



Mary Taylor, CPA  
Auditor of State



VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Woodstock  
Champaign County  
101 N. Main Street  
P.O. Box 134  
Woodstock, Ohio 43084

To the Village Council:

We have selectively tested certain accounts, financial records, files and reports of the Village of Woodstock, Champaign County, (the Village), as of and for the year ended December 31, 2006 following Ohio Admin. Code §117-4-02.

We found reportable findings and conditions as a result of performing these procedures. Our reportable findings and conditions follow the financial presentation. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, and we express no opinion on them.

The Village is experiencing certain financial difficulties and declared to be in fiscal emergency on July 20, 2006, and is now under the financial supervision of Local Government Services, a division of the Auditor of State's Office. These conditions and management's plans are described in Note 14.

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

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 27, 2007

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**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED**

This discussion and analysis of the Village of Woodstock (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2006, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

The Village adopted a 1% income tax in July 2006. The Village began receiving the proceeds from the income tax in September 2006 to assist with the deficit in the General Fund.

The sewer operation, the Village's sewer operating fund business-type activity had a deficit balance in 2006 resulting in Village Council increasing resident's monthly operating charge by \$12.20 from \$14.30 to \$26.30.

**Using the Basic Financial Statements**

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

**Governmental activities:** Most of the Village's basic services are reported here, including streets and park. State tax revenue's and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Business-type activity:** The Village has one business-type activity, the provision of sanitary sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

**Governmental Funds** - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Street Construction, Maintenance and Repair Fund, Permissive Motor Vehicle Fund and Permanent Improvement. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.



**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**Proprietary Funds** – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three enterprise funds, the Sewer Operating fund, and 2 debt funds to account for debt payments for improvement to the sewer system.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2006 compared to 2005 on a modified cash basis:

**(Table 1)  
Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Assets</b>						
Cash and Cash Equivalents	\$49,193	\$42,509	\$10,785	\$34,203	\$59,978	\$76,712
Total Assets	<u>\$49,193</u>	<u>\$42,509</u>	<u>\$10,785</u>	<u>\$34,203</u>	<u>\$59,978</u>	<u>\$76,712</u>
<b>Net Assets</b>						
<b>Restricted for:</b>						
Capital Projects	\$23,862	\$23,862			\$23,862	\$23,862
Debt Service			\$29,090	\$26,865	29,090	\$26,865
Other Purposes	32,086	27,832			32,086	27,832
Unrestricted	(6,755)	(9,185)	(18,305)	7,338	(25,060)	(1,847)
Total Net Assets	<u>\$49,193</u>	<u>\$42,509</u>	<u>\$10,785</u>	<u>\$34,203</u>	<u>\$59,978</u>	<u>\$76,712</u>

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities, business-type activities and total primary government.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**(Table 2)  
Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
<b>Receipts:</b>						
<b>Program Receipts:</b>						
Changes for Services and Sales	\$ 525	\$ 423	\$83,335	\$86,277	\$83,860	\$86,700
Operating Grants and Contributions	4				4	
<b>Total Program Receipts</b>	<b>529</b>	<b>423</b>	<b>83,335</b>	<b>86,277</b>	<b>83,864</b>	<b>86,700</b>
<b>General Receipts:</b>						
Property and Other Local Taxes	11,158	9,534			11,158	9,534
Income Taxes	4,762				4,762	
Intergovernmental	34,436	33,982			34,436	33,982
Sale of Capital Assets	100				100	
Interest	2,951	1,715			2,951	1,715
Other Financing Sources	254				254	
Miscellaneous	119	1,616			119	1,616
<b>Total General Receipts</b>	<b>53,780</b>	<b>46,847</b>			<b>53,780</b>	<b>46,847</b>
<b>Total Receipts</b>	<b>54,309</b>	<b>47,270</b>	<b>83,335</b>	<b>86,277</b>	<b>137,644</b>	<b>133,547</b>
<b>Disbursements:</b>						
General Government	27,001	34,709	49,269	44,101	76,270	78,810
Security of Persons and Property	2,151	3,500			2,151	3,500
Public Health Services	1,192				1,192	
Leisure Time Activities	2,746				2,746	
Community Environment	403				403	
Transportation	14,132	13,632			14,132	13,632
Capital Outlay			2,367		2,367	
Principal Retirement			43,973	43,319	43,973	43,319
Interest and Fiscal Charges			11,143	11,796	11,143	11,796
<b>Total Disbursements</b>	<b>47,625</b>	<b>51,841</b>	<b>106,752</b>	<b>99,216</b>	<b>154,377</b>	<b>151,057</b>
<b>Increase (Decrease) in Net Assets</b>	<b>6,684</b>	<b>(4,571)</b>	<b>(23,417)</b>	<b>(12,939)</b>	<b>(16,733)</b>	<b>(17,510)</b>
Net Assets, January 1	42,509	47,080	34,202	47,142	76,711	94,222
<b>Net Assets, December 31</b>	<b>\$49,193</b>	<b>\$42,509</b>	<b>\$10,785</b>	<b>\$34,203</b>	<b>\$59,978</b>	<b>\$76,612</b>

