



**Auditor of State
Betty Montgomery**

VILLAGE OF WOODVILLE
SANDUSKY COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Woodville
Sandusky County
219 W. Main St., P.O. Box 156
Woodville, OH 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, 2002 and 2001. 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 audits.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

March 12, 2003

**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, 2002**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$262,291	\$8,148		\$270,439
Intergovernmental Receipts	196,311	77,258	\$107,324	380,893
Charges for Services	16,758	28,929		45,687
Fines, Licenses, and Permits	37,877	1,358		39,235
Earnings on Investments	14,999			14,999
Miscellaneous	19,227	7,673		26,900
	<u>547,463</u>	<u>123,366</u>	<u>107,324</u>	<u>778,153</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	268,508	13,781		282,289
Public Health Services	1,167			1,167
Leisure Time Activities	29,964	38,839		68,803
Community Environment	9,157			9,157
Transportation	64,724	92,281		157,005
General Government	91,315			91,315
Capital Outlay	19,399		129,020	148,419
	<u>484,234</u>	<u>144,901</u>	<u>129,020</u>	<u>758,155</u>
Total Cash Disbursements	<u>484,234</u>	<u>144,901</u>	<u>129,020</u>	<u>758,155</u>
Total Receipts Over/(Under) Disbursements	<u>63,229</u>	<u>(21,535)</u>	<u>(21,696)</u>	<u>19,998</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		16,800		16,800
Transfers-Out	(67,397)			(67,397)
Other Financing Sources	4,315			4,315
	<u>(63,082)</u>	<u>16,800</u>		<u>(46,282)</u>
Total Other Financing Receipts/(Disbursements)	<u>(63,082)</u>	<u>16,800</u>		<u>(46,282)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	147	(4,735)	(21,696)	(26,284)
Fund Cash Balances, January 1	242,779	92,437	24,700	359,916
Fund Cash Balances, December 31	<u>\$242,926</u>	<u>\$87,702</u>	<u>\$3,004</u>	<u>\$333,632</u>
Reserves for Encumbrances, December 31	<u>\$5,950</u>	<u>\$1,444</u>		<u>\$7,394</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, 2002**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,611,224
Miscellaneous	66,753
	<u>1,677,977</u>
Total Operating Cash Receipts	<u>1,677,977</u>
Operating Cash Disbursements:	
Personal Services	323,737
Travel Transportation	1,510
Contractual Services	800,280
Supplies and Materials	76,652
Capital Outlay	356,606
	<u>1,558,785</u>
Total Operating Cash Disbursements	<u>1,558,785</u>
Operating Income	<u>119,192</u>
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	1,980,000
	<u>1,980,000</u>
Total Non-Operating Cash Receipts	<u>1,980,000</u>
Non-Operating Cash Disbursements:	
Debt Service	2,200,205
Other Non-Operating Cash Disbursements	2,709
	<u>2,202,914</u>
Total Non-Operating Cash Disbursements	<u>2,202,914</u>
Excess of Disbursements Over Receipts	
Before Interfund Transfers and Advances	(103,722)
Transfers-In	60,599
Transfers-Out	(10,002)
	<u>(53,125)</u>
Net Disbursements Over Receipts	(53,125)
Fund Cash Balances, January 1	<u>972,295</u>
Fund Cash Balances, December 31	<u><u>\$919,170</u></u>
Reserve for Encumbrances, December 31	<u><u>\$126,437</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, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$160,802	\$7,865		\$168,667
Intergovernmental Receipts	164,907	74,403		239,310
Charges for Services	34,582	25,460		60,042
Fines, Licenses, and Permits	29,431	466		29,897
Earnings on Investments	40,238			40,238
Miscellaneous	8,003	2,130		10,133
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	437,963	110,324		548,287
Cash Disbursements:				
Current:				
Security of Persons and Property	204,610	2,956		207,566
Public Health Services	1,165			1,165
Leisure Time Activities	37,568	30,221		67,789
Community Environment	9,963			9,963
Transportation	109,705	78,331		188,036
General Government	104,706			104,706
Capital Outlay			\$20,523	20,523
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	467,717	111,508	20,523	599,748
Total Receipts Over/(Under) Disbursements	<hr/> (29,754)	<hr/> (1,184)	<hr/> (20,523)	<hr/> (51,461)
Other Financing Receipts and (Disbursements):				
Transfers-In		29,300	24,893	54,193
Transfers-Out	(78,478)			(78,478)
Other Financing Sources	6,586			6,586
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(71,892)	29,300	24,893	(17,699)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(101,646)	28,116	4,370	(69,160)
Fund Cash Balances, January 1	344,425	64,321	20,330	429,076
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$242,779</u>	<u>\$92,437</u>	<u>\$24,700</u>	<u>\$359,916</u>
Reserves for Encumbrances, December 31	<u>\$10,824</u>	<u>\$1,094</u>	<u>\$12,686</u>	<u>\$24,604</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, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,499,871
Miscellaneous	20,639
	<u>1,520,510</u>
Total Operating Cash Receipts	<u>1,520,510</u>
Operating Cash Disbursements:	
Personal Services	314,348
Contractual Services	800,609
Supplies and Materials	76,574
Capital Outlay	1,502,809
	<u>2,694,340</u>
Total Operating Cash Disbursements	<u>2,694,340</u>
Operating Loss	<u>(1,173,830)</u>
Non-Operating Cash Receipts:	
Intergovernmental Receipts	149,558
Proceeds from Notes and Bonds	1,800,000
Other Non-Operating Receipts	51,363
	<u>2,000,921</u>
Total Non-Operating Cash Receipts	<u>2,000,921</u>
Non-Operating Cash Disbursements:	
Debt Service	2,034,471
	<u>2,034,471</u>
Total Non-Operating Cash Disbursements	<u>2,034,471</u>
Excess of Disbursements Over Receipts Before Interfund Transfers and Advances	(1,207,380)
Transfers-In	34,287
Transfers-Out	(10,002)
	<u>(1,183,095)</u>
Net Disbursements Over Receipts	(1,183,095)
Fund Cash Balances, January 1	<u>2,155,390</u>
Fund Cash Balances, December 31	<u>\$972,295</u>
Reserve for Encumbrances, December 31	<u>\$244,162</u>

