

**VILLAGE OF GIBSONBURG
SANDUSKY COUNTY**

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2005 AND 2004



Mary Taylor, CPA
Auditor of State

Village Council
Village of Gibsonburg
120 North Main Street
Gibsonburg, Ohio 43431

We have reviewed the *Independent Auditor's Report* of the Village of Gibsonburg, Sandusky County, prepared by LublinSussman Group LLP, for the audit period January 1, 2004 through December 31, 2005. 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.

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 Gibsonburg is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 11, 2007

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LublinSussman Group LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Gibsonburg
Sandusky County
120 North Main Street
Gibsonburg, OH 43431-1106

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Village of Gibsonburg, Sandusky County, (the Village) as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Village's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. 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 made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, the accompanying financial statements and notes follow the modified cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Gibsonburg, Sandusky County, as of December 31, 2005 and 2004, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the General Fund, Street Construction, Maintenance and Repair Fund, and the Permissive Motor Vehicle License Tax Fund, thereof and for the years then ended in conformity with the basis of accounting described in Note 1.

For the years ended December 31, 2005 and 2004 the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

www.lublinsussman.com

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In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, consisting principally of inquires of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

LublinerBussman Group LLP

January 19, 2007
Toledo, Ohio

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

The management's discussion and analysis of the Village of Gibsonburg's (the Village) financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2005 and 2004, within the limitations of the Village's modified cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the modified cash basis financial statements and notes to the financial statements to enhance their understanding of the Village's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

Key financial highlights for 2005 and 2004 are as follows:

- The total net cash assets of the Village increased \$24,603 and \$49,781 for the years ended December 31, 2005 and 2004, respectively. Net cash assets of governmental activities increased \$79,155 and \$1,034 for the years ended December 31, 2005 and 2004, respectively, which represents a 30.0% and .4% increase over 2004 and 2003. Net cash assets of business-type activities decreased \$54,552 or 7.6% and increased \$48,747 or 7.3% from fiscal years 2004 and 2003, respectively.
- General cash receipts accounted for \$724,141 or 75.6% and \$1,244,944 or 87.8% of total governmental activities cash receipts for the years ended December 31, 2005 and 2004, respectively. Program specific cash receipts accounted for \$234,307 or 24.4% and \$172,819 or 12.2% of total governmental activities cash receipts.
- The Village had \$879,293 and \$1,416,729 in cash disbursements related to governmental activities for the years ended December 31, 2005 and 2004, respectively; \$234,307 and \$172,819, respectively of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts of \$724,141 and \$1,244,944, respectively were adequate to provide for these programs.
- The Village's major governmental funds for 2005 were the general fund and the street construction, maintenance and repair fund. The Village's major governmental funds for 2004 were the general fund, the street construction, maintenance and repair fund, the permissive motor vehicle license tax fund, and the OWDA capital project fund.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

Financial Highlights (Continued)

- The general fund had cash receipts of \$724,337 and \$688,348 in 2005 and 2004, respectively. The cash disbursements of the general fund totaled \$654,486 and \$664,854 in 2005 and 2004, respectively. The general fund's cash balance increased \$69,851 and \$23,492 from 2004 to 2005 and 2003 to 2004, respectively.
- The street construction, maintenance and repair fund, a Village major fund, had cash receipts of \$97,331 and \$83,722 in 2005 and 2004, respectively. The fund had cash disbursements of \$59,093 and \$78,927 in 2005 and 2004, respectively. The fund cash balance increased \$38,238 and \$4,795 from 2004 to 2005 and 2003 to 2004, respectively.
- The permissive motor vehicle license tax fund, a major fund in 2004, had cash receipts of \$24,052. Fund cash disbursement amounted to \$65 with a fund cash balance increase of \$23,987 for 2004.
- The OWDA capital project fund, a major fund in 2004, had cash receipts of \$438,293, cash disbursements of \$438,293 and a zero fund cash balance at December 31, 2004.
- Net cash assets for the proprietary funds decreased by \$54,552 or 7.6% and increased \$48,747 or 7.3% for the years ended December 31, 2005 and 2004, respectively.

Using Cash Basis Financial Statements

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Village's modified cash basis of accounting.

The Statement of Net Assets - Modified Cash Basis and Statement of Activities - Modified Cash Basis provide information about the activities of the whole Village, presenting an aggregate view of the Village's modified cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Village, there are two major governmental funds for 2005 and four major governmental funds for 2004. The general fund is the largest major fund.

Reporting the Village as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets - Modified Cash Basis and the Statement of Activities - Modified Cash Basis answer the questions, "How did we do financially during 2005 and 2004?" These statements include only net assets using the modified basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

Statement of Net Assets and the Statement of Activities (Continued)

These two statements report the Village's net assets and changes in those assets on a modified cash basis. This change in net cash assets is important because it tells the reader that, for the Village as a whole, the cash basis financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as account receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

In the Statement of Net Assets - Modified Cash Basis and the Statement of Activities - Modified Cash Basis, the Village is divided into two distinct kinds of activities. Governmental activities - Most of the Village's programs and services are reported here including health services, security of persons and property, transportation, leisure time activities and general government. Business - Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The Village's sewer enterprise fund is reported as business activities.

The Statement of Net Assets - Modified Cash Basis and the Statement of Activities - Modified Cash Basis can be found on pages 14-15 and 16-17 of this report.

Reporting the Village's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories: governmental funds and proprietary funds.

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Village's most significant funds. For 2005, the Village's major governmental funds are the General Fund and Street Construction, Maintenance and Repair Fund. For 2004, the Village's major governmental funds are the General Fund, Street Construction, Maintenance and Repair Fund, Permissive Motor Vehicle License Tax Fund, and The Capital Project OWDA Fund. The analysis of the Village's major governmental funds begins on page 10.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

Governmental Funds

Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United State of America. The governmental fund statements provide a detailed view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Village programs. Since the Village is reporting on the modified cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross cash receipts and cash disbursements on the Fund Financial Statements to the Statement of Activities - Modified Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities - Modified Cash Basis. The governmental fund statements can be found on pages 18 through 21.

The Village's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the Village's major governmental funds are presented to demonstrate the Village's compliance with annually adopted budgets. The budgetary statements can be found on pages 22 through 26 of this report.

Proprietary Funds

The Village maintains several types of proprietary funds. Proprietary funds use the same basis of accounting (Modified Cash Basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the Village as a whole. The Village uses proprietary funds to account for its water, sewer, refuse, and water and sewer improvement operations. The proprietary fund statements can be found on pages 27 through 30 of this report.

Government-Wide Financial Analysis

Recall that the Statement of Net Assets - Modified Cash Basis provides the perspective of the Village as a whole.

**VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
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The table below provides a summary of the Village's net cash assets for 2005 and 2004. 2004 is the first year for cash basis government-wide financial statements; therefore, a comparison with prior years is not available.

