
Personal Services	374,455
Fringe Benefits	3,373
Contractual Services	782,170
Supplies and Materials	158,682
Miscellaneous	3,383
Capital Outlay	370,469
	1,692,532
Operating (Loss)	(21,704)
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	1,817,404
	1,817,404
Non-Operating Cash Disbursements:	
Debt Service	1,921,252
Other Non-Operating Cash Disbursements	64,176
	1,985,428
Excess of Cash Receipts (Under) Cash Disbursements Before Interfund Transfers	(189,728)
Transfers-In	59,535
Transfers-Out	(10,002)
	(140,195)
Net Cash Receipts (Under) Cash Disbursements	(140,195)
Fund Cash Balances, January 1, 2003	1,042,011
Fund Cash Balances, December 31, 2003	\$901,816
Reserve for Encumbrances, December 31, 2003	\$140,939

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Woodville, Sandusky County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. 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.

Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)

The Village of Woodville is a Non-Financing Participant and an Owner Participant with an ownership percentage of .06% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The Village's net investment in OMEGA JV2 was \$28,132 at December 31, 2004. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2004, are:

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	24%	32,000	Grafton	0.79%	1,056
Bowling Green	14%	19,198	Brewster	0.75%	1,000
Niles	11%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7%	10,000	Milan	0.55%	737
Wadsworth	6%	7,784	Oak Harbor	0.55%	737
Painesville	5%	7,000	Elmore	0.27%	364
Dover	5%	7,000	Jackson Center	0.22%	300
Galion	4%	5,753	Napoleon	0.20%	264
Amherst	4%	5,000	Lodi	0.16%	218
St. Mary's	3%	4,000	Genoa	0.15%	199
Montpelier	3%	4,000	Pemberville	0.15%	197
Shelby	2%	2,536	Lucas	0.12%	161
Versailles	1%	1,660	South Vienna	0.09%	123
Edgerton	1%	1,460	Bradner	0.09%	119
Yellow Springs	1%	1,408	Woodville	0.06%	81
Oberlin	1%	1,217	Haskins	0.05%	73
Pioneer	1%	1,158	Arcanum	0.03%	44
Seville	1%	1,066	Custar	0.00%	4
	95.2%	127,640		4.80%	6,441
			Grand Total	100.00%	134,081

Ohio Municipal Electric Generation Agency Joint Venture (JV5)

The Village of Woodville is a Financing Participant with an ownership percentage of .58%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interest, as tenants in common, without rights of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed, or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix,

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

charge and collect rates, fees, and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2004 Woodville has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was \$50,142 at December 31, 2004. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

B. Basis of Accounting

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

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

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

The Village values certificates of deposit and repurchase agreements at cost. Amounts on deposit with the Sandusky County Treasurer are valued at the County Treasurer's carrying amount.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

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.

2. Special Revenue Fund

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

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

Parks and Recreation Fund – This fund receives money from pool passes, admissions, and concessions for the operation of the Village pool.

Pool and Park Improvement Fund -This fund receives estate taxes, park grants, and donations to fund construction of the Park.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Construction Fund - This fund receives grant (Ohio Public Works Commission) money for various construction projects.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Electric Fund – This fund receives charges for services from residents to cover electric service costs.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

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

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. PRIOR PERIOD ADJUSTMENT

The Village has previously omitted December utility collections, including related taxes, deposited by customers into bank utility accounts. The effect of this adjustment on fund balances as previously reported was as follows:

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

	General Fund	Enterprise Fund
Fund Balance at December 31, 2002	\$242,926	\$919,170
Adjustment	\$5,351	\$122,841
Restated Fund Balance at January 1, 2003	\$248,277	\$1,042,011

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$381,157	\$133,633
Cash on Hand	50	50
Amount on deposit with Sandusky County Treasurer	11,159	11,016
Certificates of deposit	602,242	694,515
Total deposits	994,608	839,214
Repurchase agreement	181,171	347,812
Total investments	181,171	347,812
Total deposits and investments	\$1,175,779	\$1,187,026

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

4. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$511,203	\$523,936	\$12,733
Special Revenue	139,109	193,294	54,185
Capital Projects	144,516	138,035	(6,481)
Enterprise	1,619,000	3,517,270	1,898,270
Total	\$2,413,828	\$4,372,535	\$1,958,707

