



**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2006**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF WOODVILLE  
SANDUSKY COUNTY

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**Mary Taylor, CPA**  
Auditor of State

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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

March 29, 2007

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# Mary Taylor, CPA

Auditor of State

## 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, 2006 and 2005. 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 for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. 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.

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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, 2006 and 2005, 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, 2006 and 2005, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Woodville, Sandusky County, as of December 31, 2006 and 2005, 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 years ended December 31, 2006 and 2005. 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 March 29, 2007, 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.



**Mary Taylor, CPA**  
Auditor of State

March 29, 2007

**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, 2006**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$279,269	\$8,542		\$287,811
Intergovernmental Receipts	173,115	115,884		288,999
Charges for Services	24,323	35,967		60,290
Fines, Licenses, and Permits	50,805	1,389		52,194
Earnings on Investments	23,515			23,515
Miscellaneous	5,413	5,775	\$29,700	40,888
	<u>556,440</u>	<u>167,557</u>	<u>29,700</u>	<u>753,697</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	286,269	18,460		304,729
Public Health Services	1,168			1,168
Leisure Time Activities	9,180	48,313		57,493
Community Environment	9,306			9,306
Transportation	60,803	80,720		141,523
General Government	93,587			93,587
Capital Outlay	5,686	19,186	25,320	50,192
	<u>465,999</u>	<u>166,679</u>	<u>25,320</u>	<u>657,998</u>
<b>Total Cash Disbursements</b>				
<b>Total Receipts Over Disbursements</b>	<u>90,441</u>	<u>878</u>	<u>4,380</u>	<u>95,699</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In		20,000		20,000
Transfers-Out	(73,201)			(73,201)
	<u>(73,201)</u>	<u>20,000</u>		<u>(53,201)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	17,240	20,878	4,380	42,498
Fund Cash Balances, January 1	131,850	106,063	8,683	246,596
<b>Fund Cash Balances, December 31</b>	<u><u>\$149,090</u></u>	<u><u>\$126,941</u></u>	<u><u>\$13,063</u></u>	<u><u>\$289,094</u></u>
Reserves for Encumbrances, December 31	<u><u>\$8,221</u></u>		<u><u>\$15,781</u></u>	<u><u>\$24,002</u></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, 2006**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$1,961,009
Miscellaneous	61,942
	2,022,951
<b>Total Operating Cash Receipts</b>	<b>2,022,951</b>
<b>Operating Cash Disbursements:</b>	
Personal Services	396,696
Travel Transportation	2,885
Contractual Services	1,053,472
Supplies and Materials	102,847
Capital Outlay	119,805
	1,675,705
<b>Total Operating Cash Disbursements</b>	<b>1,675,705</b>
Operating Income	347,246
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	3,518
Proceeds from Notes	1,500,000
	1,503,518
<b>Total Non-Operating Cash Receipts</b>	<b>1,503,518</b>
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	1,741,425
Other Non-Operating Cash Disbursements	2,347
	1,743,772
<b>Total Non-Operating Cash Disbursements</b>	<b>1,743,772</b>
Excess of Receipts Over Disbursements Before Interfund Transfers	106,992
Transfers-In	53,201
Net Receipts Over Disbursements	160,193
Fund Cash Balances, January 1	916,832
<b>Fund Cash Balances, December 31</b>	<b>\$1,077,025</b>
Reserve for Encumbrances, December 31	\$116,399

*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, 2005**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$278,117	\$8,813		\$286,930
Intergovernmental Receipts	180,430	115,317		295,747
Charges for Services	20,161	24,835		44,996
Fines, Licenses, and Permits	49,626	2,875		52,501
Earnings on Investments	27,148			27,148
Miscellaneous	5,768	4,093	\$6,423	16,284
<b>Total Cash Receipts</b>	<u>561,250</u>	<u>155,933</u>	<u>6,423</u>	<u>723,606</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	292,322	17,221		309,543
Public Health Services	1,150			1,150
Leisure Time Activities	11,263	36,961		48,224
Community Environment	8,165			8,165
Transportation	43,597	99,288		142,885
General Government	118,538			118,538
Capital Outlay		27,184	1,937	29,121
<b>Total Cash Disbursements</b>	<u>475,035</u>	<u>180,654</u>	<u>1,937</u>	<u>657,626</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>86,215</u>	<u>(24,721)</u>	<u>4,486</u>	<u>65,980</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In		15,000		15,000
Transfers-Out	(68,432)			(68,432)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(68,432)</u>	<u>15,000</u>		<u>(53,432)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	17,783	(9,721)	4,486	12,548
Fund Cash Balances, January 1	114,067	115,784	4,197	234,048
<b>Fund Cash Balances, December 31</b>	<u><u>\$131,850</u></u>	<u><u>\$106,063</u></u>	<u><u>\$8,683</u></u>	<u><u>\$246,596</u></u>
Reserves for Encumbrances, December 31	<u>\$6,130</u>	<u>\$3,009</u>		<u>\$9,139</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, 2005**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$1,818,938
Miscellaneous	78,721
Total Operating Cash Receipts	1,897,659
<b>Operating Cash Disbursements:</b>	
Personal Services	372,007
Travel Transportation	3,386
Contractual Services	1,155,748
Supplies and Materials	93,117
Capital Outlay	456,425
Total Operating Cash Disbursements	2,080,683
Operating Loss	(183,024)
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	303,333
Proceeds from Notes	1,600,000
Total Non-Operating Cash Receipts	1,903,333
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	1,796,054
Other Non-Operating Cash Disbursements	2,586
Total Non-Operating Cash Disbursements	1,798,640
Excess of Disbursements Over Receipts Before Interfund Transfers	(78,331)
Transfers-In	53,432
Net Disbursements Over Receipts	(24,899)
Fund Cash Balances, January 1	941,731
<b>Fund Cash Balances, December 31</b>	<b>\$916,832</b>
Reserve for Encumbrances, December 31	\$83,386