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

(Table 3)

	<b>Governmental Activities</b>			
	<b>Total Cost of Services 2006</b>	<b>Total Cost of Services 2005</b>	<b>Net Cost of Services 2006</b>	<b>Net Cost of Services 2005</b>
General Government	\$27,001	\$34,709	\$26,472	\$34,709
Security of Persons and Property	\$2,151	3,500	\$2,151	3,500
Public Health Services	1,192		1,192	
Leisure Time Activities	2,746		2,746	
Community Environment	403		403	
Transportation	14,132	13,632	14,132	13,632
<b>Total Expenses</b>	<b>\$47,625</b>	<b>\$51,841</b>	<b>\$47,096</b>	<b>\$51,841</b>
	<b>Business Activities</b>			
	<b>Total Cost of Services 2006</b>	<b>Total Cost of Services 2005</b>	<b>Net Cost of Services 2006</b>	<b>Net Cost of Services 2005</b>
Sewer	106,752	99,216	23,417	12,939
<b>Total Expenses</b>	<b>\$106,752</b>	<b>\$99,216</b>	<b>\$23,417</b>	<b>\$12,939</b>

The dependence upon property and income tax receipts is apparent as over 98 percent of governmental activities are supported through these general receipts.

**The Village's Funds**

Total governmental funds had receipts of \$53,955 and disbursements of \$47,625. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$2,430 as the result of cost cutting measures and implementing a 1% income tax effective July 1, 2006.

General Fund receipts were more than disbursements by \$2,430 indicating that the General Fund is in the process of correcting deficit spending. It was the recommendation of the finance committee and the administration that a 1% income tax be enacted and a reduction in disbursements was necessary to correct the deficit balance in the General Fund.

The Street Fund and Permissive Motor Vehicle Fund had insignificant changes for 2006.

**General Fund Budgeting Highlights**

The Village of Woodstock's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Final disbursements were budgeted at \$34,283 while actual disbursements were \$33,505. The Village of Woodstock kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the increase in fund balance of \$2,430 for 2006.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Village of Woodstock is currently in fiscal emergency and under the direct financial supervision of Local Government Services, a division of the Auditor of States Office. The Village of Woodstock adopted a recovery plan January 16, 2007 and expects to have all funds out of deficit by 2009.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village of Woodstock's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Annette Rittenhouse, Fiscal Officer, Village of Woodstock, 101 N Main St, PO Box 134, Woodstock, Ohio 43084.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2006**

