



**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



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 West Main St.
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 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.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 3, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Woodville
Sandusky County
219 West Main St.
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, 2009 and 2008. 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.

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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position or cash flows, where applicable 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, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 3, 2010, 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

August 3, 2010

**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, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$342,456	\$9,488		\$351,944
Intergovernmental	198,838	112,545	\$2,574	313,957
Charges for Services	12,205	21,875		34,080
Fines, Licenses and Permits	60,597	177		60,774
Earnings on Investments	4,457			4,457
Miscellaneous	21,177	4,118		25,295
Total Cash Receipts	<u>639,730</u>	<u>148,203</u>	<u>2,574</u>	<u>790,507</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	330,701	2,926		333,627
Leisure Time Activities	12,834	43,554		56,388
Community Environment	8,148			8,148
Transportation	49,339	102,340		151,679
General Government	101,591			101,591
Capital Outlay	1,339	28,998		30,337
Total Cash Disbursements	<u>503,952</u>	<u>177,818</u>		<u>681,770</u>
Total Receipts Over/(Under) Disbursements	<u>135,778</u>	<u>(29,615)</u>	<u>2,574</u>	<u>108,737</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		16,500		16,500
Transfers-Out	<u>(68,381)</u>			<u>(68,381)</u>
Total Other Financing Receipts / (Disbursements)	<u>(68,381)</u>	<u>16,500</u>		<u>(51,881)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	67,397	(13,115)	2,574	56,856
Fund Cash Balances, January 1	<u>324,296</u>	<u>112,046</u>	<u>20,151</u>	<u>456,493</u>
Fund Cash Balances, December 31	<u>\$391,693</u>	<u>\$98,931</u>	<u>\$22,725</u>	<u>\$513,349</u>
Reserve for Encumbrances, December 31	<u>\$7,506</u>	<u>\$2,805</u>		<u>\$10,311</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, 2009**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$2,072,767
Miscellaneous	43,549
	2,116,316
Operating Cash Disbursements:	
Personal Services	451,784
Travel Transportation	2,332
Contractual Services	1,189,607
Supplies and Materials	115,355
	1,759,078
Operating Income	357,238
Non-Operating Cash Receipts:	
Sale of Notes	1,187,054
Non-Operating Cash Disbursements:	
Capital Outlay	261,131
Redemption of Principal	1,371,964
Interest and Other Fiscal Charges	53,079
Other Non-Operating Cash Disbursements	2,087
	1,688,261
Excess of Disbursements Over Receipts Before Interfund Transfers	(143,969)
Transfers-In	51,881
Net Disbursements Over Receipts	(92,088)
Fund Cash Balances, January 1	1,140,927
Fund Cash Balances, December 31	\$1,048,839
Reserve for Encumbrances, December 31	\$26,630

