



Dave Yost • Auditor of State



VILLAGE OF WOODVILLE  
SANDUSKY COUNTY

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# Dave Yost • Auditor of State

Village of Woodville  
Sandusky County  
530 Lime St., P.O. Box 156  
Woodville, Ohio 43460-0156

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 an 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 adverse 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.

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**Dave Yost**  
Auditor of State

July 26, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Woodville  
Sandusky County  
530 Lime St., P.O. Box 156  
Woodville, Ohio 43460-0156

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodville, Sandusky County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010. 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. In addition, the Village failed to adopt the provisions of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* for the year ended December 31, 2011 as mandated by Auditor of State Bulletin 2011-004 for regulatory basis financial statements.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 and 2010, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, except for the effects of not adopting the provisions of Governmental Accounting Standards Board Statement No. 54 for the year ended December 31, 2011, as described in the third preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2011 and 2010 of the Village of Woodville, Sandusky County, Ohio and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

July 26, 2012



**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, 2011**

	<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 and Local Taxes	\$329,675	\$9,159		\$338,834
Intergovernmental	163,884	106,136		270,020
Charges for Services	24,434	27,466		51,900
Fines, Licenses and Permits	84,227	950		85,177
Earnings on Investments	2,499	79		2,578
Miscellaneous	22,129	7,510		29,639
	<u>626,848</u>	<u>151,300</u>		<u>778,148</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	364,849	1,653		366,502
Public Health Services	1,248			1,248
Leisure Time Activities	3,433	40,791		44,224
Community Environment	10,977			10,977
Transportation	21,178	102,413		123,591
General Government	123,954			123,954
Capital Outlay	120,960	15,693		136,653
	<u>646,599</u>	<u>160,550</u>		<u>807,149</u>
Total Disbursements Over Receipts	<u>(19,751)</u>	<u>(9,250)</u>		<u>(29,001)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In		15,000		15,000
Transfers-Out	<u>(69,328)</u>			<u>(69,328)</u>
Total Other Financing Receipts / (Disbursements)	<u>(69,328)</u>	<u>15,000</u>		<u>(54,328)</u>
Net Change in Fund Cash Balances	(89,079)	5,750		(83,329)
Fund Cash Balances, January 1	<u>352,805</u>	<u>103,251</u>	<u>\$22,715</u>	<u>478,771</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$263,726</b></u>	<u><b>\$109,001</b></u>	<u><b>\$22,715</b></u>	<u><b>\$395,442</b></u>
Reserve for Encumbrances, December 31	<u>\$4,665</u>	<u>\$89</u>		<u>\$4,754</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, 2011**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$2,351,413
Miscellaneous	81,390
	<u>2,432,803</u>
Total Operating Cash Receipts	<u>2,432,803</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	417,412
Travel Transportation	993
Contractual Services	1,376,000
Supplies and Materials	140,357
	<u>1,934,762</u>
