



Mary Taylor, CPA
Auditor of State

VILLAGE OF WOODVILLE
SANDUSKY COUNTY

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Mary Taylor, CPA

Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 27, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodville, Sandusky County, (the Village) as of and for the year ended December 31, 2007. 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 year ended December 31, 2007, 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, 2007, or its changes in financial position or cash flows, where applicable for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Woodville, Sandusky County, as of December 31, 2007, and its combined cash receipts and disbursements for the year 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 March 27, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

March 27, 2008

**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, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$351,768	\$9,775		\$361,543
Intergovernmental	181,815	139,614	\$391,256	712,685
Charges for Services	13,855	26,220		40,075
Fines, Licenses and Permits	55,061	485		55,546
Earnings on Investments	87,163	3,166		90,329
Miscellaneous	6,841	12,361	123,807	143,009
	<u>696,503</u>	<u>191,621</u>	<u>515,063</u>	<u>1,403,187</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	313,608	8,063		321,671
Public Health Services	1,249			1,249
Leisure Time Activities	20,481	39,142		59,623
Community Environment	3,385			3,385
Transportation	61,778	99,243		161,021
General Government	112,722			112,722
Capital Outlay	13,579	55,348	497,903	566,830
	<u>526,802</u>	<u>201,796</u>	<u>497,903</u>	<u>1,226,501</u>
Total Cash Disbursements	<u>526,802</u>	<u>201,796</u>	<u>497,903</u>	<u>1,226,501</u>
Total Receipts Over/(Under) Disbursements	<u>169,701</u>	<u>(10,175)</u>	<u>17,160</u>	<u>176,686</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		17,521		17,521
Transfers-Out	(71,266)			(71,266)
Advances-In	7,000	7,000		14,000
Advances-Out	(7,000)	(7,000)		(14,000)
	<u>(71,266)</u>	<u>17,521</u>		<u>(53,745)</u>
Total Other Financing Receipts / (Disbursements)	<u>(71,266)</u>	<u>17,521</u>		<u>(53,745)</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	98,435	7,346	17,160	122,941
Fund Cash Balances, January 1	149,090	126,941	13,063	289,094
Fund Cash Balances, December 31	<u><u>\$247,525</u></u>	<u><u>\$134,287</u></u>	<u><u>\$30,223</u></u>	<u><u>\$412,035</u></u>
Reserve for Encumbrances, December 31	<u><u>\$37,081</u></u>	<u><u>\$36,242</u></u>	<u><u>\$2,174</u></u>	<u><u>\$75,497</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,984,338
Miscellaneous	43,634
	2,027,972
Operating Cash Disbursements:	
Personal Services	402,176
Travel Transportation	1,260
Contractual Services	1,046,947
Supplies and Materials	98,263
Capital Outlay	179,535
	1,728,181
Total Operating Cash Disbursements	1,728,181
Operating Income	299,791
Non-Operating Cash Receipts:	
Sale of Notes	1,400,000
	1,400,000
Non-Operating Cash Disbursements:	
Redemption of Principal	1,571,052
Interest and Other Fiscal Charges	86,304
Other Non-Operating Cash Disbursements	2,295
	1,659,651
Total Non-Operating Cash Disbursements	1,659,651
Excess of Receipts Over Disbursements Before Interfund Transfers	40,140
Transfers-In	53,745
Net Receipts Over Disbursements	93,885
Fund Cash Balances, January 1	1,077,025
Fund Cash Balances, December 31	\$1,170,910
Reserve for Encumbrances, December 31	\$117,172

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, 2007**

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 water, sewer and electric utilities, park operations, and police services.

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

Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)

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

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

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. On an un-audited basis, the Village's net investment in OMEGA JV2 was \$23,776 at December 31, 2007. 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, 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2006 (the latest information available) 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-Ohio.

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

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(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, 2007 Woodville has met their debt coverage obligation.

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

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

On an un-audited basis, the Village's net investment to date in OMEGA JV5 was \$55,188 at December 31, 2007. 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.

Prairie State Project

The Prairie State Energy Campus (the "PSEC") will consist of a supercritical, coal-fired, mine mouth generating facility intended to have a maximum net rated electric generating capacity of approximately 1,582 MW, related equipment and facilities and associated coal reserves. The PSEC Owners (as defined below), including AMP-Ohio, own the PSEC. The generating facilities are being constructed pursuant to a TPEPC Contract (as defined herein) with Bechtel Power Corporation. The generating units and the mining facilities are scheduled to be in commercial operation in December 2012.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

AMP-Ohio's 23.26% Ownership Interest in the PSEC (the "*Ownership Interest*") entitles AMP-Ohio to approximately 368 MW of the capacity and output from the PSEC and a proportionate share of the adjacent coal reserves and mining facilities. The Village has passed appropriate legislation and executed a power sales contract to participate in this project and has been allocated approximately 0.5 MW of this project.