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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Woodville, Sandusky County (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water, sewer and electric utilities, park operations, and police services.

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

Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)

The Village is a participant with thirty-six subdivisions within the State of Ohio in a joint venture for the costs of acquisition, construction and installation of the distributive generation to provide supplemental reserve electric power to the participants on a cooperative basis. Of the 36 participants, 16 are financing participants and 20 are non-financing participants. The financing participants will pay their portion to a debt service reserve fund on a monthly basis and the non-financing participants will pay their portion in a lump sum cash payment. The Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2) was created for that purpose and includes the buyout of the Ohio Municipal Electric Generation Agency Joint Venture 3 (JV3). On dissolution of the joint venture, the net assets of the JV2 will be shared by the participants on a percentage basis. The JV2 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture and a portion of the \$50,260,000 bonds, by which a monthly payment is made to fund the debt service reserve fund for those financing participants. The Village is a non-financing participant in the JV2. The Village's net investment and its share of the operating results of JV2 ownership share of the project is .060 percent. Complete financial statements for JV2 can be obtained from AMP-Ohio at 2600 Airport Drive, Columbus, Ohio 43219, or from the Village's Administrator.

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Certificates of deposit and repurchase agreements are valued at cost. Amounts on deposit with the Sandusky County Treasurer are valued at the County Treasurer's carrying amount. Money market funds are recorded at share values reported by the mutual fund.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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

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

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

3. Capital Project Funds

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

Construction Fund - This fund receives grant money for various construction projects.

4. Enterprise Funds

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

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

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

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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2002 and 2001 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. MATERIAL NONCOMPLIANCE

- A. The Village did not pay the electric utility tax to its general fund as required in FY 2002.
- B. Fiscal officer's certification was not made prior to incurring the commitment for twelve percent of the items tested.

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

	2002	2001
Demand deposits	\$17,239	\$2,917
Cash on Hand	50	
Amount on deposit with Sandusky County Treasurer	10,989	9,091
Certificates of deposit	685,411	182,758
Total deposits and cash on hand	713,689	194,766
Money Market Fund	50,850	498,093
Repurchase agreement	488,263	639,352
Total investments	539,113	1,137,445
Total deposits, cash on hand, and investments	\$1,252,802	\$1,332,211

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool. Amounts on deposit with the Sandusky County Treasurer are included in the county's cash and investment pool. The Sandusky County Treasurer is responsible for maintaining adequate depository collateral for all funds in the Sandusky County's pooled and deposit accounts.

Investments: The money market fund is held jointly in the name of the Village and AMP-OHIO, and represents the unexpended proceeds of a loan from AMP-OHIO which may be used only for an electric power project. Investments in the money market fund are not evidenced by securities that exist in physical or book entry form.