Total Operating Cash Disbursements	<u>1,934,762</u>
Operating Income	<u>498,041</u>
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental	7,920
Sale of Notes	950,000
Other Debt Proceeds	5,302,082
	<u>6,260,002</u>
Total Non-Operating Cash Receipts	<u>6,260,002</u>
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	5,191,024
Redemption of Principal	1,126,228
Interest and Other Fiscal Charges	26,932
Property and Other Local Taxes	2,335
	<u>6,346,519</u>
Total Non-Operating Cash Disbursements	<u>6,346,519</u>
Income Before Transfers	411,524
Transfers-In	54,328
	<u>465,852</u>
Net Change in Fund Cash Balances	465,852
Fund Cash Balance, January 1	<u>1,338,855</u>
<b>Fund Cash Balance, December 31</b>	<b><u><u>\$1,804,707</u></u></b>
Reserve for Encumbrances, December 31	<u><u>\$95,526</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  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<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 and Local Taxes	\$347,257	\$9,770		\$357,027
Intergovernmental	174,312	107,791		282,103
Charges for Services	17,116	30,313		47,429
Fines, Licenses and Permits	84,588	197		84,785
Earnings on Investments	2,327	100		2,427
Miscellaneous	11,461	3,133		14,594
	<u>637,061</u>	<u>151,304</u>		<u>788,365</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	351,224	3,079		354,303
Public Health Services	1,258			1,258
Leisure Time Activities	8,814	46,020		54,834
Community Environment	5,622			5,622
Transportation	71,924	115,297		187,221
General Government	128,355			128,355
Capital Outlay	1,339	4,588	\$10	5,937
	<u>568,536</u>	<u>168,984</u>	<u>10</u>	<u>737,530</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>68,525</u>	<u>(17,680)</u>	<u>(10)</u>	<u>50,835</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In		22,000		22,000
Transfers-Out	(107,413)			(107,413)
	<u>(107,413)</u>	<u>22,000</u>		<u>(85,413)</u>
<b>Total Other Financing Receipts / (Disbursements)</b>				
Net Change in Fund Cash Balances	(38,888)	4,320	(10)	(34,578)
Fund Cash Balances, January 1	391,693	98,931	22,725	513,349
<b>Fund Cash Balances, December 31</b>	<u><b>\$352,805</b></u>	<u><b>\$103,251</b></u>	<u><b>\$22,715</b></u>	<u><b>\$478,771</b></u>
Reserve for Encumbrances, December 31		<u>\$5,000</u>		<u>\$5,000</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, 2010**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$2,266,396
Miscellaneous	87,591
	2,353,987
<b>Total Operating Cash Receipts</b>	
	2,353,987
<b>Operating Cash Disbursements:</b>	
Personal Services	459,978
Travel Transportation	4,500
Contractual Services	1,336,172
Supplies and Materials	122,822
	1,923,472
<b>Total Operating Cash Disbursements</b>	
	1,923,472
Operating Income	430,515
	430,515
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental	153,376
Sale of Notes	1,050,000
Other Debt Proceeds	431,723
	1,635,099
<b>Total Non-Operating Cash Receipts</b>	
	1,635,099
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	423,642
Redemption of Principal	1,382,140
Interest and Other Fiscal Charges	52,969
Property and Other Local Taxes	2,260
	1,861,011
<b>Total Non-Operating Cash Disbursements</b>	
	1,861,011
Income Before Transfers	204,603
	204,603
Transfers-In	85,413
	85,413
Net Change in Fund Cash Balances	290,016
	290,016
Fund Cash Balance, January 1	1,048,839
	1,048,839
<b>Fund Cash Balance, December 31</b>	<b>\$1,338,855</b>
Reserve for Encumbrances, December 31	\$8,811