*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, 2006 AND 2005**

**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 \$26,623 at December 31, 2005 (the latest information available). 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](http://www.auditor.state.oh.us).

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2005 (the latest information available) are:

<u>Municipality</u>	<u>Percent</u> <u>Ownership</u>	<u>Kw</u> <u>Entitlement</u>	<u>Municipality</u>	<u>Percent</u> <u>Ownership</u>	<u>Kw</u> <u>Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

**Ohio Municipal Electric Generation Agency Joint Venture 5 (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 interests, as tenants in common, without right 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.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

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, 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, 2006 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 \$53,836 at December 31, 2005 (the latest information available). 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](http://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.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**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 Treasurers carrying amount.

**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 Funds**

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

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

Recreation Fund -This fund receives charges for services revenue and general fund transfers to support park operations.

**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:

Downtown Construction Fund - This fund receives donations for improvements to be made in downtown Woodville.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**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.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**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. 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:

	2006	2005
Demand deposits	\$690,977	\$505,584
Funds on deposit with Sandusky County Treasurer	10,733	10,842
Cash on Hand	50	50
Certificates of deposit	621,958	625,048
Total deposits and cash on hand	1,323,718	1,141,524
Repurchase agreement	42,401	21,904
Total deposits, investments and cash on hand	\$1,366,119	\$1,163,428

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool. Funds on deposit with the County Treasurer are held in the County's cash and investment pool. The County Treasurer is responsible for obtaining sufficient collateral for such funds.

**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.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$510,254	\$556,440	\$46,186
Special Revenue	174,257	187,557	13,300
Capital Projects	485,837	29,700	(456,137)
Enterprise	3,226,000	3,579,670	353,670
Total	\$4,396,348	\$4,353,367	(\$42,981)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$632,480	\$547,421	\$85,059
Special Revenue	216,539	166,679	49,860
Capital Projects	498,520	41,101	457,419
Enterprise	3,999,428	3,535,876	463,552
Total	\$5,346,967	\$4,291,077	\$1,055,890

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$523,229	\$561,250	\$38,021
Special Revenue	167,918	170,933	3,015
Capital Projects	100,000	6,423	(93,577)
Enterprise	4,057,050	3,854,424	(202,626)
Total	\$4,848,197	\$4,593,030	(\$255,167)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$642,232	\$549,597	\$92,635
Special Revenue	202,078	183,663	18,415
Capital Projects	104,198	1,937	102,261
Enterprise	4,247,129	3,962,709	284,420
Total	\$5,195,637	\$4,697,906	\$497,731

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

Contrary to Ohio law, the Village did not obtain reduced amended certificates of estimated resources when required for the Downtown Transportation fund for the year ended December 31, 2006. Reduced amended certificates of estimated resources were also not obtained when required for the Recreation, Pool and Park Improvement, Police Disability and Pension, and Downtown Transportation Funds for the year ended December 31, 2005.

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2006, was as follows:

<b>Long-Term Loans and Notes</b>	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #3255	\$154,723	6.41%
Ohio Public Works Commission Loan #CE26B	128,372	0.00%
Ohio Public Works Commission Loan #CT13F	14,793	0.00%
Ohio Public Works Commission Loan #CE26H	275,743	0.00%
Amp-Ohio Note	1,500,000	4.35%
Police Pension Liability	47,059	4.00%
Total	<u>\$2,120,690</u>	
<b>Capital Lease</b>		
Kansas State Bank of Manhattan	62,402	4.00%
Total Long Term liabilities	<u>\$2,183,092</u>	

The Ohio Water Development Authority (OWDA) loan #3255 relates to a wastewater cell construction project. The OWDA loaned the Village \$292,894 for this project. The Village will repay the loan in semiannual installments of \$20,062, including interest, over 10 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**5. DEBT – (Continued)**

The Ohio Public Works Commission (OPWC) loan #CE26B relates to a wastewater treatment plant improvement project. The OPWC loaned the Village \$177,065 for this project. The Village will repay the loan in semiannual installments of \$4,427 over 20 years. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CT13F relates to the west main street waterline loop improvements. The OPWC loaned the Village \$17,404 for this project. The Village will repay the loan in semiannual installments of \$435 over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CE26H relates to the phase I waterline improvements project. The OPWC loaned the Village \$306,381 for this project. The Village will repay the loan in semiannual installments of \$15,319 over 10 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Amp-Ohio Note relates to a Bond Anticipation Note issued by Amp-Ohio on behalf of the Village for an operations building and electric substation project. The note is collateralized by electric receipts.