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, 2008**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$343,403	\$9,649		\$353,052
Intergovernmental	240,296	134,800	\$47,270	422,366
Charges for Services	22,307	26,910		49,217
Fines, Licenses and Permits	50,890	410		51,300
Earnings on Investments	32,247			32,247
Miscellaneous	7,883	4,027		11,910
	<u>697,026</u>	<u>175,796</u>	<u>47,270</u>	<u>920,092</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	348,292	2,978		351,270
Public Health Services	1,271			1,271
Leisure Time Activities	7,686	40,833		48,519
Community Environment	13,830			13,830
Transportation	81,362	116,723		198,085
General Government	106,292			106,292
Capital Outlay	8,233	37,503	57,342	103,078
	<u>566,966</u>	<u>198,037</u>	<u>57,342</u>	<u>822,345</u>
Total Receipts Over/(Under) Disbursements	<u>130,060</u>	<u>(22,241)</u>	<u>(10,072)</u>	<u>97,747</u>
Other Financing Disbursements:				
Transfers-Out	<u>(53,289)</u>			<u>(53,289)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	76,771	(22,241)	(10,072)	44,458
Fund Cash Balances, January 1	<u>247,525</u>	<u>134,287</u>	<u>30,223</u>	<u>412,035</u>
Fund Cash Balances, December 31	<u>\$324,296</u>	<u>\$112,046</u>	<u>\$20,151</u>	<u>\$456,493</u>
Reserve for Encumbrances, December 31	<u>\$1,409</u>	<u>\$2,001</u>	<u>\$2,110</u>	<u>\$5,520</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, 2008**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,999,979
Miscellaneous	54,857
	2,054,836
Operating Cash Disbursements:	
Personal Services	403,223
Travel Transportation	1,336
Contractual Services	1,165,986
Supplies and Materials	116,295
	1,686,840
Operating Income	367,996
Non-Operating Cash Receipts:	
Sale of Notes	1,306,768
Non-Operating Cash Disbursements:	
Capital Outlay	180,740
Redemption of Principal	1,495,968
Interest and Other Fiscal Charges	79,106
Other Non-Operating Cash Disbursements	2,222
	1,758,036
Excess of Disbursements Over Receipts Before Interfund Transfers	(83,272)
Transfers-In	53,289
Net Disbursements Over Receipts	(29,983)
Fund Cash Balances, January 1	1,170,910
Fund Cash Balances, December 31	\$1,140,927
Reserve for Encumbrances, December 31	\$267,380

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, 2009 AND 2008**

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 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. The Village's net investment in OMEGA JV2 was \$20,830 at December 31, 2009. 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.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2009 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
	<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 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-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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, 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, 2009 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 \$53,664 at December 31, 2009. 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.

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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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).

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.

The Village values repurchase agreements at cost. 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.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 and grant funding for improvements made in downtown Woodville.

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:

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

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

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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. 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:

	2009	2008
Demand deposits	\$746,008	\$732,815
Cash on hand	50	50
Total deposits and cash on hand	746,058	732,865
Repurchase agreement		50,673
STAR Ohio	816,130	813,882
Total investments	816,130	864,555
Total deposits, cash on hand and investments	\$1,562,188	\$1,597,420

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

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. 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, 2009 and 2008 follows:

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$587,337	\$639,730	\$52,393
Special Revenue	199,335	164,703	(34,632)
Capital Projects		2,574	2,574
Enterprise	3,390,000	3,355,251	(34,749)
Total	\$4,176,672	\$4,162,258	(\$14,414)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$749,350	\$579,839	\$169,511
Special Revenue	228,400	180,623	47,777
Capital Projects	11,110		11,110
Enterprise	3,924,435	3,473,969	450,466
Total	\$4,913,295	\$4,234,431	\$678,864

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$583,850	\$697,026	\$113,176
Special Revenue	190,900	175,796	(15,104)
Capital Projects	43,000	47,270	4,270
Enterprise	3,639,790	3,414,893	(224,897)
Total	\$4,457,540	\$4,334,985	(\$122,555)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$752,350	\$621,664	\$130,686
Special Revenue	220,000	200,038	19,962
Capital Projects	27,852	59,452	(31,600)
Enterprise	4,000,035	3,712,256	287,779
Total	\$5,000,237	\$4,593,410	\$406,827

Contrary to Ohio law, appropriations exceeded estimated resources in the Recreation Fund (\$18,680) and Water Fund (\$208,804) for the year ended December 31, 2009. Also contrary to Ohio law, the Village did not obtain reduced amended certificates of estimated resources as required for the recreation and water funds.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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.

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, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #3255	\$56,525	6.41%
Ohio Water Development Authority Loan #4797	24,497	2.75%
Ohio Public Works Commission Loan #CE26B	101,812	0.00%
Ohio Public Works Commission Loan #CT13F	12,182	0.00%
Ohio Public Works Commission Loan #CE26H	183,829	0.00%
Amp-Ohio Note	1,150,000	3.50%
Police Pension Liability	44,319	4.00%
Total	<u><u>\$1,573,164</u></u>	

The Ohio Water Development Authority (OWDA) loan #3255 relates to a wastewater cell construction project. 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.