	Governmental Activities <u>2005</u>	Business-type Activities <u>2005</u>	Governmental Activities <u>2004</u>	Business-type Activities <u>2004</u>	2005 Total	2004 Total
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ <u>339,423</u>	\$ <u>658,651</u>	\$ <u>260,268</u>	\$ <u>713,203</u>	\$ <u>998,074</u>	\$ <u>973,471</u>
Total Assets	\$ <u>339,423</u>	\$ <u>658,651</u>	\$ <u>260,268</u>	\$ <u>713,203</u>	\$ <u>998,074</u>	\$ <u>973,471</u>
<u>Net Assets</u>						
Restricted for:						
Other Purposes	156,992	0	147,688	0	156,992	147,688
Unrestricted	<u>182,431</u>	<u>658,651</u>	<u>112,580</u>	<u>713,203</u>	<u>841,082</u>	<u>825,783</u>
Total net assets	\$ <u>339,423</u>	\$ <u>658,651</u>	\$ <u>260,268</u>	\$ <u>713,203</u>	\$ <u>998,074</u>	\$ <u>973,471</u>

The total net cash assets of the Village increased \$24,603 and \$49,781 for the years ended December 31, 2005 and 2004, respectively. Net cash assets of governmental activities increased \$79,155 and \$1,034 for the years ended December 31, 2005 and 2004, respectively, which represents a 30.0% and 0.4% increase over fiscal year 2004 and 2003. Net cash assets of business-type activities decreased \$54,552 or 7.6% and increased \$48,747 or 7.3% from fiscal year 2004 and 2003.

The balance of governmental activities unrestricted net cash assets of \$182,431 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the change in net assets for fiscal years 2005 and 2004, respectively. 2004 is the first year for cash basis government-wide financial statements; therefore, a comparison with prior years is not available.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

Change in Net Cash Assets

	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	
	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cash Receipts:						
Program cash receipts:						
Charges for						
services and sales	\$ 15,536	\$ 919,217	\$ 16,558	\$ 912,830	\$ 934,753	\$ 929,388
Operating grants						
and contributions	134,360	2,500	113,971	2,500	136,860	116,471
Capital grants						
and contributions	<u>84,411</u>	<u>10,985</u>	<u>42,290</u>	<u>0</u>	<u>95,396</u>	<u>42,290</u>
Total program cash receipts	234,307	932,702	172,819	915,330	1,167,009	1,088,149
General cash receipts and advances:						
Property and other taxes	523,085	0	480,638	31	523,085	480,669
Advances In/(Out)	10,000	(10,000)	(30,000)	30,000	0	0
Refund of Prior Year Expenditure	0	0	35,000	0	0	35,000
Notes Issued	0	0	582,691	0	0	582,691
Unrestricted grants	162,856	0	146,814	0	162,856	146,814
Sale of Fixed Assets	0	0	9,362	0	0	9,362
Investment earnings	17,484	0	4,815	0	17,484	4,815
Miscellaneous	<u>10,716</u>	<u>6,818</u>	<u>15,624</u>	<u>38,994</u>	<u>17,534</u>	<u>54,618</u>
Total general cash receipts and advances	<u>724,141</u>	<u>(3,182)</u>	<u>1,244,944</u>	<u>69,025</u>	<u>720,959</u>	<u>1,313,969</u>
Total cash receipts and advances	958,448	929,520	1,417,763	984,355	1,887,968	2,402,118
Cash Disbursements:						
Security of persons and property	357,589	0	352,493	0	357,589	352,493
Community Env.	370	0	33,596	0	370	33,596
Leisure time activities	30,189	0	40,585	0	30,189	40,585
Transportation	47,033	0	61,266	0	47,033	61,266
General government	210,694	0	222,407	0	210,694	222,407
Capital Outlay	185,679	0	658,670	0	185,679	658,670
Debt Service: Prin.	45,718	0	42,483	0	45,718	42,483
Interest	1,762	0	4,677	0	1,762	4,677
Public Health	0	0	552	0	0	552
Miscellaneous	259	0	0	0	259	0
Water	0	373,759	0	407,595	373,759	407,595
Sewer	0	508,044	0	435,692	508,044	435,692
Refuse	<u>0</u>	<u>102,269</u>	<u>0</u>	<u>92,321</u>	<u>102,269</u>	<u>92,321</u>

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

Change in Net Cash Assets (Continued)

	<u>Governmental</u> <u>Activities</u> <u>2005</u>	<u>Business-type</u> <u>Activities</u> <u>2005</u>	<u>Governmental</u> <u>Activities</u> <u>2004</u>	<u>Business-type</u> <u>Activities</u> <u>2004</u>	<u>Total</u> <u>2005</u>	<u>Total</u> <u>2004</u>
Total cash						
disbursements	<u>879,293</u>	<u>984,072</u>	<u>1,416,729</u>	<u>935,608</u>	<u>1,863,365</u>	<u>2,352,337</u>
Change in net cash assets	79,155	(54,552)	1,034	48,747	24,603	49,781
Net cash assets at beginning of year	<u>260,268</u>	<u>713,203</u>	<u>259,234</u>	<u>664,456</u>	<u>973,471</u>	<u>923,690</u>
Net cash assets at end of year	<u>\$ 339,423</u>	<u>\$ 658,651</u>	<u>\$ 260,268</u>	<u>\$ 713,203</u>	<u>\$ 998,074</u>	<u>\$ 973,471</u>

**VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED**

Governmental Activities

Governmental cash assets increased by \$79,155 and \$1,034 in 2005 and in 2004 from 2003, respectively.

General government represents activities related to the governing body as well as activities that directly support Village programs. In 2005, general government cash disbursements totaled \$210,694 or 24.0% and \$222,407 or 15.7% of total governmental cash disbursements for the years ended December 31, 2005 and 2004, respectively.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005 and 2004. 2004 is the first year for modified cash basis government-wide financial statements; therefore, a comparison with prior years is not available.

	Governmental Activities			
	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
Cash Disbursements:				
Current:				
Security of persons and property	\$ 357,589	\$ 353,140	\$ 352,493	\$ 347,481
General Government	210,694	198,602	222,407	210,861
Leisure Time Activities	30,189	25,874	40,585	40,585
Community Environment	370	(3,255)	33,596	33,596
Transportation	47,033	(19,241)	61,266	(31,921)
Capital Outlay	185,679	42,127	658,670	595,596
Public Health Services	0	0	552	552
Debt Service: Principal	45,718	45,718	42,483	42,483
Interest and Fiscal Charges	1,762	1,762	4,677	4,677
Miscellaneous	<u>259</u>	<u>259</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 879,293</u>	<u>\$ 644,986</u>	<u>\$1,416,729</u>	<u>\$1,243,910</u>

The dependence upon general cash receipts for governmental activities is apparent; with 73.4% and 87.8% of cash disbursements supported through taxes and other general cash receipts during 2005 and 2004, respectively.

Business-Type Activities

The Village has four major proprietary funds, the Water Operating Fund, Sewer Operating Fund, Sewer Improvement Fund, and Refuse Operating Fund. All proprietary funds had cash receipts of \$939,521 and \$984,354 and cash disbursements of \$994,073 and \$935,607 for fiscal years 2005 and 2004, respectively. The net cash assets of the programs decreased \$54,552 from 2004 and increased \$48,747 from 2003.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED**

Governmental Funds

The Village's governmental funds are accounted for using the modified cash basis of accounting.

The Village's governmental funds reported a combined fund cash balance of \$339,423 and \$260,268, which is \$79,155 and \$1,034 above previous years balances, for fiscal years 2005 and 2004, respectively. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2005 and 2004, respectively for all major and nonmajor governmental funds. 2004 is the first year for modified cash basis government-wide financial statements; therefore, a comparison with prior years is not available.

