

**VILLAGE OF WOODSFIELD
MONROE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005



Mary Taylor, CPA

Auditor of State

Village Council
Village of Woodsfield
221 S. Main Street
Woodsfield, Ohio 45767

We have reviewed the *Independent Accountants' Report* of the Village of Woodsfield, Monroe County, prepared by Knox & Knox, CPAs, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Woodsfield is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 21, 2008

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**VILLAGE OF WOODSFIELD
MONROE COUNTY**

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

Village of Woodsfield
Monroe County
221 South Main Street
Woodsfield, Ohio 43793

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodsfield, Monroe County, Ohio, (the Village) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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, if any, made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared its 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 accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. In addition to the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements. While the Village does not follow GAAP, generally accepted auditing standards require 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 governments 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, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005, or its changes in financial position and cash flows 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 of the Village of Woodsfield, Monroe County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements, and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

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 June 18, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we do not opine on the internal control over financial reporting or on compliance, that reports 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 *Governmental Auditing Standards*. You should read it in conjunction with this report in considering the results of our audit.

Knox & Knox

Orrville, Ohio
June 18, 2007

VILLAGE OF WOODSFIELD
MONROE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
CASH RECEIPTS:						
Property and Other Local Taxes	\$47,712			\$72,500		\$120,212
Municipal Income Taxes	168,854	\$206,780		14,622		390,256
Intergovernmental Receipts	52,726	104,827	\$16,571			174,124
Charges for Services	116,296	73,768		6,180	\$669	196,913
Licenses, Permits, and Fees	22,194	2,462				24,656
Earnings on Investments	6,074				43,283	49,357
Special Assessments		103,284		49,683		152,967
Other	11,787	14,164				25,951
Total Cash Receipts	425,643	505,285	16,571	142,985	43,952	1,134,436
CASH DISBURSEMENTS:						
Current:						
Security of Persons & Property	258,856	8,966				267,822
Public Health Services	14,028	14,084			41,100	69,212
Transportation		223,051				223,051
Leisure Time Activities		66,028				66,028
General Government	147,260	24,066				171,326
Capital Outlay	2,000	134,215		82,057		218,272
Debt Service:						
Principal Payment		34,887	15,124	65,000		115,011
Interest Payments		4,154	1,447	5,142		10,743
Total Cash Disbursements	422,144	509,451	16,571	152,199	41,100	1,141,465
Total Cash Receipts Over/(Under) Cash Disbursements	3,499	(4,166)		(9,214)	2,852	(7,029)
OTHER FINANCING SOURCES (USES)						
Sale of Notes		18,679				18,679
Other Financing Sources					200	200
Total Other Financing Sources (Uses)		18,679			200	18,879
Total Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	3,499	14,513		(9,214)	3,052	11,850
Fund Cash Balances, January 1	48,701	168,906		15,823	1,439,900	1,673,330
FUND CASH BALANCES, DECEMBER 31	\$52,200	\$183,419		\$6,609	\$1,442,952	\$1,685,180
Reserves for Encumbrances, December 31	\$1,649	\$2,126		\$69		\$3,844

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Agency	(Memorandum Only)
OPERATING CASH RECEIPTS:			
Charges for Services	\$2,419,297		\$2,419,297
Fines, Licenses, and Permits	5,151	24,766	29,917
Total Operating Cash Receipts	2,424,448	24,766	2,449,214
OPERATING CASH DISBURSEMENTS:			
Personal Services	532,878		532,878
Employee Fringe Benefits	201,468		201,468
Contractual Services	1,334,093		1,334,093
Supplies and Materials	258,168		258,168
Other	6,731	24,766	31,497
Total Operating Cash Disbursements	2,333,338	24,766	2,358,104
Operating Income (Loss)	91,110		91,110
NON-OPERATING CASH RECEIPTS (DISBURSEMENTS)			
Property and Other Local Taxes	93,910		93,910
Special Assessments	9,009		9,009
Sale of Notes	1,243,717		1,243,717
Debt Service:			
Principal	(1,092,146)		(1,092,146)
Interest	(79,538)		(79,538)
Capital Outlay	(294,528)		(294,528)
Total Other Non-Operating Cash Receipts (Disbursements)	(119,576)		(119,576)
Net Receipts Over/(Under) Disbursements	(28,466)		(28,466)
Fund Cash Balances, January 1	427,680		427,680
FUND CASH BALANCES, DECEMBER 31	\$399,214		\$399,214
Reserves for Encumbrances, December 31	\$118,000		\$118,000