The Ohio Water Development Authority (OWDA) loan #4797 relates to the design phase of the Village's sanitary sewer separation project. OWDA has agreed to loan the Village up to \$243,511 for this project. The Village will repay the loan in semiannual installments over 10 years. The loan is still in the 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 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 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.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

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:	OWDA #3255	OPWC CE26B	OPWC CT13F	OPWC CE26H	Amp-Ohio	Police Pension
2010	\$40,124	\$8,853	\$870	\$30,638	\$1,150,000	\$2,866
2011	20,062	8,853	870	30,638		2,866
2012		8,853	870	30,638		2,866
2013		8,853	870	30,638		2,866
2014		8,853	870	30,638		2,866
2015-2019		44,266	4,351	30,639		14,330
2020-2024		13,281	3,481			14,330
2025-2029						14,330
2030-2034						14,330
2035						1,433
Total	<u>\$60,186</u>	<u>\$101,812</u>	<u>\$12,182</u>	<u>\$183,829</u>	<u>\$1,150,000</u>	<u>\$73,083</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 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2008, 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, 2009.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 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 coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

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

Plan members are responsible to notify the Plan of their intent to renew 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.

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: 2009 and 2008.

	2009	2008
Assets	\$11,176,186	\$10,471,114
Liabilities	<u>(4,852,485)</u>	<u>(5,286,781)</u>
Members' Equity	<u>\$6,323,701</u>	<u>\$5,184,333</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, 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 summarize format, the more significant financial data relating to the Electric Fund for the years ended December 31, 2009 and 2008.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. Enterprise Fund Segment Information (Continued)

Description	2009 Electric Fund	2008 Electric Fund
Operating Revenues	\$1,262,763	\$1,305,118
Operating Expenses	1,190,350	1,080,434
Capital Outlay	112,811	63,916
JV5 Debt Service	52,394	52,516
Operating Income	72,413	224,684
Amp-Ohio BAN Proceeds	1,150,000	1,250,000
Amp-Ohio BAN Debt Service	1,291,883	1,468,318
Transfers-In	51,881	53,289
Net Income	(19,676)	58,043
Fund Balances December 31:		
Long Term Liabilities	\$1,150,000	\$1,250,000

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.

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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 West Main St.
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, 2009 and 2008 and have issued our report thereon dated August 3, 2010 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting 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 finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-002 and 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 3, 2010.

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 the Village Council, finance committee, management, and others within the Village. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 3, 2010

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

Financial Reporting

The review of the financial statements resulted in forty-two audit adjustments ranging in amounts from \$1 to \$56,768. The most significant adjustments in 2008 were for unrecorded transfers (\$34,607), unrecorded intergovernmental revenues and capital outlay expenditures for the downtown enhancement fund (\$47,270). Debt payments (\$26,270) were misclassified as capital outlay, and debt proceeds (\$56,768) were misclassified as intergovernmental revenues. The posting of the Kilowatt tax receipts (\$26,270) were also posted to transfers instead of charges for services revenue.

The most significant adjustments in 2009 were for debt proceeds recorded as miscellaneous revenue (\$37,054) and to remove a payment that was posted to the system twice (\$29,396).

Additional audit adjustments were made for both years in smaller relative amounts. The net effect of these adjustments on individual fund balances is as follows:

Fund #	Fund Name	Amount Per Village	Amount Per Audit	Variance
101	General	\$437,739	\$391,693	(\$46,046)
 <u>Special Revenue</u>				
201	Streets	22,828	28,944	6,116
202	State Highway	17,286	17,782	496
203	Recreation	126	(4,697)	(4,823)
208	Parks	1,057	(6,944)	(8,001)
701	Police Disability and Pension	18,017	25,124	7,107
 <u>Capital Projects</u>				
402	Capital Improvements	(3,802)	4,197	7,999
 <u>Enterprise</u>				
601	Water Fund	18,627	19,238	611
602	Sewer Fund	(56,167)	(29,336)	26,831
603	Electric Fund	\$798,025	\$836,458	\$38,433

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.