	Fund Cash Balance December 31, <u>2005</u>	Fund Cash Balance December 31, <u>2004</u>	Increase (Decrease)
Major Funds:			
General	\$ 182,433	\$ 112,582	\$ 69,851
Street Construction, Maintenance and Repair	57,335	19,097	38,238
Permissive Motor Vehicle License Tax	45,921	67,607	(21,686)
Capital Project OWDA	0	0	0
Other Nonmajor Governmental Funds	<u>53,734</u>	<u>60,982</u>	<u>(7,248)</u>
Total	<u>\$ 339,423</u>	<u>\$ 260,268</u>	<u>\$ 79,155</u>

General Fund

The general fund had cash receipts of \$724,337 and \$688,348 in 2005, and 2004, respectively. The cash disbursements of the general fund, totaled \$654,486 and \$664,854 in 2005 and 2004, respectively. The general fund's cash balance increased \$69,851 and \$23,494 from 2004 to 2005 and from 2003 to 2004, respectively.

The table that follows assists in illustrating the cash receipts of the general fund for fiscal years 2005 and 2004, respectively.

	<u>2005 Amount</u>	<u>2004 Amount</u>	<u>Percentage Change</u>
Cash Receipts:			
Taxes	\$ 523,085	\$ 480,638	8.8 %
Charges for Services	2,801	3,573	(21.6)
Intergovernmental	168,389	146,814	14.7
Fines, licenses and permits	1,925	2,257	(14.7)
Investment income	14,305	4,606	210.6
Refund of Prior Year Expenditure	0	35,000	(100.0)
Advances In	10,000	0	100.0
Sale of Fixed Assets	0	262	(100.0)
Other	<u>3,832</u>	<u>15,198</u>	<u>(74.8)</u>
Total	<u>\$ 724,337</u>	<u>\$ 688,348</u>	<u>23.0 %</u>

Investment income cash receipts increased due to higher interest earning investments and due to the timing of the maturity of certain certificates of deposit. Taxes increased due to an increase in property tax within the Village revenue remained comparable to 2004.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2005</u> <u>Amount</u>	<u>2004</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash Disbursements:</u>			
Security of persons and property	\$ 357,589	\$ 352,493	1.4 %
Public health service	0	552	(100.0)
General government	204,103	222,407	(8.2)
Capital Outlay	18,601	6,501	186.1
Community Environment	370	3,596	(89.7)
Transfers out	43,500	8,720	398.9
Advances out	0	30,000	(100.0)
Leisure time activity	30,064	40,585	(25.9)
Other	<u>\$ 259</u>	<u>\$ 0</u>	<u>2.6</u>
Total	<u>\$ 654,486</u>	<u>\$ 664,854</u>	<u>265.2 %</u>

Overall, cash disbursements decreased \$10,368 from 2004.

Street Construction, Maintenance and Repair Fund

The street construction, maintenance and repair fund, a Village major fund, had cash receipts of \$97,331 and \$83,722 in 2005 and 2004, respectively. The street construction, maintenance and repair fund had cash disbursements of \$59,093 and \$78,297 in 2005 and 2004, respectively. The street construction, maintenance and repair fund cash balance increased \$38,238 and \$4,795 from 2004 to 2005 and 2003 to 2004, respectively.

Permissive Motor Vehicle License Tax Fund

The permissive motor vehicle license tax fund, a Village major fund in 2004, had cash receipts of \$24,052 and cash disbursements of \$64 in 2004. The fund cash balance increased \$23,987 from 2003 to 2004.

Capital Project OWDA Fund

The capital project OWDA fund, a Village major fund in 2004, had cash receipts of \$438,293 and cash disbursements of \$438,293 in 2004. The fund had a zero fund cash balance at 2004.

Budgeting Highlights - General Fund

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

For the general fund, actual cash receipts of \$724,337 and \$688,348 for 2005 and 2004, respectively, were less/(more) than final budget estimates by \$(6,087) and \$1,977, respectively. Actual budgetary disbursements of \$654,959 and \$666,794 for 2005 and 2004 were less than final budget estimates by \$75,597 and \$12,657, respectively.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

The Village does not record capital assets in the accompanying cash basis financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements of \$185,679 and \$658,670 within the governmental funds for 2005 and 2004, respectively. The Village had capital outlay disbursements of \$240,196 and \$237,406 within the proprietary funds for 2005 and 2004, respectively.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2005 and 2004:

	Governmental -Type Activities 2005	Business- Type Activities 2005	Governmental -Type Activities 2004	Business- Type Activities 2004	Total 2005	Total 2004
Fifth Third Bank Loan	\$ 0	\$ 0	\$ 45,718	\$ 0	\$ 0	\$ 45,718
OWDA 2991 Loan	0	740,584	0	765,865	740,584	765,865
OWDA 3895 Loan	0	987,723	0	1,030,743	987,723	1,030,743
OPWC CE36F Loan	0	165,002	0	173,686	165,002	173,686
OSGCIP CT14F Loan	<u>0</u>	<u>94,286</u>	<u>0</u>	<u>99,249</u>	<u>94,286</u>	<u>99,249</u>
Total long-term obligations	<u>\$ 0</u>	<u>\$1,987,595</u>	<u>\$ 45,718</u>	<u>\$2,069,543</u>	<u>\$1,987,595</u>	<u>\$2,115,261</u>

Current Issues

The following economic factors were taken into consideration in preparing the budget for fiscal year 2005:

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.

Our Village's financial position is anticipated to remain stable as we continue our conservative financial management.

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's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Robert Schroeder, Clerk/Treasurer, Village of Gibsonburg, 120 North Main Street, Gibsonburg, Ohio 43431.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2005

	Governmental Activities	Business- Type Activities	Total
Assets			
Equity in Pooled Cash, Cash Equivalents and Investments	\$ <u>339,423</u>	\$ <u>658,651</u>	\$ <u>998,074</u>
Total Assets	\$ <u>339,423</u>	\$ <u>658,651</u>	\$ <u>998,074</u>
Net Assets			
Restricted for:			
Other Purposes	\$ 156,992	\$ 0	\$ 156,992
Unrestricted	<u>182,431</u>	<u>658,651</u>	<u>841,082</u>
Total Net Assets	\$ <u>339,423</u>	\$ <u>658,651</u>	\$ <u>998,074</u>

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2004

	Governmental Activities	Business- Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ <u>260,268</u>	\$ <u>713,203</u>	\$ <u>973,471</u>
Total Assets	\$ <u>260,268</u>	\$ <u>713,203</u>	\$ <u>973,471</u>
Net Assets			
Restricted for:			
Other Purposes	\$ 147,688	\$ 0	\$ 147,688
Unrestricted	<u>112,580</u>	<u>713,203</u>	<u>825,783</u>
Total Net Assets	\$ <u>260,268</u>	\$ <u>713,203</u>	\$ <u>973,471</u>

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Cash Receipts				Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets		
	Cash Disbursement	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total Governmental Funds
Governmental Activities							
General Government	\$ 210,694	\$ 12,092	\$ 0	\$ 0	\$ (198,602)	\$ 0	\$ (198,602)
Security of Persons and Property	357,589	3,444	0	1,005	(353,140)	0	(353,140)
Leisure Time Activities	30,189	0	40	4,275	(25,874)	0	(25,874)
Community Environment	370	0	0	3,625	3,255	0	3,255
Transportation	47,033	0	66,274	0	19,241	0	19,241
Capital Outlay	185,679	0	68,046	75,506	(42,127)	0	(42,127)
Debt Service: Principal	45,718	0	0	0	(45,718)	0	(45,718)
Interest and Fiscal Charges	1,762	0	0	0	(1,762)	0	(1,762)
Miscellaneous	259	0	0	0	(259)	0	(259)
Basic Utilities	0	0	0	0	0	0	0
Total Governmental Activities	\$ 879,293	\$ 15,536	\$ 134,360	\$ 84,411	\$ (644,986)	\$ 0	\$ (644,986)
Business Type Activities							
Water	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sewer	373,759	365,569	0	0	0	(8,190)	(8,190)
Refuse	508,044	438,489	0	10,985	0	(58,570)	(58,570)
Total Business Type Activities	102,269	115,159	2,500	0	0	15,390	15,390
Total Both Governmental & Business Type Activities	\$ 984,072	\$ 919,217	\$ 2,500	\$ 10,985	\$ 0	\$ (51,370)	\$ (51,370)
Total	\$ 1,863,365	\$ 934,753	\$ 136,860	\$ 95,396	\$ (644,986)	\$ (51,370)	\$ (696,356)
General Cash Receipts and Advances							
Property and Other Taxes					523,085	0	523,085
Advances In/(Out)					10,000	(10,000)	0
Grants and Entitlements not Restricted to Specific Programs					162,856	0	162,856
Investment Earnings					17,484	0	17,484
Miscellaneous					10,716	6,818	17,534
Total General Cash Receipts and Advances					724,141	(3,182)	720,959
Change in Net Assets					79,155	(54,552)	24,603
Net Assets Beginning of Year					260,268	713,203	973,471
Net Assets End of Year					\$ 339,423	\$ 658,651	\$ 998,074