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent	
CASH RECEIPTS:						
Property and Other Local Taxes	\$46,928			\$76,992		\$123,920
Municipal Income Taxes	171,897	\$211,913		15,372		399,182
Intergovernmental Receipts	158,554	163,629	\$18,057			340,240
Charges for Services	110,158	72,683		6,880	\$480	190,201
Licenses, Permits, and Fees	24,445	1,410				25,855
Earnings on Investments	5,047					5,047
Special Assessments		143,390		78,321	39,211	260,922
Other					41,981	41,981
Total Cash Receipts	517,029	593,025	18,057	177,565	81,672	1,387,348
CASH DISBURSEMENTS:						
Current:						
Security of Persons & Property	291,784	16,600				308,384
Public Health Services	15,829	13,545			39,691	69,065
Transportation		236,485				236,485
Leisure Time Activities		74,454				74,454
General Government	175,624	23,866				199,490
Capital Outlay	3,500	427,451		104,799		535,750
Debt Service:						
Principal Payment	5,000	29,374	16,119	76,313		126,806
Interest Payments	109	3,498	1,938	6,474		12,019
Total Cash Disbursements	491,846	825,273	18,057	187,586	39,691	1,562,453
Total Receipts Over/(Under) Disbursements	25,183	(232,248)		(10,021)	41,981	(175,105)
OTHER FINANCING SOURCES (USES)						
Sale of Notes		25,500				25,500
Other Financing Sources (Uses)	(2,017)	353			172	(1,492)
Total Other Financing Sources (Uses)	(2,017)	25,853			172	24,008
Total Receipts and Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	23,166	(206,395)		(10,021)	42,153	(151,097)
Fund Cash Balances, January 1	25,535	375,301		25,844	1,397,747	1,824,427
FUND CASH BALANCES, DECEMBER 31	\$48,701	\$168,906		\$15,823	\$1,439,900	\$1,673,330
Reserves for Encumbrances, December 31	\$2,621	\$8,814		\$49		\$11,484

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Agency	(Memorandum Only)
OPERATING CASH RECEIPTS:			
Charges for Services	\$2,192,657		\$2,192,657
Fines, Licenses, and Permits	3,146	\$22,117	25,263
	<u>2,195,803</u>	<u>22,117</u>	<u>2,217,920</u>
OPERATING CASH DISBURSEMENTS:			
Personal Services	543,212		543,212
Employee Fringe Benefits	191,873		191,873
Contractual Services	1,400,626		1,400,626
Supplies and Materials	240,759		240,759
Other	6,991	57,133	64,124
	<u>2,383,461</u>	<u>57,133</u>	<u>2,440,594</u>
Operating Income (Loss)	(187,658)	(35,016)	(222,674)
NON-OPERATING CASH RECEIPTS (DISBURSEMENTS)			
Property and Other Local Taxes	99,260		99,260
Special Assessments	1,999		1,999
Capital Outlay	(78,761)		(78,761)
Debt Service:			
Principal	(143,873)		(143,873)
Interest and other fiscal charges	(43,437)		(43,437)
	<u>(164,812)</u>	<u></u>	<u>(164,812)</u>
Net Receipts Over/(Under) Disbursements	(352,470)	(35,016)	(387,486)
Fund Cash Balances, January 1	780,150	35,016	815,166
FUND CASH BALANCES, DECEMBER 31	<u>\$427,680</u>	<u>35,016</u>	<u>\$427,680</u>
Reserves for Encumbrances, December 31	<u>\$20,926</u>	<u></u>	<u>\$20,926</u>

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

The Village of Woodsfield, Monroe County, (the Village) is a body of 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.