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$690,785	\$599,429	\$91,356
Special Revenue	210,681	175,372	35,309
Capital Projects	155,474	144,795	10,679
Enterprise	2,230,425	3,644,437	(1,414,012)
Total	<u>\$3,287,365</u>	<u>\$4,564,033</u>	<u>(\$1,276,668)</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$502,319	\$501,771	(\$548)
Special Revenue	268,030	186,635	(81,395)
Capital Projects	182,362	18,989	(163,373)
Enterprise	1,529,000	3,547,767	2,018,767
Total	<u>\$2,481,711</u>	<u>\$4,255,162</u>	<u>\$1,773,451</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$728,001	\$601,801	\$126,200
Special Revenue	282,063	207,320	74,743
Capital Projects	11,846	17,796	(5,950)
Enterprise	2,325,114	3,828,901	(1,503,787)
Total	<u>\$3,347,024</u>	<u>\$4,655,818</u>	<u>(\$1,308,794)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Parks Grant fund, the Tennis Court Improvement Fund and the Electric Revenue Fund for the year ended December 31, 2004. Also contrary to Ohio law, at December 31, 2003, expenditures exceeded appropriation authority in the Pool and Park Improvement Fund, the Capital Improvement Fund, and the Electric Revenue Fund.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

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

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

6. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Long-Term Loans and Notes		
Ohio Water Development Authority Loan	\$210,589	6.41%
Ohio Public Works Commission Loan	146,079	0.00%
Ohio Public Works Commission Loan	16,533	0.00%
Amp-Ohio Note	1,700,000	1.75%
Police Pension	48,704	4%
Total	\$2,121,905	
Capital Lease		
Baystone Financial Group	99,924	4%
Total Long-Term Liabilities	\$2,221,829	

The Ohio Water Development Authority (OWDA) loan relates to a wastewater cell construction project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$40,124, including interest, over 10 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan relates to a wastewater cell construction project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments of \$8,853 over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

The second Ohio Public Works Commission (OPWC) loan relates to a waterline improvement project. The loan will be repaid in annual installments of \$870, over 20 years.

The Amp-Ohio note relates to an operations building and electric substation project. The note is collateralized by electric receipts.

The Police Pension is a legal liability for past service cost for the Police and Fire Pension Fund which arose when the Fund was established. The remaining unfunded pension liability is to be amortized in semi-annual installments through 2035. Payments are made from the Police Pension Special Revenue fund.

The Baystone Financial Group capital lease relates to the Village's a purchase of a street sweeper. The capital lease is a six year agreement with annual lease payments of \$22,572, with the option to purchase at the end of the lease for one dollar.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

Amortization of the above debt, including interest, follows:

Year ending December 31:	OWDA Loan	OPWC Loan	Baystone	OPWC Loan	Amp-Ohio Note	Police Pension
2005	\$40,124	\$8,853	\$22,571	\$870	\$1,700,000	\$2,866
2006	40,124	8,853	22,571	870		2,866
2007	40,124	8,853	22,571	870		2,866
2008	40,124	8,853	22,571	870		2,866
2009	40,124	8,853	22,571	870		2,866
2010 - 2014	60,187	44,266		4,351		14,331
2015 - 2019		44,266		4,351		14,331
Subsequent		13,281		3,481		44,427
Total	<u>\$260,807</u>	<u>\$146,078</u>	<u>\$112,855</u>	<u>\$16,533</u>	<u>\$1,700,000</u>	<u>\$87,419</u>

7. 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. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

8. RISK MANAGEMENT

Risk Pool Membership

The Village is a member of the Ohio Government Risk Management Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Village's policy. The Plan may make supplemental assessments if the experience of the overall pool is unfavorable. The Plan covers the following risks:

- General liability and casualty;
- Public official's liability; and

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

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**Auditor of State
Betty Montgomery**

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

Village of Woodville
Sandusky County
219 W. Main Street, P.O. Box 156
Woodville, Ohio 43469-0156

To the Village Council:

We have audited the financial statements of the Village of Woodville (the Village) as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated June 21, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated June 21, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standard* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Village's management dated June 21, 2005, we reported other matters related to noncompliance we deemed immaterial.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 21, 2005

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. Our testing of budgetary compliance at December 31, 2004 and 2003 identified the following instances in which expenditures exceeded appropriations in the following funds:

Fund	Appropriations	Expenditures	Excess
As of December 31, 2004			
Tennis Court Fund	\$7,630	\$10,295	(\$2,665)
Parks Grant Fund	21,089	28,698	(7,609)
Electric Revenue Fund	1,264,114	2,824,769	(1,560,655)
As of December 31, 2003			
Pool and Park Improvement Fund	\$30,903	\$40,807	(\$9,904)
Capital Improvement Fund		10,148	(10,148)
Electric Revenue Fund	1,364,787	3,038,562	(1,673,775)

Management was advised that the failure to have adequate appropriations in place at the time of the expenditures are being made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Clerk-Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk-Treasurer may request Council approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Ohio Rev. Code § 5727.82(A)(3) requiring KWH tax to be distributed to general fund	No	Partially corrected. Reported in the management letter.
2002-002	Ohio Rev. Code § 5705.41(D) requiring expenditures to be certified prior to expenditure.	Yes	



**Auditor of State
Betty Montgomery**

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VILLAGE OF WOODVILLE

SANDUSKY 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 4, 2005**