FINDING NUMBER 2009-001 (continued)

Monitoring and oversight of monthly financial information is a key control within the internal control structure. Council does review the checks issued each month, but is not reviewing and approving monthly revenue and disbursement summaries by fund, fund balances, or budget vs. actual information. The lack of appropriate oversight could lead to funds being misclassified, lost, stolen, or unaccounted for, and was a contributing factor leading to the audit adjustments noted above.

Bank reconciliations should also be prepared timely and on a monthly basis by the Fiscal Officer. Once prepared, they should be submitted to Council or the Finance Committee for their review and approval. Bank reconciliations for April, 2008 through December 31, 2009 were not prepared until requested by the Auditors in May, 2010. The reconciliations were also not reviewed and approved by Council or the Finance Committee. The failure to prepare monthly reconciliations, and the failure of Council or the Finance Committee to request and approve them as had been done prior to April, 2008, was a contributing factor leading to the audit adjustments noted above.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Fiscal Officer should prepare bank reconciliations and financial reports on a monthly basis and submit them to Council or the Finance Committee for their review and approval. Council or the Finance Committee should document this review by signing the reports.

This weakness resulted in additional audit time to test and verify the accuracy of the accompanying financial statements. The Village has posted the required adjustments.

Officials' Response:

The Fiscal Officer will prepare monthly financial reports and bank reconciliations and submit them to Council for their review and approval.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Revised Code Section 5705.36(A)(2) states upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

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

Ohio Revised Code Section 5705.36 states on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget, and such certified amount shall include any unencumbered balances existing at the end of the preceding year.

FINDING NUMBER 2009-002 (continued)

We found the following variances that met the requirement for obtaining a reduced amended certificate:

Fund	Actual Resources	Appropriations	Deficiency
As of December 31, 2009			
Recreation Fund	\$38,857	\$53,151	(\$14,294)
Water Fund	\$444,238	\$655,997	(\$211,759)
As of December 31, 2008			
Recreation Fund	\$40,304	\$47,282	(\$6,978)

Failure to file an amended certificate of estimated resources reflecting the amount of the deficiency by the Village in 2008 and 2009 resulted in the Village's appropriations exceeding estimated revenue. We recommend the Village Council check the latest certificate of estimated resources before making any appropriations to determine the total resources certified as available for appropriations. We also recommend the Fiscal Officer monitor total available resources (actual receipts plus unencumbered beginning fund balances) more closely throughout the year to determine whether the current level of appropriations is exceeding total available resources. If so, the Fiscal Officer should request an amended certificate of estimated resources and then the Village Council should amend appropriations to be in line with the amended certificate.

Officials' Response:

The Fiscal Officer will monitor actual resources compared to appropriations and requested amended certificates of estimated resources when needed.

FINDING NUMBER 2009-003

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.

FINDING NUMBER 2009-003 (continued)

The Village had appropriations in excess of estimated resources in the following funds as of December 31, 2009:

Fund	Appropriations	Estimated Resources	Variances
Recreation Fund	\$53,151	\$34,471	(\$18,680)
Water Fund	\$655,997	\$447,193	(\$208,804)

To reduce the possibility of appropriations exceeding estimated resources, we recommend the Village Council monitor appropriations and estimated 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 and send to the County Auditor 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, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Financial Reporting Improvement Recommendation	No	Repeated as Finding #2009-001 in this report.
2007-002	ORC §5705.36, failure to properly obtain amended certificates of estimated resources.	No	Repeated as Finding #2009-002 in this report.



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
AUGUST 17, 2010