	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$49,193	\$10,785	59,978
Total Assets	<u>\$49,193</u>	<u>\$10,785</u>	<u>\$59,978</u>
<b>Net Assets</b>			
<b>Restricted for:</b>			
Capital Projects	\$23,862		\$23,862
Debt Service		29,090	29,090
Other Purposes	32,086		32,086
Unrestricted	<u>(6,755)</u>	<u>(18,305)</u>	<u>(25,060)</u>
Total Net Assets	<u>\$49,193</u>	<u>\$10,785</u>	<u>\$59,978</u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>		
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Governmental Activities</b>						
General Government	\$27,001	\$525	\$4	(\$26,472)		(\$26,472)
Security of Persons and Property	2,151			(2,151)		(2,151)
Public Health Services	1,192			(1,192)		(1,192)
Leisure Time Activities	2,746			(2,746)		(2,746)
Community Environment	403			(403)		(403)
Transportation	14,132			(14,132)		(14,132)
Total Governmental Activities	<u>47,625</u>	<u>525</u>	<u>4</u>	<u>(47,096)</u>		<u>(47,096)</u>
<b>Business Type Activity</b>						
Sewer	<u>106,752</u>	<u>83,335</u>			<u>(\$23,417)</u>	<u>(23,417)</u>
Total	<u>\$154,377</u>	<u>\$83,860</u>	<u>\$4</u>	<u>(47,096)</u>	<u>(23,417)</u>	<u>(70,513)</u>
<b>General Receipts</b>						
<b>Property Taxes Levied for:</b>						
General Purposes				11,158		11,158
Municipal Income Taxes				4,762		4,762
Intergovernmental				34,436		34,436
Sale of Capital Assets				100		100
Interest				2,951		2,951
Other Financing Sources				254		254
Miscellaneous				119		119
Total General Receipts				<u>53,780</u>		<u>53,780</u>
Change in Net Assets				6,684	(23,417)	(16,733)
Net Assets Beginning of Year				<u>42,509</u>	<u>34,202</u>	<u>76711</u>
Net Assets End of Year				<u>\$49,193</u>	<u>\$10,785</u>	<u>\$59,978</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	<u>General</u>	<u>Street Fund</u>	<u>Permissive Motor Vehicle Fund</u>	<u>Permanent Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Cash	(\$6,755)	\$12,445	\$28,427	\$23,862	(\$8,786)	49,193
Total Assets	<u>(\$6,755)</u>	<u>\$12,445</u>	<u>\$28,427</u>	<u>\$23,862</u>	<u>(\$8,786)</u>	<u>\$49,193</u>
<b>Fund Balances</b>						
<b>Unreserved:</b>						
<b>Undesignated (Deficit), Reported in:</b>						
General Fund	(6,755)					(6,755)
Special Revenue Funds		12,445	28,427		(8,786)	32,086
Capital Projects Funds				23,862		23,862
Total Fund Balances	<u>(\$6,755)</u>	<u>\$12,445</u>	<u>\$28,427</u>	<u>\$23,862</u>	<u>(\$8,786)</u>	<u>\$49,193</u>

See accompanying notes to the basic financial statements.

VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Street Fund	Permissive Motor Vehicle Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Municipal Income Taxes	\$4,762					\$4,762
Property and Other Local Taxes	11,158					11,158
Charges for Services	385					385
Fines, Licenses and Permits	140					140
Intergovernmental	19,065	\$12,879	\$1,448		\$1,044	34,436
Gifts and Contributions					4	4
Interest		963	1,964		24	2,951
Miscellaneous	71	48				119
Total Receipts	<u>35,581</u>	<u>13,890</u>	<u>3,412</u>		<u>1,072</u>	<u>53,955</u>
<b>Disbursements</b>						
<b>Current:</b>						
General Government	27,001					27,001
Security of Persons and Property	2,151					2,151
Public Health Services	1,192					1,192
Leisure Time Activities	2,746					2,746
Community Environment	403					403
Transportation	12	9,910			1,612	11,534
Capital Outlay		2,598				2,598
Total Disbursements	<u>33,505</u>	<u>12,508</u>			<u>1,612</u>	<u>47,625</u>
Excess of Receipts Over (Under) Disbursements	2,076	1,382	3,412		(540)	6,330
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	100					100
Other Financing Sources	254					254
Total Other Financing Sources (Uses)	<u>354</u>					<u>354</u>
Net Change in Fund Balances	2,430	1,382	3,412		(540)	6,684
Fund Balances, January 1	<u>(9,185)</u>	<u>11,063</u>	<u>25,015</u>	<u>\$23,862</u>	<u>(8,246)</u>	<u>42,509</u>
Fund Balances December 31,	<u>(\$6,755)</u>	<u>\$12,445</u>	<u>\$28,427</u>	<u>\$23,862</u>	<u>(\$8,786)</u>	<u>\$49,193</u>

See accompanying notes to the basic financial statements.