*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, 2011 AND 2010**

**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, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides electric, water and sewer utilities, park operations, and police services.

**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 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, which acts as the joint venture's agent. During 2001, AMP 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. On January 3, 2011, AMP redeemed all of the \$31,110,000 OMEGA JV2 Project Distributive Generation Bonds then outstanding by borrowing on AMP's revolving credit facility. As such, the remaining outstanding bond principal of the OMEGA JV2 indebtedness was reduced to zero, with the remaining principal balance now residing on the AMP credit facility. As of December 31, 2011, the outstanding debt was \$23,633,931. The Village's net investment in OMEGA JV2 was \$17,639 at December 31, 2011. Complete financial statements for OMEGA JV2 may be obtained from AMP 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, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2011 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
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	0.79%	1,066	Custar	0.00%	4
	95.20%	127,640		4.80%	6,441
			Grand Total	100.00%	134,081

**Ohio Municipal Electric General Agency Joint Venture 5 (JV5)**

The Village of Woodville is a Financing Participant with an ownership percentage of .50 %, 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.

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, 2011 AND 2010  
(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, 2011 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, which acts as the joint venture's agent. During 1993 and 2001 AMP 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 \$53,016 at December 31, 2011. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

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

**B. Accounting Basis**

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. The Village 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).

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

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

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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 private-purpose 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:

Capital Improvement Fund – This fund receives proceeds of general obligation bonds. The proceeds are being used to for the library and museum.



**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(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 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 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2011 and 2010 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.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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 Deposits and Investments**

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

	2011	2010
Demand deposits	\$1,862,717	\$1,000,562
Certificates of deposit	300,000	
Cash On Hand	50	50
Total deposits	2,162,767	1,000,612
STAR Ohio	37,382	817,014
Total deposits and investments	\$2,200,149	\$1,817,626

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$529,978	\$626,848	\$96,870
Special Revenue	154,113	166,300	12,187
Enterprise	3,250,000	8,747,132	5,497,132
Total	\$3,934,091	\$9,540,280	\$5,606,189

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$769,000	\$720,592	\$48,408
Special Revenue	224,500	160,639	63,861
Capital Projects	4,000		4,000
Enterprise	3,435,086	8,376,806	(4,941,720)
Total	\$4,432,586	\$9,258,037	(\$4,825,451)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$570,350	\$637,061	\$66,711
Special Revenue	178,863	173,304	(5,559)
Enterprise	3,430,000	4,074,499	644,499
Total	\$4,179,213	\$4,884,864	\$705,651

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$781,700	\$675,949	\$105,751
Special Revenue	239,000	173,984	65,016
Capital Projects	9,000	10	8,990
Enterprise	3,700,835	3,793,294	(92,459)
Total	\$4,730,535	\$4,643,237	\$87,298

Contrary to Ohio law, appropriations exceeded estimated resources in the Street Fund by \$26,388 for the year ended December 31, 2011 and appropriations exceeded estimated resources in the Street fund by \$18,500 and in the Water fund by \$103,453 for the year ended December 31, 2010.

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**4. Property Tax (Continued)**

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

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

**5. Debt**

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #5795	\$4,941,547	0.00%
Ohio Water Development Authority Loan #5688	346,916	0.00%
Ohio Water Development Authority Loan #5557	144,902	0.00%
Ohio Public Works Commission Loan #CE26H	137,872	0.00%
Ohio Public Works Commission Loan #CE26B	88,532	0.00%
Ohio Public Works Commission Loan #CT13F	10,877	0.00%
Amp-Ohio Note	950,000	3.50%
Police Pension Liability	42,813	4.00%
Total	<u><u>\$6,663,459</u></u>	

The Ohio Water Development Authority (OWDA) loan #5795 relates to the sewer separation project. OWDA has agreed to loan the Village \$9,407,083 for this project. The Village will repay the loan in semiannual installments over 10 years. The loan is still in open status, so no amortization schedule is available at this time. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5688 relates to the well field expansion project. OWDA has agreed to loan the Village \$507,160. The Village will repay the loan in semiannual installments over 10 years. The loan is still in open status, so no amortization schedule is available at this time. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #5557 relates to the raw waterline project. OWDA has agreed to loan the Village \$271,568, \$121,646 of which was forgiven by an ARRA grant received by the Village. The Village will pay the remaining balance in semiannual installments over 10 years. The loan is still in open status, so no amortization schedule is available at this time. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan #CE26H relates to the phase I waterline improvement project. 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.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. Debt (Continued)**

The Ohio Public Works Commission (OPWC) loan #CE26B relates to a wastewater treatment plant improvement project. OPWC loaned the Village \$177,065 for this project. The Village will repay the loan in semi-annual 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. 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 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.

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

Year ending December 31:	OPWC CE26H	OPWC CE26B	OPWC CE13F	Amp-Ohio	Police Pension
2012	\$30,638	\$8,853	\$870	\$950,000	\$2,866
2013	30,638	8,853	870		2,866
2014	30,638	8,853	870		2,866
2015	30,638	8,853	870		2,866
2016	15,320	8,853	870		2,866
2017-2021		44,267	4,350		14,331
2022-2026			2,177		14,331
2027-2031					14,331
2032-2036					9,904
Total	<u>\$137,872</u>	<u>\$88,532</u>	<u>\$10,877</u>	<u>\$950,000</u>	<u>\$67,227</u>

**6. Retirement Systems**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other 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 these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. Risk Management**

Prior to 2009, the Village belonged 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 Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

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 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.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. Risk Management (Continued)**

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. Enterprise Fund Segment Information**

The Village maintains an 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, 2011 and 2010.