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

Investments are included in the fund cash balances. 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.

Certificates of deposit and mortgage-backed securities are valued at cost. Money market mutual funds, including STAR Ohio, 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 Funds

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. Special revenue funds are as follows:

- Street Construction, Maintenance, and Repair
- State Highway
- Cemetery
- Parks and Recreation

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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

D. Fund Accounting (continued)

2. Special Revenue Funds (continued)

- Income Tax
- Drug Law Enforcement
- Law Enforcement Trusts
- Enforcement and Education
- Permissive Sales Tax
- Fire Equipment Fund

3. Debt Service Fund

This debt service fund is used to account for proceeds restricted to debt service principal in interest.

4. Capital Projects Funds

These funds are used to account for resources to be used for the acquisition or construction of capital assets. The Village has the following significant Capital Projects Funds:

- Building Fund
- Firehouse Building Fund

5. Permanent Funds

These funds are used to account for resources in non-expendable trust funds. The Village has the following non-expendable trust funds:

- Bague Endowment Fund
- Cemetery Endowment Fund

6. Enterprise Funds

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

- Water
- Sewer
- Electric
- Parking

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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

D. Fund Accounting (continued)

7. Fiduciary Fund Type

The Village had one agency fund (Mayor's Court). The agency fund is used to account for funds held by the Village in a trustee or agent capacity.

E. Budgetary Process

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Clerk by September 1.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or the Clerk identifies decreases in revenue. The amounts reported in the budgetary footnote reflect the amounts in the final amended certificates issued during 2006 and 2005.

Budget receipts, as shown in footnote number 5, do not include the unencumbered fund balances as of January 1, 2006 and 2005. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (continued)

3 Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is for each office, department, division, and within each of these the amounts appropriated for personal services..

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being reappropriated.

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

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay 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 payment for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. 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:

	<u>2006</u>	<u>2005</u>
Demand deposits	\$591,738	\$608,469
Certificates of deposit	142,000	142,000
Total deposits	<u>733,738</u>	<u>750,469</u>
STAR Ohio	2,422	2,307
Mortgaged-backed securities	1,348,234	1,348,234
Total investments	<u>1,350,656</u>	<u>1,350,541</u>
Total deposits and investments	<u><u>\$2,084,394</u></u>	<u><u>\$2,101,010</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village.

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

2. EQUITY IN POOLED CASH AND INVESTMENTS

Investments: Mortgaged-backed securities are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

The Village has not established an investment policy, contrary to Ohio Revised Code Section 135.14.

3. PROPERTY TAX

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 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.

4. LOCAL INCOME TAX

The Village levies a municipal income tax of one-percent on substantially all earned income arising from employment, residency, or business activities with the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

5. BUDGETARY ACTIVITY

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

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

5. **BUDGETARY ACTIVITY** (Continued)

Fund Types	2006 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$472,052	\$425,643	(\$46,409)
Special Revenue	416,668	523,964	107,296
Debt Service Fund	14,153	16,571	2,418
Capital Projects	153,516	142,985	(10,531)
Enterprise Funds	2,619,855	3,771,084	1,151,229
Permanent Funds		44,152	44,152
Total	\$3,676,244	\$4,924,399	\$1,248,155

Fund Types	2006 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$476,010	\$423,793	\$52,217
Special Revenue	667,687	511,577	156,110
Debt Service Fund	17,021	16,571	450
Capital Projects	307,337	152,268	155,069
Enterprise Funds	2,973,570	3,917,550	(943,980)
Permanent Funds		41,100	(41,100)
Total	\$4,441,625	\$5,062,859	(\$621,234)

Contrary to Ohio Rev. Code Section 5705.41(B), as of December 31, 2006, the Brague Endowment, Cemetery Endowment, Sewer, and Electric Funds had expenditures exceeding appropriations.