**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional)</b>
	<u>Original</u>	<u>Final</u>		<b>Variance with Final Budget Positive (Negative)</b>
<b>Receipts</b>				
Municipal Income Taxes			\$4,762	\$4,762
Property and Other Local Taxes	\$11,420	\$11,420	11,158	(262)
Charges for Services			385	385
Fines, Licenses and Permits	146	146	140	(6)
Intergovernmental	19,000	19,000	19,065	65
Interest	2,200	2,200		(2,200)
Miscellaneous	1,820	1,820	71	(1,749)
Total receipts	<u>34,586</u>	<u>34,586</u>	<u>35,581</u>	<u>995</u>
<b>Disbursements</b>				
<b>Current:</b>				
General Government	30,083	30,083	27,001	3,082
Security of Persons and Property	4,200	4,200	2,151	2,049
Public Health Services			1,192	(1,192)
Leisure Time Activities			2,746	(2,746)
Community Environment			403	(403)
Transportation			12	(12)
Total Disbursements	<u>34,283</u>	<u>34,283</u>	<u>33,505</u>	<u>778</u>
Excess of Receipts Over (Under) Disbursements	303	303	2,076	1,773
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets			100	100
Other Financing Sources			254	254
Total Other Financing Sources (Uses)			<u>354</u>	<u>354</u>
Net Change in Fund Balance	303	303	2,430	2,127
Fund Balance January 1,	<u>(303)</u>	<u>(303)</u>	<u>(9,185)</u>	<u>8,882</u>
Fund Balance December 31,	<u>\$0</u>	<u>\$0</u>	<u>(\$6,755)</u>	<u>(\$6,755)</u>

See accompanying notes to the basic financial statements.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
STREET FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional)</b>
	<u>Original</u>	<u>Final</u>		<b>Variance with Final Budget Positive (Negative)</b>
<b>Receipts</b>				
Intergovernmental	\$10,000	\$10,000	\$12,879	\$2,879
Interest			963	963
Miscellaneous			48	48
Total receipts	<u>10,000</u>	<u>10,000</u>	<u>13,890</u>	<u>3,890</u>
<b>Disbursements</b>				
<b>Current:</b>				
Transportation	15,589	15,589	9,910	5,679
Capital Outlay			2,598	(2,598)
Total Disbursements	<u>15,589</u>	<u>15,589</u>	<u>12,508</u>	<u>3,081</u>
Net Change in Fund Balance	(5,589)	(5,589)	1,382	6,971
Fund Balance January 1	<u>7,646</u>	<u>7,646</u>	<u>11,063</u>	<u>3,417</u>
Fund Balance End of Year	<u><u>\$2,057</u></u>	<u><u>\$2,057</u></u>	<u><u>\$12,445</u></u>	<u><u>\$10,388</u></u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
PERMISSIVE MOTOR VEHICLE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			<b>(Optional) Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$1,500	\$1,500	\$1,448	(52)
Interest			\$1,964	1,964
Total receipts	<u>1,500</u>	<u>1,500</u>	<u>3,412</u>	<u>1,912</u>
<b>Disbursements</b>				
Supplies and Materials		<u>10,102</u>		<u>10,102</u>
Excess of Receipts Over (Under) Disbursements	1,500	(8,602)	3,412	12,014
Fund Balance January 1	<u>22,573</u>	<u>22,573</u>	<u>25,015</u>	<u>2,442</u>
Fund Balance December 31	<u><u>\$24,073</u></u>	<u><u>\$13,971</u></u>	<u><u>\$28,427</u></u>	<u><u>\$14,456</u></u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
DECEMBER 31, 2006**

	<b>Business-Type Activities</b>			<b>Total Enterprise Funds</b>
	<b>Sewer Operating Fund</b>	<b>WPCLF Fund</b>	<b>OPWC Fund</b>	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	(\$18,305)	\$21,256	\$7,834	\$10,785
Total Assets	<u>(18,305)</u>	<u>21,256</u>	<u>7,834</u>	<u>10,785</u>
<b>Net Assets</b>				
Restricted		21,256	7,834	29,090
Unrestricted	(18,305)			(18,305)
Total Net Assets	<u>(18,305)</u>	<u>\$21,256</u>	<u>\$7,834</u>	<u>\$10,785</u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Business-Type Activities</b>			<b>Total Enterprise Funds</b>
	<b>Sewer Operating Fund</b>	<b>WPCLF Fund</b>	<b>OPWC Fund</b>	
<b>Operating Receipts</b>				
Charges for Services	\$25,500	\$27,818	\$30,017	\$83,335
Total Operating Receipts	<u>25,500</u>	<u>27,818</u>	<u>30,017</u>	<u>83,335</u>
<b>Operating Disbursements</b>				
Personal Services	9,229			9,229
Contractual Services	32,879	236	257	33,372
Materials and Supplies	6,668			6,668
Total Operating Disbursements	<u>48,776</u>	<u>236</u>	<u>257</u>	<u>49,269</u>
Operating Income (Loss)	(23,276)	27,582	29,760	34,066
<b>Non-Operating Receipts (Disbursements)</b>				
Capital Outlay	(2,367)			(2,367)
Principal Payments		(16,342)	(27,631)	(43,973)
Interest and Fiscal Charges		(11,143)		(11,143)
Total Non-Operating Receipts (Disbursements)	<u>(2,367)</u>	<u>(27,485)</u>	<u>(27,631)</u>	<u>(57,483)</u>
Change in Net Assets	(25,643)	97	2,129	(23,417)
Net Assets Beginning of Year	<u>7,338</u>	<u>21,159</u>	<u>5,705</u>	<u>34,202</u>
Net Assets End of Year	<u><u>(\$18,305)</u></u>	<u><u>\$21,256</u></u>	<u><u>\$7,834</u></u>	<u><u>\$10,785</u></u>