Description	2011 Electric Fund	2010 Electric Fund
Operating Revenues	\$1,443,947	\$1,417,883
Operating Expenses	1,354,327	1,247,882
Capital Outlay	98,038	41,011
JV5 Debt Service	52,392	52,392
Operating Income	89,620	170,001
Amp-Ohio BAN Proceeds	950,000	1,050,000
Amp-Ohio Ban Debt Service	1,076,308	1,197,536
Transfers-In	54,327	55,413
Net Income	15,304	75,619
Fund Balances December 31:	927,381	912,077
Long Term Liabilities	\$950,000	\$1,050,000

**9. Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor 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.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**10. American Municipal Power Generating Station Project**

The Village of Woodville is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

**History of the AMPGS Project**

In November 2009, the participants of the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a \$3 billion project, but the project's estimated capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed-price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center ("AFEC") at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2011, the type of generating asset has not been determined.

As mentioned above, the AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At December 31, 2011 AMP has a regulatory asset of \$86,548,349 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery on a participant by participant basis.



**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**10. American Municipal Power Generating Station Project (Continued)**

AMP has consistently communicated with the AMPGS participants as to the risks and uncertainties with respect to the outstanding potential liability the Village has as a result of the cancellation of the AMPGS Project. Meetings with AMPGS Project participants have been held as necessary to communicate any updates to both costs being incurred and ongoing litigation. At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. These memos were not invoices, but provided the participants with information which they could

utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

Based on an allocation to Woodville of 800 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2011 the Village of Woodville has a potential stranded cost obligation of \$130,844 for the AMPGS Project. The Village of Woodville does not have any payments on deposit with AMP at December 31, 2011.

**AMP Fremont Energy Center (AFEC) Development Fee**

The AFEC Development Fee is the amount paid by AFEC participants to the AMPGS project as a Development Fee in August, 2011. AFEC participants are a separate group of AMP members that obtained financing for engineering, consulting and other development costs for expertise obtained by AMP for Natural Gas Combined Cycle power plants. This amount is financed by AMP, Inc. and is to be collected through debt service from AFEC participants. The Development Fee paid by all AFEC Participants is credited to the potential AMPGS costs of each AFEC participant that is also an AMPGS participant in proportion to their relative percentage of AFEC (but not less than zero) as approved by the AMP Board. The Village is a participant in the AFEC project and has received a credit to reduce its share of AMPGS potential stranded costs as noted below.

Based on the allocation methodology approved by the AMP Board of Trustees as mentioned above, the Village receives a credit of \$9,423 for being a participant in both projects. This credit is proportionate to its AFEC allocation kW share of 90 and the total kW share of those participating in both projects. The Village has not recorded this credit in its financial statements as of December 31, 2011.

**Recording of Stranded Costs**

The Village plans to incorporate the potential stranded cost liability into its monthly power cost invoices during 2013 and 2014, and will be recovering it directly from its customers through the Village's power cost adjustment.

Had the Village chosen during 2011 to record the potential stranded costs as an expense, and recover it through the Village's power cost adjustment, the Village believes it would not have met its covenant obligations for its debt covenant obligations with Ohio Municipal Electric Generation Agency (OMEGA) Joint Venture 5, 6, and 2.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**10. American Municipal Power Generating Station Project (Continued)**

In making its determination as to how to proceed with the accounting treatment for the potential AMPGS Project liability, the Village has relied upon its Village Solicitor, Robert A. Kuhlman, Village Public Utilities Consultant, John T. Courtney of Courtney & Associates, information provided by AMP and its legal counsel with respect to the data, as well as the Village's audit team, and Village administration.