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Program Cash Receipts				Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets		
	Cash Disbursement	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business Type Activities	Total Governmental Funds
Governmental Activities							
General Government	\$ 222,407	\$ 11,546	\$ 0	\$ 0	\$ (210,861)	\$ 0	\$ (210,861)
Security of Persons and Property	352,493	5,012	0	0	(347,481)	0	(347,481)
Leisure Time Activities	40,585	0	0	0	(40,585)	0	(40,585)
Community Environment	33,596	0	0	0	(33,596)	0	(33,596)
Transportation	61,266	0	93,187	0	31,921	0	31,921
Capital Outlay	658,670	0	20,784	42,290	(595,596)	0	(595,596)
Debt Service: Principal	42,483	0	0	0	(42,483)	0	(42,483)
Interest and Fiscal Charges	4,677	0	0	0	(4,677)	0	(4,677)
Public Health Services	552	0	0	0	(552)	0	(552)
Total Governmental Activities	\$ 1,416,729	\$ 16,558	\$ 113,971	\$ 42,290	\$ (1,243,910)	\$ 0	\$ (1,243,910)
Business Type Activities							
Water	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sewer	407,595	422,846	0	0	0	15,251	15,251
Refuse	435,692	391,489	0	0	0	(44,203)	(44,203)
	92,321	98,495	2,500	0	0	8,674	8,674
Total Business Type Activities	935,608	912,830	2,500	0	0	(20,278)	(20,278)
Total Both Governmental & Business Type Activities	\$ 2,352,337	\$ 929,388	\$ 116,471	\$ 42,290	(1,243,910)	(20,278)	(1,264,188)
General Cash Receipts and Advances							
Property and Other Taxes					480,638	31	480,669
Grants and Entitlements not Restricted to Specific Programs					146,814	0	146,814
Notes Issued					582,691	0	582,691
Investment Earnings					4,815	0	4,815
Miscellaneous					15,624	38,994	54,618
Sale of Fixed Assets					9,362	0	9,362
Advances In/(Out)					(30,000)	30,000	0
Refund of Prior Year Expenditure					35,000	0	35,000
Total General Cash Receipts and Advances					1,244,944	69,025	1,313,969
Change in Net Assets					1,034	48,747	49,781
Net Assets Beginning of Year					259,234	664,456	923,690
Net Assets End of Year					260,268	713,203	973,471

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 182,433	\$ 57,335	\$ 99,655	\$ 339,423
Total Assets	<u>\$ 182,433</u>	<u>\$ 57,335</u>	<u>\$ 99,655</u>	<u>\$ 339,423</u>
Fund Balances				
Reserved for Encumbrances	\$ 2,413	\$ 358	\$ 0	\$ 2,771
Unreserved, undesignated reported in:				
General Fund	180,020	0	0	180,020
Special Revenue Funds	<u>0</u>	<u>56,977</u>	<u>99,655</u>	<u>156,632</u>
Total Fund Balances	<u>\$ 182,433</u>	<u>\$ 57,335</u>	<u>\$ 99,655</u>	<u>\$ 339,423</u>

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	General	Street Construction, Maintenance and Repair	Permissive Motor Vehicle License Tax	Capital Projects - OWDA	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 112,582	\$ 19,097	\$ 67,607	\$ 0	\$ 60,982	\$ 260,268
Total Assets	<u>\$ 112,582</u>	<u>\$ 19,097</u>	<u>\$ 67,607</u>	<u>\$ 0</u>	<u>\$ 60,982</u>	<u>\$ 260,268</u>
Fund Balances						
Reserved for Encumbrances	\$ 1,940	\$ 0	\$ 0	\$ 55,300	\$ 2,063	\$ 59,303
Unreserved, undesignated reported in:						
General Fund	110,642	0	0	0	0	110,642
Special Revenue Funds	0	19,097	67,607	0	58,919	145,623
Capital Improvement Funds	0	0	0	(55,300)	0	(55,300)
Total Fund Balances	<u>\$ 112,582</u>	<u>\$ 19,097</u>	<u>\$ 67,607</u>	<u>\$ 0</u>	<u>\$ 60,982</u>	<u>\$ 260,268</u>

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Street Construction Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Cash Receipts				
Property and Other Local Taxes	\$ 523,085	\$ 0	\$ 12,671	\$ 535,756
Charges for Services	2,801	0	0	2,801
Fines, Licenses and Permits	1,925	0	10,810	12,735
Intergovernmental	168,389	91,456	103,161	363,006
Interest	14,305	981	2,198	17,484
Miscellaneous	3,832	4,894	7,940	16,666
Total Cash Receipts	<u>\$ 714,337</u>	<u>\$ 97,331</u>	<u>\$ 136,780</u>	<u>\$ 948,448</u>
Cash Disbursements				
Current:				
General Government	\$ 204,103	\$ 0	\$ 6,591	\$ 210,694
Security of Persons and Property	357,589	0	0	357,589
Leisure Time Activities	30,064	0	125	30,189
Community Environment	370	0	0	370
Transportation	0	44,331	2,702	47,033
Capital Outlay	18,601	14,762	152,316	185,679
Debt Service:				
Principal Retirement	0	0	45,718	45,718
Interest and Fiscal Charges	0	0	1,762	1,762
Total Cash Disbursements	<u>610,727</u>	<u>59,093</u>	<u>209,214</u>	<u>879,034</u>
Receipts Over (Under) Disbursements	103,610	38,238	(72,434)	69,414
Other Financing Sources (Uses)				
Advances In	10,000	0	0	10,000
Transfers In	0	0	52,532	52,532
Transfers Out	(43,500)	0	(9,032)	(52,532)
Other Financing Uses	(259)	0	0	(259)
Total Other Financing Sources (Uses)	<u>(33,759)</u>	<u>0</u>	<u>43,500</u>	<u>9,741</u>
Net Change in Fund Balances	69,851	38,238	(28,934)	79,155
Fund Balances Beginning of Year	112,582	19,097	128,589	260,268
Fund Balances End of Year	<u>\$ 182,433</u>	<u>\$ 57,335</u>	<u>\$ 99,655</u>	<u>\$ 339,423</u>