*See accompanying notes to the basic financial statements.*

VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUND  
DECEMBER 31, 2006

	<u>Agency</u>
<b>Assets</b>	
Cash in Segregated Accounts	\$18,830
Total Assets	<u>18,830</u>
<b>Net Assets</b>	
Unrestricted	<u>\$18,830</u>

*See accompanying notes to the basic financial statements.*

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**1. REPORTING ENTITY**

The Village of Woodstock, Champaign County, Ohio, is a body politic and corporate 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council, and votes only to break a tie.

The reporting entity is comprised of the primary government.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, sewer utilities, maintenance of Village roads, and park operations.

**B. Jointly Governed Organization**

The Village of Woodstock is associated with one jointly governed organization, the Northeast Champaign County Fire District. The District is directed by an appointed five member Board of Trustees. One member is appointed by each political subdivision with the Fire District. Those subdivisions are Rush Township, Wayne Township, the Village of North Lewisburg, and the Village of Woodstock. The four subdivisions appoint a fifth member who only votes in the event of a tie vote.

The financial statement excludes the Northeast Champaign County Fire District that performs activities within the Village's boundaries for the benefit of its residents because the Village is not financially accountable for this entity nor is the Fire District fiscally dependent on the Village.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village of Woodstock does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

**2. Fund Financial Statements**

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as non-operating.

**B. Fund Accounting**

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

**1. Governmental Funds**

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Construction, Maintenance and Repair Fund, Permissive Motor Vehicle Fund and Permanent Improvement Fund.



**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Street Construction, Maintenance, and Repair Fund is a special revenue fund that receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets. The fund balance is available to the Village for any purpose provided it is expended according to the laws of Ohio.

The Permissive Motor Vehicle Fund is a special revenue fund that receives \$5.00 from every auto license purchased by the residents of the Village. The Permissive Motor Vehicle Fund balance is available to the Village for any purposes provide it is expended according to the laws of Ohio.

The Permanent Improvement Fund is a capital project fund. The source of the balance in this fund is in the process of being identified by the Village. The balance appears to be a combination of grant money and assessments paid in advance by residents for the construction of the sewer system. See Note 15.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**2. Proprietary Funds**

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

**Enterprise Funds** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has the following major enterprise funds.

**Sewer Fund** - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**Water Pollution Control Loan (WPCL) Fund** - This fund accounts for the payment to Ohio Water Development Authority for the debt obligation disclosed in Note 12. A utility surcharge recorded in this fund will repay this loan.

**Ohio Public Works Commission (OPWC) Fund** - This fund accounts for the debt obligation payment disclosed in Note 12. A utility surcharge recorded in this fund will repay this loan.

**3. Fiduciary Funds**

Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for other governments. The Village's agency fund accounts for an escrow account being held for the Village of North Lewisburg. The fund was established by agreement with the Village of North Lewisburg to ensure payment to North Lewisburg for sewage treatment in the event of deficiencies in sewer collections.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

**C. Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and Investments**

During 2006, the Village maintained funds in interest bearing checking accounts at the Citizens National Bank and Champaign Bank. During the year, all monies were moved from the Citizens National Bank checking to the Champaign Bank checking. The Agency Fund was maintained in an interest bearing savings account at Citizens National Bank.