In addition to AMP-Ohio's Ownership Interest in the PSEC, other undivided interests therein are owned by the Kentucky Municipal Power Agency ("*KMPA*"); the Northern Illinois Municipal Power Agency ("*NIMPA*"); the Illinois Municipal Electric Agency ("*IMEA*"); the Indiana Municipal Power Agency ("*IMPA*"); Lively Grove Energy Partners, LLC ("*Lively Grove Energy*"), currently a wholly-owned indirect subsidiary of Peabody Energy; the Missouri Joint Municipal Electric Utility Commission ("*MJMEUC*"); and Prairie Power, Inc. ("*PPI*") and the Southern Illinois Power Cooperative ("*SIPC*"), both not for profit electric generation and transmission cooperatives (collectively, and together with AMP 368 LLC, the "*PSEC Owners*").

<u>Owner</u>	<u>Ownership Interest</u>
AMP-Ohio	23.26%
IMEA	15.17
IMPA	12.64
MJMEUC	12.33
PPI	8.22
SIPC	7.90
KMPA	7.82
NIMPA	7.60
Lively Grove Energy	<u>5.06</u>
Total	100.00%

AMPGS

AMP-Ohio is currently developing a twin unit, supercritical boiler, coal-fired, steam and electric generating facility having an aggregate net rated electric generating capacity of approximately 960 MW, to be known as the American Municipal Power Generating Station ("*AMPGS*") in Meigs County, in southeastern Ohio on the Ohio River. AMP-Ohio has options on the site and has engaged an independent engineering firm for owner engineer services in connection with its efforts to obtain and evaluate proposals from three potential engineer, procure, construct (EPC) contractors for AMPGS. To the extent that AMP-Ohio's members do not subscribe for the full capacity in AMPGS, AMP-Ohio expects to sell undivided ownership interest to unrelated parties. AMP Ohio has received an air permit from the Ohio Environmental Protection Agency for the AMPGS project. That permit is being appealed to the Ohio Environmental Review Appeals Commission. In addition, the Ohio Power Sitting Board has issued a Certificate of Environmental Compatibility and Public Need for the AMPGS project.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

As of February 2008, AMP Ohio estimated the total cost of AMPGS, including capitalization of all interest expense prior to the commercial operation date in 2013, would be approximately \$3.391 billion dollars. AMP Ohio's share of the expenses for a smaller ownership interest would be reduced proportionately.

Hydroelectric Projects

AMP-Ohio is also currently developing three hydroelectric projects (the "Hydroelectric Projects") - the Cannelton hydroelectric generating facility, the Smithland hydroelectric generating facility and the Willow Island hydroelectric generating facility – all on the Ohio River, with an aggregate generating capacity of approximately 191 MW. Each of these projects entail the installation of run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers' dams and includes associated transmission facilities. The AMP-Ohio Hydroelectric Projects, including associated transmission facilities, will be constructed, owned and operated by AMP-Ohio. AMP-Ohio has obtained from the Federal Energy Regulatory Commission licenses to operate all three hydroelectric generation facilities. In a feasibility report prepared for AMP-Ohio in 2007, the consulting engineer projected that the aggregate principal of bonds that AMP-Ohio would be required to issue to finance the three projects, including capitalized interest to their estimated in service dates in 2012, will be approximately \$940 million. AMP-Ohio currently expects to provide interim financing for the Hydroelectric Projects through its Line of Credit, including the issuance of CP, and to issue a portion of its permanent financing thereof in the summer of 2008 when it expects to commence construction of the cofferdams for the projects.

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. Cash 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 certificates of deposit and repurchase agreements at cost.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue 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.

Park Grant Fund – This fund receives grants to be used for park purposes.

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:

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.

VILLAGE OF WOODVILLE
SANDUSKY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)

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

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 2007 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.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2007
Demand deposits	\$856,723
Cash on hand	50
Certificates of deposit	685,247
Total deposits and cash on hand	1,542,020
Repurchase agreement	40,925
Total deposits, investments and cash on hand	\$1,582,945

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2007 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$567,735	\$696,503	\$128,768
Special Revenue	223,111	209,142	(13,969)
Capital Projects	571,823	515,063	(56,760)
Enterprise	3,537,602	3,481,717	(55,885)
Total	\$4,900,271	\$4,902,425	\$2,154

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$688,271	\$635,149	\$53,122
Special Revenue	277,155	238,038	39,117
Capital Projects	584,688	500,077	84,611
Enterprise	3,921,934	3,505,004	416,930
Total	\$5,472,048	\$4,878,268	\$593,780

Contrary to Ohio Law, the Village did not obtain reduced amended certificates of estimated resources when required for the Downtown Transportation and Park Grants funds for the year ended December 31, 2007.