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$472,846	\$551,778	\$78,932
Special Revenue	135,001	140,166	5,165
Capital Projects	10,000	107,324	97,324
Enterprise	3,236,902	3,718,576	481,674
Total	\$3,854,749	\$4,517,844	\$663,095

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$720,618	\$557,581	\$163,037
Special Revenue	222,442	146,345	76,097
Capital Projects	150,866	129,020	21,846
Enterprise	4,209,197	3,898,138	311,059
Total	<u>\$5,303,123</u>	<u>\$4,731,084</u>	<u>\$572,039</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$474,081	\$444,549	(\$29,532)
Special Revenue	126,958	139,624	12,666
Capital Projects	143,059	24,893	(118,166)
Enterprise	3,227,329	3,555,718	328,389
Total	<u>\$3,971,427</u>	<u>\$4,164,784</u>	<u>\$193,357</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$854,094	\$557,019	\$297,075
Special Revenue	158,193	112,602	45,591
Capital Projects	163,389	33,209	130,180
Enterprise	5,463,208	4,982,975	480,233
Total	<u>\$6,638,884</u>	<u>\$5,685,805</u>	<u>\$953,079</u>

Contrary to Ohio law, the fiscal officer's certification was not made prior to incurring the commitment for twelve percent of the items tested.

5. PROPERTY TAX

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

Public 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.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

6. DEBT

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$259,832	6.41%
Ohio Public Works Commission Loan	163,785	0.00%
AMP-Ohio Note	1,800,000	1.75%
Refunding Bonds	180,000	3.25%
Police Pension	50,215	4.25%
Total	<u>\$2,453,832</u>	

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

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

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

The Refunding Bonds were issued to pay the called mortgage revenue bonds issued in 1985 for the improvement of the waterworks system owned and operated by the Village. These bonds are collateralized by water receipts.

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

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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Year ending December 31:	OWDA Loan	OPWC Loan	AMP-Ohio Note	Refunding Bonds	Police Pension
2003	\$40,124	\$8,853	\$1,831,500	\$93,684	\$2,866
2004	40,124	8,853		93,684	2,866
2005	40,124	8,853			2,866
2006	40,124	8,853			2,866
2007	40,124	8,853			2,866
Subsequent	140,435	119,520			78,692
Total	<u>\$341,055</u>	<u>\$163,785</u>	<u>\$1,831,500</u>	<u>\$187,368</u>	<u>\$93,022</u>

7. DEBT SERVICE TRUSTEED FUNDS

The mortgage revenue bonds issued in 1985 were held by a custodian bank. The assets, and the related receipts and disbursements are not reflected in the accompanying financial statements.

8. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

9. RISK MANAGEMENT

The Village is a member of the Ohio Government Risk Management Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Village's policy. The Plan may assess supplemental premiums. The following risks are covered by the Pool:

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

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

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Woodville
Sandusky County
219 W. Main St., P.O. Box 156
Woodville, OH 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, 2002 and 2001, and have issued our report thereon dated March 12, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-30172-001 and 2002-30172-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 12, 2003.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving

the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 12, 2003.

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

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

Betty Montgomery
Auditor of State

March 12, 2003

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-30172-001

Finding for Adjustment

Ohio Revised Code § 5727.82 (A)(3) states that if the electric distribution company required to pay the tax imposed by section 5727.81 of the Code is a municipal electric utility, it may retain in its general fund that portion of the tax on the kilowatt hours distributed to end users located within the boundaries of the municipal corporation. However, the municipal electric utility shall make payment in accordance with division (A)(1) of this section of the tax due on the kilowatt hours distributed to end users located outside the boundaries of the municipal corporation.

The Village approved transferring the tax from users within the boundaries of the Village from the general fund to the electric fund; however, the tax was never receipted into the general fund. Based on the total monthly electric consumption from December 1, 2001 through November 30, 2002, \$50,597 tax was due the general fund. The accompanying financial statements have been adjusted to show the \$50,597 as local taxes in the general fund and as a transfer out of the general fund into the electric fund. We recommend the Village calculate how much tax should be collected from the end users inside the Village boundaries and record this amount in the general fund monthly.

FINDING NUMBER 2002-30172-002

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirement:

- a. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Board, if such expenditure is otherwise valid.

Twelve percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and neither of the exceptions provided for were used. To improve controls over disbursements, we recommend that all disbursements receive certification of the fiscal officer that the funds are or will be available.

VILLAGE OF WOODVILLE
SANDUSKY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-30172-001	Finding for money due but not collected in the amount of \$106.	Yes	



**Auditor of State
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VILLAGE OF WOODVILLE

SANDUSKY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 8, 2003**