Interest earnings are allocated to Village funds according to State statutes. In 2006, interest receipts were credited to the Street Construction, Maintenance, and Repair Fund for \$963; to the State Highway Fund for \$24; and to the Permissive Tax Fund for \$1,964, which includes \$42, \$.26, and \$85 respectfully, assigned from the Agency Fund.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**G. Inventory and Prepaid Items**

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

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

**I. Interfund Receivables/Payables**

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Long-Term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**K. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for debt service payments. Restricted net assets represent Proprietary Funds including WPCLF Fund of \$21,256 and OPWC Fund of \$7,834.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**L. Fund Balance Reserves**

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**M. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Village has implemented the *modified* cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

The transition from the regulatory basis of accounting to the *modified* cash basis of accounting generated the following changes to fund balance/equity as previously reported at December 31, 2005. The calculation of net assets of governmental and business type activities at December 31, 2005 is also presented.

	<b>General</b>	<b>Street Fund</b>	<b>Permissive Motor Vehicle</b>	<b>Permanent Improvement</b>	<b>Other Governmental</b>	<b>Governmental Activities</b>
Fund Balance						
December 31, 2005	(\$9,185)	\$11,063	\$25,015	\$23,862	(\$8,246)	\$42,509
Adjusted Fund Balance						
December 31, 2005	(\$9,185)	\$11,063	\$25,015	\$23,862	(\$8,246)	\$42,509
Governmental Activities Net Assets December 31, 2005						<u>\$42,506</u>

The restatement of the business-type activities is as follows:

	<b>Sewer Operating Fund</b>	<b>WPCLF Fund</b>	<b>OPWC Fund</b>	<b>Total Business- Type Activities</b>
Fund Balance December 31, 2005	\$7,338	\$21,159	\$5,705	\$34,202
Adjusted Fund Balance December 31, 2005	\$7,338	\$21,159	\$5,705	\$34,202
Adjusted Net Assets December 31, 2005				<u>\$34,202</u>

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**4. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

On December 31, 2006, the village had a deficit balance of \$6,755 in the General Fund. The village implemented a 1% income tax effective July 1, 2006 with all revenue to be recorded in the General Fund. The income tax is projected to produce \$50,000 per year within three years.

On December 31, 2006, the village had a deficit balance of \$9,087 in the Park Fund. The village discontinued using this fund and monies will be transferred from the General Fund when they become available.

On December 31, 2006, the village had a deficit balance of \$18,305 in the Sewer Operating Fund. The village increased sewer rates by 85 percent or \$12.20 per month on October 9, 2006, collection was effective immediately. All revenue is recorded in the Sewer Operating Fund.

**B. Compliance**

Contrary to Ohio law, the Village of Woodstock failed to encumber all purchase commitments prior to entering into purchase obligations.

**5. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Street Fund, and Permissive Motor Vehicle Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**6. DEPOSITS AND INVESTMENTS**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**A. Deposits**

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be insured. The Village's deposits were insured by the Federal Depository Insurance Corporation.

**7. INCOME TAXES**

The Village levies a 1% percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**8. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due February 15, 2006 if paid semiannually, the first payment is due February 15, with the remainder payable by July 10. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2006, was \$44.32 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$ 13,200
Residential	2,253,320
Agricultural	104,740
Commercial/Industrial/Mineral	56,430
Tangible Personal Property	40,589
Manufactured Homes	8,540
Public Utility	87,700
Total Assessed Value	\$2,564,519

**9. RISK MANAGEMENT**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Village contracted with several companies for various types of insurance coverage as follows:

<b>Company</b>	<b>Type of Coverage</b>	<b>Amount of Coverage</b>
Nationwide Insurance	Commercial Property	\$ 86,900
	General Liability	\$500,000
	Vehicle	\$300,000
	Public Officials	\$ 10,000
Motorist Mutual Insurance	Commercial Property	\$200,000

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year. The OWDA is named an additional insured on the Nationwide Insurance Policy.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**10. DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$2,793, \$2,099, and \$1,190 respectively. The full amount has been contributed for 2006, 2005 and 2004. Contributions to the member-directed plan for 2006 were \$2,793 made by the Village and \$1,835 made by the plan members.



**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**11. POST-EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 4.5 percent of covered payroll that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually not to exceed a 12% corridor.