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	General	Street Construction Maintenance and Repair	Permissive Motor Vehicle License Tax	Capital Projects - OWDA	Other Governmental Funds	Total Governmental Funds
Cash Receipts						
Property and Other Local Taxes	\$ 480,638	\$ 0	\$ 12,510	\$ 0	\$ 0	\$ 493,148
Charges for Services	3,573	0	0	0	0	3,573
Fines, Licenses and Permits	2,257	0	0	0	10,728	12,985
Intergovernmental	146,814	83,210	11,504	0	29,397	270,925
Interest	4,606	86	38	0	85	4,815
Miscellaneous	15,198	426	0	0	19,640	35,264
Total Cash Receipts	\$ 653,086	\$ 83,722	\$ 24,052	\$ 0	\$ 59,850	\$ 820,710
Cash Disbursements						
Current:						
General Government	\$ 222,407	\$ 0	\$ 0	\$ 0	\$ 0	\$ 222,407
Security of Persons and Property	352,493	0	0	0	0	352,493
Leisure Time Activities	40,585	0	0	0	0	40,585
Public Health Service	552	0	0	0	0	552
Community Environment	3,596	0	0	0	30,000	33,596
Transportation	0	58,143	65	0	3,058	61,266
Capital Outlay	6,501	20,784	0	438,293	193,092	658,670
Debt Service:						
Principal Retirement	0	0	0	0	42,483	42,483
Interest and Fiscal Charges	0	0	0	0	4,677	4,677
Total Cash Disbursements	\$ 626,134	\$ 78,927	\$ 65	\$ 438,293	\$ 273,310	\$ 1,416,729
Receipts Over (Under) Disbursements	26,952	4,795	23,987	(438,293)	(213,460)	(596,019)
Other Financing Sources (Uses)						
Sales of Notes	0	0	0	438,293	144,398	582,691
Refund of Prior Year Expenditure	35,000	0	0	0	0	35,000
Transfers-In	0	0	0	0	8,720	8,720
Transfers-Out	(8,720)	0	0	0	0	(8,720)
Advances-Out	(30,000)	0	0	0	0	(30,000)
Sale of Fixed Assets	262	0	0	0	9,100	9,362
Total Other Financing Sources (Uses)	\$ (3,458)	\$ 0	\$ 0	\$ 438,293	\$ 162,218	\$ 597,053
Net Change in Fund Balances	23,494	4,795	23,987	0	(51,242)	1,034
Fund Balances Beginning of Year	89,088	14,302	43,620	0	112,224	259,234
Fund Balances End of Year	\$ 112,582	\$ 19,097	\$ 67,607	\$ 0	\$ 60,982	\$ 260,268

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>BUDGETED AMOUNTS</u>			VARIANCE
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	WITH FINAL BUDGET POSITIVE (NEGATIVE)
Receipts				
Property and Other Local Taxes	\$ 90,500	\$ 99,000	\$ 95,405	\$ (3,595)
Municipal Income Tax	380,000	428,500	427,680	(820)
Charges for Services	4,000	4,000	2,801	(1,199)
Fines, Licenses and Permits	2,500	2,500	1,925	(575)
Intergovernmental	162,810	169,350	168,389	(961)
Earnings on Investments	6,000	12,000	14,305	2,305
Miscellaneous	<u>2,790</u>	<u>2,900</u>	<u>3,832</u>	<u>932</u>
Total Receipts	<u>\$ 648,600</u>	<u>\$ 718,250</u>	<u>\$ 714,337</u>	<u>\$ (3,913)</u>
Disbursements				
Current:				
General Government	\$ 217,280	\$ 233,190	\$ 205,093	\$ 28,097
Security of Persons and Property	379,179	381,179	359,008	22,171
Leisure Time Activities	44,650	38,300	30,068	8,232
Public Health Services	600	600	0	600
Community Environment	4,500	3,465	(1,570)	5,035
Capital Outlay	<u>28,500</u>	<u>24,900</u>	<u>18,601</u>	<u>6,299</u>
Total Disbursements	<u>674,709</u>	<u>681,634</u>	<u>611,200</u>	<u>70,434</u>
Excess of Receipts Over (Under)				
Disbursements	(26,109)	36,616	103,137	66,521
Other Financing Sources (Uses)				
Transfers Out	0	(48,500)	(43,500)	5,000
Advances In	0	0	10,000	10,000
Other Financing Uses	<u>0</u>	<u>(422)</u>	<u>(259)</u>	<u>163</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(48,922)</u>	<u>(33,759)</u>	<u>15,163</u>
Net Change in Fund Balance	(26,109)	(12,306)	69,378	81,684
Fund Balance Beginning of Year	<u>110,642</u>	<u>110,642</u>	<u>110,642</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 84,533</u>	<u>\$ 98,336</u>	<u>\$ 180,020</u>	<u>\$ 81,684</u>

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
Receipts				
Property and Other Local Taxes	\$ 91,422	\$ 90,100	\$ 90,045	\$ (55)
Municipal Income Tax	343,200	390,500	390,593	93
Charges for Services	100	4,000	3,573	(427)
Fines, Licenses and Permits	2,000	2,500	2,257	(243)
Intergovernmental	142,045	148,265	146,814	(1,451)
Earnings on Investments	6,000	4,500	4,606	106
Miscellaneous	100	15,200	15,198	(2)
Total Receipts	<u>\$ 584,867</u>	<u>\$ 655,065</u>	<u>\$ 653,086</u>	<u>\$ (1,979)</u>
Disbursements				
Current:				
General Government	\$ 226,550	\$ 247,846	\$ 222,407	\$ 25,439
Security of Persons and Property	347,301	362,385	352,493	9,892
Leisure Time Activities	45,505	46,795	40,585	6,210
Community Environment	700	6,100	5,536	564
Public Health Services	1,104	1,104	552	552
Capital Outlay	<u>10,800</u>	<u>6,501</u>	<u>6,501</u>	<u>0</u>
Total Disbursements	<u>631,960</u>	<u>670,731</u>	<u>628,074</u>	<u>42,657</u>
Excess of Receipts Over (Under)				
Disbursements	(47,093)	(15,666)	25,012	40,678
Other Financing Sources (Uses)				
Sale of Fixed Assets	20,000	260	262	2
Refund of Prior Year Expenditure	0	35,000	35,000	0
Transfers Out	0	(8,720)	(8,720)	0
Advances Out	<u>0</u>	<u>0</u>	<u>(30,000)</u>	<u>(30,000)</u>
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>26,540</u>	<u>(3,458)</u>	<u>(29,998)</u>
Net Change in Fund Balance	(27,093)	10,874	21,554	10,680
Fund Balance Beginning of Year	<u>89,088</u>	<u>89,088</u>	<u>89,088</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 61,995</u>	<u>\$ 99,962</u>	<u>\$ 110,642</u>	<u>\$ 10,680</u>

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGETARY BASIS)
STREET CONSTRUCTION, MAINTENANCE, AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Receipts				
Intergovernmental	\$ 84,000	\$ 84,000	\$ 91,456	\$ 7,456
Earnings on Investments	150	800	981	181
Miscellaneous	<u>500</u>	<u>5,000</u>	<u>4,894</u>	<u>(106)</u>
Total Receipts	<u>\$ 84,650</u>	<u>\$ 89,800</u>	<u>\$ 97,331</u>	<u>\$ 7,531</u>
Disbursements				
Current:				
Transportation	\$ 63,800	\$ 58,000	\$ 44,689	\$ 13,311
Capital Outlay	<u>15,000</u>	<u>17,000</u>	<u>14,762</u>	<u>2,238</u>
Total Disbursements	<u>78,800</u>	<u>75,000</u>	<u>59,451</u>	<u>15,549</u>
Net Change in Fund Balance	5,850	14,800	37,880	23,080
Fund Balance Beginning of Year	<u>19,097</u>	<u>19,097</u>	<u>19,097</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 24,947</u>	<u>\$ 33,897</u>	<u>\$ 56,977</u>	<u>\$ 23,080</u>