The Police Pension liability is a legal liability for past service cost to 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 Kansas State Bank of Manhattan capital lease relates to the Village's lease with option to purchase of a street sweeper. The capital lease is a six year agreement with annual lease payments of \$22,571. The Village has the option to purchase the street sweeper at any time during the lease based upon a previously agreed upon price.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**5. DEBT – (Continued)**

Amortization of the above debt, including interest, follows:

Year Ending Decmeber 31:	OWDA #3255	OPWC CE26B	OPWC CT13F	OPWC CE26H	Amp-Ohio	Police Pension	Kansas State Bank of Manhattan
2007	\$40,124	\$8,853	\$870	\$30,638	\$1,500,000	\$2,866	\$22,571
2008	40,124	8,853	870	30,638		2,866	22,571
2009	40,124	8,853	870	30,638		2,866	22,571
2010	40,124	8,853	870	30,638		2,866	
2011	20,062	8,853	870	30,638		2,866	
2012-2016		44,266	4,351	122,553		14,331	
2017-2021		39,839	4,351			14,331	
2022-2026			1,740			14,331	
2027-2031						14,331	
2032-2035						9,903	
Total	<u>\$180,558</u>	<u>\$128,370</u>	<u>\$14,792</u>	<u>\$275,743</u>	<u>\$1,500,000</u>	<u>\$81,557</u>	<u>\$67,713</u>

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. 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 2006 and 2005, 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 for 2005 and 9 percent for 2006. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2005 and 13.7 percent for 2006. The Village has paid all contributions required through December 31, 2006.

**7. RISK POOL MEMBERSHIP**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is 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 coverage's, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**7. RISK POOL MEMBERSHIP – (CONTINUED)**

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays 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.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2005 and 2004 (the latest information available):

	<u>2005</u>	<u>2004</u>
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. ENTERPRISE FUND SEGMENT INFORMATION**

The Village maintains one Enterprise fund to account for the operation of the Electric Utility. The table below reflects, in a summarized format, the more significant financial data relating to the Electric Fund for the years ended December 31, 2006 and 2005.

<u>Description</u>	<u>2006 Electric Fund</u>	<u>2005 Electric Fund</u>
Operating Revenues	\$1,323,281	\$1,207,215
Operating Expenses	1,117,404	1,126,105
Capital Outlay	58,293	55,510
JV 5 Debt Service	52,448	52,417
Operating Income	205,877	81,110
Amp-Ohio BAN Proceeds	1,500,000	1,600,000
Amp-Ohio BAN Debt Service	1,660,940	1,746,207
Transfers In	53,201	53,432
Net Income (Loss)	95,791	(14,251)
Fund Balance at December 31:	695,491	599,700
Long Term Liabilities	\$1,500,000	\$1,600,000

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2006 AND 2005  
(Continued)**

**9. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



# Mary Taylor, CPA

Auditor of State

## 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, Sandusky County, (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated March 29, 2007 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principals 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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We noted certain matters that we reported to the Village's management in a separate letter dated March 29, 2007.

#### **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 or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

We also noted certain noncompliance or other matters that we reported to the Village's management in a separate letter dated March 29, 2007.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

March 29, 2007

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Ohio Rev. Code Section 5705.36(A) (4) states that a reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

We found the following variances that require obtaining decreased amended certificates:

Fund	Estimated Resources	Actual Resources	Deficiency	Available Resources in Excess (Deficient) of Appropriations	Actual Resources Less Than Appropriations
<b>As of December 31, 2006</b>					
Downtown Transportation	\$489,873	\$34,186	(\$455,687)	(\$4,000)	(\$459,687)
<b>As of December 31, 2005</b>					
Recreation	\$47,118	\$47,003	(\$115)		(\$115)
Pool & Park Improvement	16,694	263	(16,431)	2,501	(13,930)
Police Disability & Pension	27,325	24,912	(2,413)	324	(2,089)
Downtown Transportation	100,000	6,423	(93,577)		(93,577)

We recommend the Village obtain amended certificates as required.

**Officials Response**

The Village acknowledges the requirement to request an amended certificate if it does not receive revenue as anticipated and will make the request in the future.

VILLAGE OF WOODVILLE  
SANDUSKY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	Ohio Revised Code §5705.41(B) Expenditures Exceeded Appropriations	Yes	



**Mary Taylor, CPA**  
Auditor of State

**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  
MAY 10, 2007**