# Dave Yost • 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  
530 Lime St., P.O. Box 156  
Woodville, Ohio 43460-0156

To the Village Council:

We have audited the financial statements of the Village of Woodville, Sandusky County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010 and have issued our report thereon dated July 26, 2012 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United State of America. We also noted the District did not adopt the provision of Governmental Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-001 and 2011-002 described in the accompanying schedule of findings to be material weaknesses.

### **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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 26, 2012.

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



**Dave Yost**  
Auditor of State

July 26, 2012

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-001**

**Material Weakness**

**Financial Reporting**

The review of the financial statements resulted in eleven audit adjustments ranging in amounts from \$220 to \$4,808,901. The most significant adjustments were as follows:

- To post unrecorded debt proceeds and capital outlay payments in the Enterprise Funds (\$214,816 – 2010) (\$4,808,901 – 2011)
- To reclassify Debt proceeds posted as Intergovernmental receipts in the Enterprise Funds (\$216,907- 2010) (\$493,181 – 2011)
- To post unrecorded Intergovernmental receipts and Capital Outlay payments in the Enterprise Funds (\$493,181 – 2011)
- To record a principal forgiveness grant and principal payment in the Enterprise Fund (\$121,646 – 2011)
- Transfers-Out of the General fund were misclassified as disbursements (\$37,000 – 2010)

Additional audit adjustments were made in smaller relative amounts. The accompanying financial statements have been adjusted to correct these errors.

Sound financial reporting is the responsibility of the Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

This weakness resulted in additional audit time to test and verify the accuracy of the accompanying financial statements.

**Officials' Response:**

The Fiscal Officer will monitor debt proceeds and corresponding payments to ensure they are being posted correctly, and also monitor intergovernmental and tax revenues.

**FINDING NUMBER 2011-002**

**Material Weakness**

**Approval of Invoices**

Invoices should be reviewed to assure all goods or services were received prior to paying the invoice. Forty-one percent of the invoices tested did not have a reviewer's initial indicating the goods or services were received. The lack of proper monitoring and approval could result in paying invoices for goods or services that were never received by the Village.

We recommend the Village appoint employees or departments to review and sign all invoices to document goods and services were received prior to paying them.

**FINDING NUMBER 2011-002  
 (Continued)**

**Officials' Response:**

The Fiscal Officer will monitor invoices prior to payment to ensure they are being approved for payment.

**FINDING NUMBER 2011-003**

**Noncompliance Citation**

**Ohio Revised Code, Section 5705.39**, states total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in the case of appeal, to the board of tax appeals. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as 'estimated resources' because it includes unencumbered fund balances.

The Village had appropriations in excess of estimated resources in the following fund as of December 31, 2011:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
Street Fund	\$111,500	\$85,112	\$26,388

The Village had appropriations in excess of estimated resources in the following funds as of December 31, 2010:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variances</u>
Street Fund	\$118,500	\$100,000	\$18,500
Water Fund	\$885,153	\$781,700	\$103,453

To reduce the possibility of appropriations exceeding estimated resources, we recommend the Village Council monitor appropriations and estimate resources throughout the year to ensure appropriations do not exceed the amount of estimated resources. We also recommend the Village Council monitor the budgetary activity of the Village and either approve supplemental appropriations or obtain increased amended certificates of estimated resources in order to stay in compliance with Ohio law.

**Officials' Response:**

The Fiscal Officer will monitor appropriations compared to estimated resources and request reduced appropriations or amended certificates of estimated resources when required.

**VILLAGE OF WOODVILLE  
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

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>
2009-001	Material Weakness due to errors in financial reporting.	No	Not corrected; Repeated as Finding #2011-001 in this report.
2009-002	Ohio Revised Code 5705.36(A)(2) for failure to obtain amended certificates.	Yes	
2009-003	Ohio Revised Code 5705.39 for appropriations exceeding estimated resources.	No	Not corrected; Repeated as Finding #2011-003 in this report.

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# Dave Yost • 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  
AUGUST 07, 2012