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(BUDGETARY BASIS)
STREET CONSTRUCTION, MAINTENANCE, AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Receipts				
Intergovernmental	\$ 83,000	\$ 84,000	\$ 83,210	\$ (790)
Earnings on Investments	500	85	86	1
Miscellaneous	<u>8,000</u>	<u>500</u>	<u>426</u>	<u>(74)</u>
Total Receipts	<u>\$ 91,500</u>	<u>\$ 84,585</u>	<u>\$ 83,722</u>	<u>\$ (863)</u>
Disbursements				
Current:				
Transportation	\$ 50,910	\$ 59,179	\$ 58,143	\$ 1,036
Capital Outlay	<u>29,090</u>	<u>20,821</u>	<u>20,784</u>	<u>37</u>
Total Disbursements	<u>80,000</u>	<u>80,000</u>	<u>78,927</u>	<u>1,073</u>
Net Change in Fund Balance	11,500	4,585	4,795	210
Fund Balance Beginning of Year	<u>14,302</u>	<u>14,302</u>	<u>14,302</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 25,802</u>	<u>\$ 18,887</u>	<u>\$ 19,097</u>	<u>\$ 210</u>

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
 SANDUSKY COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 (BUDGETARY BASIS)
 PERMISSIVE MOTOR VEHICLE LICENSE TAX FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Receipts				
Property and Other Local Taxes	\$ 10,000	\$ 12,600	\$ 12,510	\$ (90)
Intergovernmental	0	11,504	11,504	0
Earnings on Investments	<u>50</u>	<u>50</u>	<u>38</u>	<u>(12)</u>
Total Receipts	<u>\$ 10,050</u>	<u>\$ 24,154</u>	<u>\$ 24,052</u>	<u>\$ (102)</u>
Disbursements				
Current:				
Transportation	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 65</u>	<u>\$ 1,935</u>
Total Disbursements	<u>2,000</u>	<u>2,000</u>	<u>65</u>	<u>1,935</u>
Net Change in Fund Balance	8,050	22,154	23,987	1,833
Fund Balance Beginning of Year	<u>43,620</u>	<u>43,620</u>	<u>43,620</u>	<u>0</u>
Fund Balance End of Year	<u>\$ 51,670</u>	<u>\$ 65,774</u>	<u>\$ 67,607</u>	<u>\$ 1,833</u>

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
 SANDUSKY COUNTY
 STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
 PROPRIETARY FUNDS
 DECEMBER 31, 2005

	Water Operating Fund	Sewer Operating Fund	Sewer Improvement Fund	Refuse Operating Fund	Other Enterprise Funds	Total Enterprise Fund
Assets						
Equity in Pooled Cash Cash Equivalents	\$ 274,488	\$ 46,581	\$ 169,194	\$ 51,440	\$ 116,948	\$ 658,651
Total Assets	<u>\$ 274,488</u>	<u>\$ 46,581</u>	<u>\$ 169,194</u>	<u>\$ 51,440</u>	<u>\$ 116,948</u>	<u>\$ 658,651</u>
Net Assets						
Unrestricted	\$ 274,488	\$ 46,581	\$ 169,194	\$ 51,440	\$ 116,948	\$ 658,651
Total Fund Balances	<u>\$ 274,488</u>	<u>\$ 46,581</u>	<u>\$ 169,194</u>	<u>\$ 51,440</u>	<u>\$ 116,948</u>	<u>\$ 658,651</u>

VILLAGE OF GIBSONBURG
 SANDUSKY COUNTY
 STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
 PROPRIETARY FUNDS
 DECEMBER 31, 2004

	<u>Water</u> <u>Operating</u> <u>Fund</u>	<u>Sewer</u> <u>Operating</u> <u>Fund</u>	<u>Sewer</u> <u>Improvement</u> <u>Fund</u>	<u>Refuse</u> <u>Operating</u> <u>Fund</u>	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Total</u> <u>Enterprise</u> <u>Fund</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 280,857	\$ 22,341	\$ 260,969	\$ 35,909	\$ 113,127	\$ 713,203
Total Assets	<u>\$ 280,857</u>	<u>\$ 22,341</u>	<u>\$ 260,969</u>	<u>\$ 35,909</u>	<u>\$ 113,127</u>	<u>\$ 713,203</u>
Net Assets						
Unrestricted	\$ 280,857	\$ 22,341	\$ 260,969	\$ 35,909	\$ 113,127	\$ 713,203
Total Fund Balances	<u>\$ 280,857</u>	<u>\$ 22,341</u>	<u>\$ 260,969</u>	<u>\$ 35,909</u>	<u>\$ 113,127</u>	<u>\$ 713,203</u>

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUSINESS-TYPE ACTIVITIES					
	Water Operating Fund	Sewer Operating Fund	Sewer Improvement Funds	Refuse Operating Funds	Other Operating Funds	Total Operating Funds
Operating Receipts						
Charges for Services	\$ 331,914	\$ 272,374	\$ 133,000	\$ 115,159	\$ 66,770	\$ 919,217
Other Operating Receipts	4,386	2,291	0	142	0	6,819
Total Receipts	<u>\$ 336,300</u>	<u>\$ 274,665</u>	<u>\$ 133,000</u>	<u>\$ 115,301</u>	<u>\$ 66,770</u>	<u>\$ 926,036</u>
Operating Disbursements						
Personal Services	\$ 119,333	\$ 101,874	\$ 0	\$ 2,766	\$ 0	\$ 223,973
Fringe Benefits	46,718	43,233	0	471	0	90,422
Contractual Services	42,094	65,001	0	94,015	0	201,110
Supplies and Materials	24,895	30,317	0	5,018	0	60,230
Capital Outlay	30,737	0	146,509	0	62,949	240,196
Total Operating Disbursements	<u>263,777</u>	<u>240,425</u>	<u>146,509</u>	<u>102,270</u>	<u>62,949</u>	<u>815,931</u>
Operating Income (Loss)	72,523	34,240	(13,509)	13,031	3,821	110,105
Non-Operating Receipts/(Disbursements)						
Intergovernmental Receipts	0	0	10,985	2,500	0	13,485
Debt Service: Principal Payments	(25,281)	0	(56,667)	0	0	(81,948)
Debt Service: Interest Payments	(53,611)	0	(32,584)	0	0	(86,194)
Total Non-Operating Receipts/(Disbursements)	<u>(78,892)</u>	<u>0</u>	<u>(78,266)</u>	<u>2,500</u>	<u>0</u>	<u>(154,657)</u>
Excess of Receipts Over (Under) Disbursements Before Interfund Advances	(6,369)	34,240	(91,775)	15,531	3,821	(44,552)
Advances-Out	0	(10,000)	0	0	0	(10,000)
Change in Net Assets	(6,369)	24,240	(91,775)	15,531	3,821	(54,552)
Net Assets Beginning of Year	280,857	22,341	260,969	35,909	113,127	713,203
Net Assets End of Year	<u>274,488</u>	<u>46,581</u>	<u>169,194</u>	<u>51,440</u>	<u>116,948</u>	<u>658,651</u>