The number of active contributing participants in the traditional and combined plans was eight. Actual employer contributions for 2006 which were used to fund post-employment benefits were \$934. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**12. DEBT**

The Village's long-term debt activity for the year ended December 31, 2006, was as follows:

	<b>Interest Rate</b>	<b>Balance December 31, 2005</b>	<b>Reductions</b>	<b>Balance December 31, 2006</b>	<b>Due Within One Year</b>
Business-type Activities					
1998 WPCLF Loan	4.12%	\$274,507	\$16,342	\$258,165	\$27,485
1998 OPWC Loan		\$400,648	27,631	\$373,017	\$27,631
Total Business-type Activities		<u>\$675,155</u>	<u>\$43,973</u>	<u>\$631,182</u>	<u>\$55,116</u>

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**12. DEBT (Continued)**

The Ohio Water Pollution Control Loan Fund (WPCLF) and the Ohio Public Works Commission (OPWC) loans relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The WPCLF loan will be repaid in semiannual installments of \$13,742, including interest, over 20 years. The OPWC loan will be repaid in semiannual installments of \$13,815 over 20 years. The loans are secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover WPCLF and OPWC debt service requirements.

The following is a summary of the Village's future annual debt service requirements:

Year	WPCLF Loan		OPWC Loan
	Principal	Interest	Principal
2007	\$ 8,424	\$ 5,318	\$13,815
2008	17,373	10,112	27,631
2009	18,096	9,389	27,631
2010	18,849	8,636	27,631
2011	19,634	7,851	27,631
2012–2116	111,128	26,296	138,154
2017–2020	64,661	4,051	110,524
Totals	\$258,165	\$77,143	\$373,017

**13. JOINTLY GOVERNED ORGANIZATIONS**

The Village of Woodstock is associated with one jointly governed organization, the Northeast Champaign County Fire District. The District is directed by an appointed five member Board of Trustees. One member is appointed by each political subdivision with the Fire District. Those subdivisions are Rush Township, Wayne Township, the Village of North Lewisburg, and the Village of Woodstock. The four subdivisions appoint a fifth member who only votes in the event of a tie vote.

The financial statement excludes the Northeast Champaign County Fire District that performs activities with the Village's boundaries for the benefit of its residents because the Village is not financially accountable for this entity nor is the Fire District fiscally dependent on the Village.

**14. FISCAL EMERGENCY**

The village required assistance from Local Government Services to reconstruct the village's books for 2003- 2005. After the reconstruction, it was determined that the General Fund was in a deficit. The mayor then requested the Auditor of State to review the village's financial position. The review identified the existence of a fiscal emergency condition and declared the Village to be in fiscal emergency on July 20, 2006. The village is now under the financial supervision of Local Government Services a division of the Auditor of State's Office. The Village adopted a recovery plan January 16, 2007 and expects to have all funds out of deficit by 2009. The plan includes an increase in sewer rates, and the implementation of an income tax.

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**15. SUBSEQUENT EVENTS**

The Village had a Capital Projects Fund that contained monies from the WPCLF and OPWC loans for the sewer project. The Village found documentation that Sewer Operating Fund monies were used for expenditures relating to the sewer project instead of the Capital Project Fund. The Village reallocated these monies from the Capital Projects Fund to the Sewer Operating Fund as a reallocation of expenditures which was recorded on the books in 2007.

The Village of North Lewisburg is in the process of filing a lawsuit against the Village of Woodstock regarding the interpretation of a Sewer Agreement between the two Villages.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

Village of Woodstock  
Champaign County  
101 N. Main Street  
P.O. Box 134  
Woodstock, Ohio 43084

To the Village Council:

We have selectively tested certain accounts, financial records, files and reports of the Village of Woodstock, Champaign County, (the Village) as of and for the year ended December 31, 2006 following the Ohio Admin. Code §117-4-02. We also noted the Village is experiencing certain financial difficulties and declared to be in fiscal emergency on July 20, 2006. Our engagement was not designed to result in expressing an opinion on the accompanying financial statements, internal control over financial reporting, or compliance. We therefore express no opinion on these matters.

### Internal Control over Financial Reporting

During our procedures relating to the Village's internal control over financial reporting we noted no matters that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. However, we noted certain matters that we reported to the Village's management in a separate letter dated September 27, 2007.