Contrary to Ohio Rev. Code Section 5705.39, as of December 31, 2006, appropriations exceeded estimated resources in the Special Revenue, Capital Projects, and Debt Service Fund Types.

Fund Types	2005 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$376,169	\$517,029	\$140,860
Special Revenue	494,378	618,878	124,500
Debt Service Fund	12,820	18,057	5,237
Capital Projects	93,598	177,565	83,967
Enterprise Funds	2,210,540	2,297,062	86,522
Permanent Funds	55,294	81,844	26,550
Total	\$3,242,799	\$3,710,435	\$467,636

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

5. **BUDGETARY ACTIVITY** (Continued)

Fund Types	2005 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$561,211	\$496,484	\$64,727
Special Revenue	897,245	834,087	63,158
Debt Service Fund	18,319	18,057	262
Capital Projects	247,317	187,635	59,682
Enterprise Funds	2,955,217	2,670,458	284,759
Permanent Funds	63,493	39,691	23,802
Total	\$4,742,802	\$4,246,412	\$496,390

Contrary to Ohio Rev. Code Section 5705.39, as of December 2005, appropriations exceeded estimated resources in the General, Special Revenue, Debt Service and Capital Projects Fund Types.

6. **RETIREMENT SYSTEMS**

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

Contributions rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. For 2006 and 2005 OPERS participants contributed 9.0% and 8.5% of their gross salaries, respectively. The Village contributed an amount equal to 13.7% (2006) and 13.55% (2005) of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

7. **DEBT**

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

	Principal	Interest Rate
Ohio Public Works Commissions Loans	\$410,016	0-2.00%
General Obligation Notes	118,269	5.75%
Mortgage Revenue Bonds	310,000	2.39%
Bond Anticipation Notes	900,000	6.00%
Ohio Water Development Authority	236,569	4.50%
Total	\$1,974,854	

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

7. DEBT (continued)

The Ohio Public Works commission (OPWC) loans relate to water and sewer expansion projects. The loans are collateralized by water and sewer receipts.

The general obligation notes were issued to finance the purchase of various equipment, renovations to the Village swimming pool and to purchase vehicles, backhoes, and mowers. The notes are collateralized by the Village's taxing authority.

The mortgage revenue bonds relate to a bond issue for the construction of a new sanitary sewer system. The bonds are collateralized by sewer receipts.

The bond anticipation notes relate to an electric system improvement project between the Village and American Power-Ohio, Inc. The notes pertaining to the electric system improvements were originally issued for \$1,000,000. As of December 31, 2006 the balance on these notes was \$900,000 and will be repaid from electric receipts and have been issued for one year.

The Ohio Water Development Authority loan was obtained to finance the Route 78 sewer line expansion project.

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

Mortgage Revenue Bonds			
Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31:			
2007	\$70,000	\$7,409	\$77,409
2008	75,000	5,617	80,617
2009	80,000	3,944	83,944
2010	85,000	2,032	87,032
	<u>\$310,000</u>	<u>\$19,002</u>	<u>\$329,002</u>

Ohio Water Development Authority			
Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31:			
2007	\$7,670	\$10,393	\$18,063
2008	8,019	10,044	18,063
2009	8,384	9,679	18,063
2010	8,765	9,298	18,063
2011	9,164	8,899	18,063
2012-2016	52,466	37,849	90,315
2017-2021	64,544	25,771	90,315
2022-2026	77,557	3,727	81,284
	<u>\$236,569</u>	<u>\$115,660</u>	<u>\$352,229</u>

VILLAGE OF WOODSFIELD
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

7. **DEBT** (continued)

Ohio Public Works Commission			
Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31:			
2007	\$19,941	\$6,872	\$26,813
2008	23,952	6,819	30,771
2009	24,297	6,475	30,772
2010	24,691	6,084	30,775
2011	25,072	5,700	30,772
2012-2016	121,694	26,756	148,450
2017-2021	105,984	12,320	118,304
2022-2026	58,948	3,530	62,478
2027	5,437	54	5,491
	<u>\$410,016</u>	<u>\$74,610</u>	<u>\$484,626</u>