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	BUSINESS-TYPE ACTIVITIES					
	Water Operating Fund	Sewer Operating Fund	Sewer Improvement Funds	Refuse Operating Funds	Other Operating Funds	Total Operating Funds
Operating Receipts						
Charges for Services	\$ 330,842	\$ 234,077	\$ 126,565	\$ 98,495	\$ 122,850	\$ 912,829
Other Non-Operating Receipts	9,051	516	0	0	0	9,567
Total Receipts	<u>\$ 339,893</u>	<u>\$ 234,593</u>	<u>\$ 126,565</u>	<u>\$ 98,495</u>	<u>\$ 122,850</u>	<u>\$ 922,396</u>
Operating Disbursements						
Personal Services	\$ 107,106	\$ 113,543	\$ 0	\$ 3,340	\$ 0	\$ 223,989
Fringe Benefits	41,374	55,959	0	1,602	0	98,935
Contractual Services	22,450	46,082	0	82,985	0	151,517
Supplies and Materials	28,415	36,544	0	4,394	0	69,353
Capital Outlay	18,264	0	90,928	0	128,214	237,406
Total Operating Disbursements	<u>217,609</u>	<u>252,128</u>	<u>90,928</u>	<u>92,321</u>	<u>128,214</u>	<u>781,200</u>
Operating Income	122,284	(17,535)	35,637	6,174	(5,364)	141,196
Non-Operating Receipts/(Disbursements)						
Property and Other Local Taxes	0	0	0	31	0	31
Intergovernmental Receipts	0	0	29,427	2,500	0	31,927
Proceeds of Notes	0	0	0	0	0	0
Debt Service: Principal Payments	(23,544)	0	(41,746)	0	0	(65,290)
Debt Service: Interest Payments	(55,259)	0	(33,858)	0	0	(89,117)
Total Non-Operating Receipts/(Disbursements)	<u>(78,803)</u>	<u>0</u>	<u>(46,177)</u>	<u>2,531</u>	<u>0</u>	<u>(122,449)</u>
Excess of Receipts Over (Under)	43,481	(17,535)	(10,540)	8,705	(5,364)	18,747
Disbursements Before Interfund Advances	0	30,000	0	0	0	30,000
Advances-In	43,481	12,465	(10,540)	8,705	(5,364)	48,747
Change in Net Assets	237,376	9,876	271,509	27,204	118,491	664,456
Net Assets Beginning of Year	<u>280,857</u>	<u>22,341</u>	<u>260,969</u>	<u>35,909</u>	<u>113,127</u>	<u>\$ 713,203</u>
Net Assets End of Year						

See Notes to Financial Statements

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

ORGANIZATION

The Village of Gibsonburg, Sandusky County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water, sewer and refuse utilities, park operations, and police services. The Village appropriates general fund money to support the Gibsonburg-Madison Township Volunteer Fire Department.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 1.C, these financial statements are presented on a modified cash basis of accounting. This modified 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 Boards (GASB) pronouncements, which have been applied to the extent they are applicable to the modified 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 modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village 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 and Measurement Focus

For the years ended 2005 and 2004, the Village has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments" format.

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

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. These statements distinguishes 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 nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net assets presents the cash balance and net assets 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 modified cash basis or draws from the Village's general receipts.

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. Nonmajor funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating 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 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 two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are as follows:

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

2005	2004
General Fund Street Construction, Maintenance, and Repair Fund	General Fund Street Construction, Maintenance, and Repair Fund Permissive Motor Vehicle License Tax Fund Capital Projects - OWDA Loan Fund

General Fund - This fund is used to account for all financial resources of the Village 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.

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

Permissive Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing the Village streets.

Capital Projects - OWDA Loan Fund - This fund accounts for the receipt of proceeds from the Ohio Water Development Authority (OWDA) loan relating to waste water treatment plant improvements.

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

Proprietary Funds

The Proprietary Funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The Village's major enterprise funds are as follows:

2005	2004
Water Operating Fund Sewer Operating Fund Sewer Improvement Fund Refuse Operating Fund	Water Operating Fund Sewer Operating Fund Sewer Improvement Fund Refuse Operating Fund

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Water Operating Fund - The water fund accounts for the provision of water to residents and commercial users located outside and within the Village and debt service payments.

Sewer Operating Fund - The wastewater (sewer) fund accounts for the provision of sanitary sewer services to the residents and commercial users outside and within the Village.

Sewer Improvement Fund - The sewer improvement fund accounts for the allocation of sanitary sewer receipts for improvements and debt service payments.

Refuse Operating Fund - The refuse operating fund accounts for the provision of refuse services to residents and commercial users located outside and within the Village.

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

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. 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.

As a result of the use of this modified 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 expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All 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 ordinances, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrate a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village may appropriate.

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

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Budgetary Process (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts is 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 certificate of estimated resources in effect at the time final appropriations were passed by the Village.

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 appropriations amount passed by the Village during the year.

As part of the formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the legal levy of budgetary control. Encumbrances outstanding at 2005 (budgetary basis) amounted to \$2,413 for the general fund and \$358 for the street construction fund. Encumbrances outstanding at 2004 (budgetary basis) amounted to \$1,940 for the general fund, \$55,300 for the capital projects-OWDA fund, and \$2,063 for other governmental funds.

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in three capital projects funds during 2004 as follows:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Capital Projects - OPWC CT14F	\$ 0	\$ 53,259	\$ 53,259
Capital Projects - OPWC CE36F	0	93,202	93,202
Capital Projects - OWDA	<u>0</u>	<u>493,593</u>	<u>493,593</u>
Total	<u>\$ 0</u>	<u>\$ 640,054</u>	<u>\$ 640,054</u>

Also, approved appropriations and estimated resources were not reflected accurately in the accounting records.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and a nonnegotiable certificate of deposit is presented on the financial statements as cash and cash equivalents.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Cash Equivalents (Continued)

During 2005 and 2004, the Village invested in a nonnegotiable certificate of deposit with an original maturity of three months. This certificate of deposit is reported at cost.

Interest earnings are allocated as authorized by state statute.

F. 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.

G. 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.

H. 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.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognized the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's modified 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.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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.

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.

M. Fund Balance Reserves

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

N. Interfund Transactions

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

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 nonoperating 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.

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Village had neither extraordinary nor special items during the fiscal 2005 and 2004.

(2) EQUITY IN POOLED CASH

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

	<u>2005</u>	<u>2004</u>
Demand Deposits	\$ 947,351	\$ 923,366
Certificate of Deposit	<u>50,723</u>	<u>50,105</u>
Total Deposits	<u>\$ 998,074</u>	<u>\$ 973,471</u>

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(2) EQUITY IN POOLED CASH (CONTINUED)

Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005 and 2004, \$940,667 and \$931,056, respectively, of the Village's bank balance of \$1,105,206 and \$1,107,108, respectively, was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

(3) 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 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, 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 December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of the true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2003. 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 with the remainder payable by September 20.

(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 within 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.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(5) RISK MANAGEMENT

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000, from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property insurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three years. There has been no significant reduction in insurance coverages from prior years.

(6) DEFINED BENEFIT PENSION PLANS

Ohio Public Employee 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.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(6) DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 systems 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 member 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 Charter 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, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2005 and 2004 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's contributions to OPERS for the years ended December 31, 2005 and 2004 were \$39,193 and \$49,448, respectively; these contributions were sufficient to fulfill the requirements.

Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 11.75 percent for police officers. Contributions are authorized by State statute.

The Village's required contributions to the Fund for the years ended December 31, 2005 and 2004 were \$27,526 and \$33,871, respectively. The Village has paid all contributions required through December 31, 2005.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(7) POSTRETIREMENT 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 Postemployment Benefit as described in *GASB Statement No. 12, "Disclosures of Information on Post-Employment Benefits other than Pension Benefits by State and Local Government Employers."* A portion of each employer's contribution to be traditional or combined plan is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 and 2004 local government employer contribution rate was 13.55% of covered payroll (16.7% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPER's latest actuarial review as of December 31, 2004, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase between 1.00% and 6.00% annually for the next eight years and 4.00% 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% of unrealized market appreciation or depreciation on investments assets annually.