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(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, 2007, was as follows:

Long-Term Loans and Notes	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #3255	\$124,033	6.41%
Ohio Public Works Commission Loan #CE26B	119,519	0.00%
Ohio Public Works Commission Loan #CT13F	13,923	0.00%
Ohio Public Works Commission Loan #CE26H	245,105	0.00%
Amp-Ohio Note	1,400,000	4.35%
Police Pension Liability	46,184	4.00%
Total	<u>\$1,948,764</u>	
Capital Leases	<u>Principal</u>	<u>Interest Rate</u>
Kansas State Bank of Manhattan	\$42,451	4.00%
Marlin Leasing	4,175	
Total Leases	<u>\$46,626</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 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, 2007
(Continued)**

5. DEBT – (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.

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

The Marlin Leasing capital lease relates to the Village's lease with option to purchase of 3 cameras for the police department. The capital lease is a one year agreement. The final payment due is for \$4,175. The Village has the option to purchase the cameras for one dollar at the conclusion of the lease agreement.

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	Kansas State Bank of Manhattan	Marlin Leasing
2008	\$40,124	\$8,853	\$870	\$30,638	\$1,400,000	\$2,866	\$22,571	\$4,175
2009	40,124	8,853	870	30,638		2,866	22,571	
2010	40,124	8,853	870	30,638		2,866		
2011	20,062	8,853	870	30,638		2,866		
2012		8,853	870	30,638		2,866		
2013-2017		44,266	4,351	91,915		14,331		
2018-2022		30,988	4,351			14,331		
2023-2027			871			14,331		
2028-2032						14,331		
2033-2035						7,037		
Total	<u>\$140,434</u>	<u>\$119,519</u>	<u>\$13,923</u>	<u>\$245,105</u>	<u>\$1,400,000</u>	<u>\$78,691</u>	<u>\$45,142</u>	<u>\$4,175</u>

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

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 2007, OP&F participants contributed 10% of their wages. For 2007, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2007, OPERS members contributed 9.5% of their gross salaries and the Village contributed an amount equaling 13.85% of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

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 coverage's, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan 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: 2006 and 2005 (the latest information available):

	<u>2006</u>	<u>2005</u>
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members' Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007
(Continued)**

7. RISK POOL MEMBERSHIP – (CONTINUED)

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 one 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 year ended December 31, 2007.

Description	2007 Electric Fund
Operating Revenues	\$1,327,281
Operating Expenses	1,099,261
Capital Outlay	60,271
JV5 Debt Service	52,469
Operating Income	228,020
Amp-Ohio BAN Proceeds	1,400,000
Amp-Ohio BAN Debt Service	1,576,870
Transfers-In	53,745
Net Income	12,600
Fund Balance at December 31:	798,091
Long Term Liabilities	\$1,400,000

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. 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.



Mary Taylor, CPA

Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the Village of Woodville, Sandusky County, (the Village) as of and for the year ended December 31, 2007, and have issued our report thereon dated March 27, 2008, 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

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

We consider item number 2007-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 27, 2008.

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



Mary Taylor, CPA
Auditor of State

March 27, 2008

**VILLAGE OF WOODVILLE
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

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

FINDING NUMBER 2007-001

Material Weakness

Financial Reporting

As a result of the audit procedures performed, errors were noted in the financial statements that required material audit adjustments. Intergovernmental revenues were misclassified as miscellaneous revenue in the Downtown Construction Fund, (\$376,256 and \$15,000). An advance in and out of the Park Grants Fund was misclassified as intergovernmental revenue and capital outlay expenditure (\$7,000). Estate tax receipts were posted directly to the Pool and Park Improvement Fund when they should have been posted to the General Fund and then transferred to the Pool and Park Improvement Fund. (\$7,521)

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.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the annual report by the Finance Committee to identify and correct errors and omissions.

This weakness resulted in additional audit time to investigate the differences and prepare the audit adjustments.

Officials Response

The Village recognizes the importance of providing complete and accurate information in the financial statements. The Fiscal Officer will submit the Village's financial statements to the Finance Committee and Council for their review prior to submitting them to the Auditor of State.

FINDING NUMBER 2007-002

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Rev. Code Section 5705.36(A) (4) states that a reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

We found the following variances that meet the requirements for obtaining decreased amended certificates:

Fund	Estimated Receipts	Actual Receipts	Deficiency	Estimated Resources in Excess of Appropriations	Actual Resources Less Than Appropriations
As of December 31, 2007					
Parks Grants	\$48,076	\$32,147	(\$15,929)	\$6,492	(\$9,437)
Downtown Transportation	\$571,823	\$515,063	(\$56,760)		(\$56,760)

We recommend the Village obtain amended certificates as required.

Officials Response

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

VILLAGE OF WOODVILLE
SANDUSKY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Revised Code §5705.36(A)(2) obtaining amended certificates of estimated resources	No	Not Corrected. Repeated as Finding # 2007-002.



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
APRIL 10, 2008**