Bond Anticipation Notes			
Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31:			
2007	<u>\$900,000</u>	<u>\$54,000</u>	<u>\$954,000</u>

General Obligation Notes			
Year ending	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
December 31:			
2007	\$32,283	\$3,581	\$35,864
2008	29,918	2,974	32,892
2009	28,123	1,480	29,603
2010	14,636	610	15,246
2011	13,309	412	13,721
	<u>\$118,269</u>	<u>\$9,057</u>	<u>\$127,326</u>

8. **RISK MANAGEMENT**

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

9. **CONTINGENCIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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KNOX & KNOX

Accountants and Consultants

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

Village of Woodsfield
Monroe County
221 South Main Street
Woodsfield, Ohio 43793

To the Village Council:

We have audited the accompanying financial statements of the Village of Woodsfield, Monroe County, Ohio (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 18, 2007, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Village's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we did note other matters that we communicated to the Village's management in a separate letter dated June 18, 2007.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Village's basic 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 two instances of noncompliance that we must report under *Government Auditing Standards* and are shown in the accompanying schedule as Findings 2006-01 and 2006-02..

We also noted a certain noncompliance that we reported to the Village's management in a separate letter dated June 18, 2007.

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

KNOX & KNOX

Orrville, Ohio
June 18, 2007

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-01

Noncompliance Citation

Ohio Revised Code Section 135.14(0) (1) provides that investments under Section 135.14 can not be made unless a written investment policy approved by the treasurer or governing board is on file with the Auditor of State, with the following exceptions, found in Sections 135.14(0) (2) and (0) (3), respectively.

- If a written investment policy is not filed with the Auditor of State, the Treasurer or governing board is permitted to invest the subdivision's interim monies only in interim deposits, no-load money market mutual funds, or STAR Ohio.
- A subdivision whose average annual portfolio of investments is \$100,000 or less is not required to file an investment policy, provided that the treasurer or governing board will comply and is in compliance with the provisions of Section 135.01 to 135.21.

The Village did not have an investment policy. The Village's investments consisted of investments other than interim deposits, no-load money market mutual funds, or STAR Ohio, and were over \$100,000.

We recommend that Village Council establish an investment policy and file such policy with the Auditor of State.

Client response: The Village will establish and file an investment policy with the Auditor of State.

FINDING NUMBER 2006-02

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

The Village's legal level of control is at the office, department, division, and within each of these the amount appropriated for personal services expenditures. We noted the following instances where expenditures exceeded appropriations:

2006 Fund:	Approved Appropriations	Expenditures	Variance
Permanent Funds:			
Cemetery		\$652	(\$652)
Brague		40,448	(40,448)
Enterprise Funds:			
Sewer	260,796	304,776	(43,980)
Electric	1,435,904	2,335,904	(900,000)

We recommend the Village Council and the Clerk compare expenditures to appropriations on a monthly basis. If additional appropriations are needed then Council and Clerk should take the necessary steps to adopt supplemental appropriations, if possible to prevent expenditures from exceeding appropriations.

Client response: The Village will monitor expenditures to avoid overspending.

VILLAGE OF WOODSFIELD
MONROE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

Finding Number	Finding Summary	Fully Corrected	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-01	The Village did not have an investment policy, even though its investments were other than those allowed by the Ohio Revised Code without an approved investment policy.	NO	Not Corrected: This is repeated in the Schedule of Findings as item 2006-01.
2004-02	The Village had expenditures in excess of appropriations	NO	Not Corrected: This is repeated in the Schedule of Findings as item 2006-02
2004-03	The Village did not adequately reconcile items purchased for resale at the pool concession stand.	YES	Finding is no longer valid.



Mary Taylor, CPA
Auditor of State

VILLAGE OF WOODSFIELD

MONROE 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
MARCH 6, 2008**