### Compliance and Other Matters

We tested compliance with certain provisions of laws, regulations, contracts, and grant agreements applicable to the Village. Noncompliance with these requirements could impact the Village's ability to determine financial statement amounts. The results of our tests disclosed instances of noncompliance or other matters that are reported in the accompanying schedule of findings as items 2006-001 through 2006-003.

We also noted certain noncompliance or other matters that we reported to the Village's management in a separate letter dated September 27, 2007.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not review the Village's responses and, accordingly, we express no opinion on them.

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

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

**Mary Taylor, CPA**  
Auditor of State

September 27, 2007

**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

**FINDING NUMBER 2006-001**

**Ohio Rev. Code Section 5705.41(D)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding an amount authorized by the Village Council against any specific line item account over a period not running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 100% of expenditures tested and the exceptions listed above were not utilized. The failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Village's Fiscal Officer certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

**FINDING NUMBER 2006-001  
(Continued)**

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**Official's Response:** The village began using the UAN system on January 1, 2007 and purchase orders are written for all expenditures as required.

**FINDING NUMBER 2006-002**

**Ohio Rev. Code Section 5705.10** states, in pertinent part, that the monies paid into any fund shall be used only for the purpose for which such fund was established. The existence of a deficit fund cash balance in any fund indicates that money from another fund or funds have been used to pay the obligations of the fund or funds carrying the deficit balance.

At December 31, 2006, the General Fund had a deficit balance of \$6,755, and the Special Revenue Park Fund had a deficit of \$9,087, and the Enterprise Sewer Operating Fund had a deficit of \$18,305.

As part of the review of financial reports, the Village Council should look for trends in fund activity that may be an indication of deficit spending. One key indicator of potential deficit spending is when actual resources are not at a level to cover current appropriations.

**Official's Response:**

The Sewer Operating Fund no longer carries a deficit as of 2007. The General Fund and Park Fund are expected to be out of a deficit by situation the end of 2008.

**FINDING NUMBER 2006-003**

**Ohio Rev. Code Section 149.351(A)** states all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commission provided for under Ohio Revised Code Section 149.41, Revised Code.

The January 16, 2006 Council meeting's record of proceedings were not made available by the Village during the audit. Management should retain all of the Village records per an approved records retention policy.

**Official's Response:**

Although no official minutes for the January 16, 2006 meeting could be found the auditor was supplied with a newspaper clipping of the meeting. A new fiscal officer was appointed in March 2006 and all minutes are now properly recorded and retained by the village.



**VILLAGE OF WOODSTOCK  
CHAMPAIGN COUNTY**

**SCHEDULE OF PRIOR ENGAGEMENT FINDINGS  
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2004-001	ORC 9.38 - Sewer receipts not deposited for two or more days.	Yes	
2004-002	ORC 117.38 – annual report not filed within 60 days	Yes	
2004-003	ORC 149.351(A) – destruction of records	No	Reissued, #2006-003
2004-004	ORC 5705.10 – funds carrying a deficit balance	No	Reissued, #2006-002
2004-005	ORC 5705.34 – Council authorizing the necessary tax levies	Yes	
2004-006	ORC 5705.39 – appropriations exceeding estimated resources	Yes	
2004-007	ORC 5705.41(B) – expenditures exceeded appropriations	No	Reissued, #2005-005
2004-008	ORC 5705.41(D) – purchases made without certifying the availability of appropriations	No	Reissued, #2006-001
2004-009	ORC 5705.46 – payment of compensation without Council approving the pay rates	Yes	
2004-010	Ohio Const. Art. XII, Section 5a – interest was not allocated to funds that received motor vehicle license tax or fuel tax revenue	Yes	
2004-011	26 CFR Sec. 1.6041-1 – failure to prepare 1099s for independent contractors paid \$600 or more	Yes	
2004-012	WPCLF Agreement, Section 4.3b – failure to submit annual report to OWDA and EPA	Yes	
2004-013	Village Ordinance #08-28-97A – failure to establish a separate fund for 2 sewer debt obligations	Yes	
2004-014	Village Council should establish procedures for the billing & collection of utility revenue	Yes in 2006	
2004-015	Village should complete and maintain payroll ledgers	Yes	
2004-016	Accounting records should be maintained & reconciled each month, bank reconciliations should be performed monthly	Yes in 2006	
2004-017	Establishing an audit committee	No	No longer valid; under fiscal emergency





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF WOODSTOCK**

**CHAMPAIGN 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  
NOVEMBER 20, 2007**