The number of active contributing participants in the traditional and combined plans were 376,109 as of December 31, 2005. The number of active participants for both plans used in December 31, 2004 actuarial valuation were 355,287. Actual employer contributions for 2005 and 2004 which were used to fund postemployment benefits were \$16,416 and \$20,711, respectively. The actual contribution and the actuarially required contributions amounts are the same. OPER's net assets available for payment of benefits as December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 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. Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(7) POSTRETIREMENT BENEFITS (CONTINUED)

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending Village, or under the age of 22 if attending Village full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2005 and 2004 that were used to fund police postemployment health care benefits \$18,155 and \$22,341, respectively. The OP&F's total health care expense for the year ended December 31, 2005 and 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,655,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005 and 2004 was 13,812 for police and 10,528 for firefighters.

(8) DEBT OBLIGATIONS

A summary of the note transactions for the year ended December 31, 2005 was as follows:

	Interest Rate	Balance January 1, 2005	Additions	Reductions	Balance December 31, 2005	Due Within One Year
<u>Governmental-Type Activities</u>						
Fifth Third Bank Loan	6.40%	\$ 45,718	\$ 0	\$ 45,718	\$ 0	\$ 0
Total Governmental-Type Activities		45,718	0	45,718	0	0
<u>Business-Type Activities</u>						
Ohio Water Development Authority Loan 2991	7.38%	765,865	0	25,281	740,584	13,090
Ohio Water Development Authority Loan 3895	3.03%	1,030,743	0	43,020	987,723	22,000
Ohio Public Works Commission CE36F	0%	173,686	0	8,684	165,002	4,342
Ohio Small Government Capital Improvement Program CT14F	0%	99,249	0	4,963	94,286	2,481
Total Business-Type Activities		2,069,543	0	81,948	1,987,595	39,432
Total		\$ 2,115,261	\$ 0	\$ 127,666	\$ 1,987,595	\$ 39,432

**VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

(8) DEBT OBLIGATIONS (CONTINUED)

A summary of the note transactions for the year ended December 31, 2004 was as follows:

	Interest Rate	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004	Due Within One Year
<u>Governmental-Type Activities</u>						
Fifth Third Bank Loan	6.40%	\$ 88,201	\$ 0	\$ 42,483	\$ 45,718	\$ 45,718
Total Governmental-Type Activities		88,201	0	42,483	45,718	45,718
<u>Business-Type Activities</u>						
Ohio Water Development Authority Loan 2991	7.38%	789,409	0	23,544	765,865	25,281
Ohio Water Development Authority Loan 3895	3.03%	634,196	438,293	41,746	1,030,743	43,020
Ohio Public Works Commission CE36F	0%	81,797	91,889	0	173,686	8,684
Ohio Small Government Capital Improvement Program CT14F	0%	46,741	52,508	0	99,249	4,963
Total Business-Type Activities		1,552,143	582,690	65,290	2,069,543	76,985
Total		\$ 1,640,344	\$ 582,690	\$ 107,773	\$ 2,115,261	\$ 122,703

Year	OWDA Authority Loan 2991		OWDA Authority Loan 3895		OPWC Loan CE36F		Ohio Small Government Capital Improvement Program CT14F	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 13,090	\$ 26,379	\$ 22,000	\$ 15,802	\$ 4,342	\$ 0	\$ 2,481	\$ 0
2007	28,113	50,925	45,005	30,599	8,684	0	4,962	0
2008	30,188	48,957	46,379	29,225	8,684	0	4,962	0
2009	32,415	46,843	47,795	27,809	8,684	0	4,962	0
2010	34,808	44,574	49,254	26,350	8,684	0	4,962	0
2011-2015	216,578	182,523	269,768	108,252	43,420	0	24,810	0
2016-2020	309,194	94,675	313,539	64,481	43,420	0	24,810	0
2021-2025	76,198	5,315	193,983	14,149	39,084	0	22,337	0
Totals	\$ 740,584	\$ 500,191	\$ 987,723	\$ 316,667	\$ 165,002	\$ 0	\$ 94,286	\$ 0

The Fifth Third Bank Loan relates to the purchase of land for an industrial park. The loan will be repaid in quarterly installments of \$11,790, including interest over six years. The note is uncollateralized.

The Ohio Water Development Authority (OWDA) loan 2991 relates to a well field, lines and plant improvement project. The loan will be repaid in semiannual installments of \$40,901, including interest, over 25 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(8) DEBT OBLIGATIONS (CONTINUED)

The Ohio Water Development Authority (OWDA) loan 3895 relates to waste water treatment plan improvements. The loan will be repaid in 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The loan proceeds of \$438,293 were considered to be a governmental capital improvement, however, repayment of the loan is considered a business-type activity as the loan is to be repaid from sewer receipts. As a result, the loan detail in the summary of note transactions is reflected under business-type activities.

The Ohio Public Works Commission (OPWC) loan CE36F relates to waste water treatment plan improvements. The loan will be repaid in semiannual installments of \$4,342 over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

The Ohio Small Government Capital Improvement Program (OSGCIP) loan CT14F relates to waste water treatment plan improvements. The loan will be repaid in semiannual installments of \$2,481 over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the OSGCIP debt service requirements.

(9) CONTINGENT LIABILITIES

The Village is involved in a dispute over prior utility bills with Toledo Edison related to the Village's sewer and water plant. Although the outcome of this lawsuit is not presently determinable, management believes the resolution of these matters will not materially affect the Village's financial condition.

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.

(10) JOINT VENTURE

The Gibsonburg-Madison Township Volunteer Fire Department is managed by Madison Township and the Village of Gibsonburg. The Township pays all of the fire department bills and is reimbursed quarterly for half of the expenses by the Village of Gibsonburg. The Village paid \$22,455 during 2005 and \$19,373 during 2004.

(11) SUBSEQUENT EVENTS

Subsequent to December 31, 2005, the Village entered into two contracts related to water and sewer improvements. One contract amounted to approximately \$2,220,000 and is for the relocation of a ditch. Another contract amounted to approximately \$760,000 and is for the improvement of the Yeasting Street waterline.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(12) 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 construction, maintenance, and repair fund, and the permissive motor vehicle license tax fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis).

(13) INTERFUND TRANSFERS AND ADVANCES

Interfund transfers for the years ended December 31, 2005 and 2004, consisted of the following, as reported in the fund financial statements:

	<u>December 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
<u>Transfers from General Fund to:</u>		
Other Governmental Funds	\$ 43,500	\$ 8,720
 <u>Transfers from Other Governmental Funds to:</u>		
Other Governmental Funds	<u>9,032</u>	<u>0</u>
 Total Transfers	 <u>\$ 52,532</u>	 <u>\$ 8,720</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14 and 5705.15. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(13) INTERFUND TRANSFERS AND ADVANCES (CONTINUED)

Interfund cash advances for the years ended December 31, 2005 and 2004, consisted of the following, as reported in the fund financial statements:

	<u>December 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
<u>Advances from Sewer Operating Fund to:</u>		
General Fund	\$ 10,000	\$ 0
 <u>Advances from General Fund to:</u>		
Sewer Operating Fund	<u>0</u>	<u>30,000</u>
 Total Advances	 <u>\$ 10,000</u>	 <u>\$ 30,000</u>

The general fund provided a temporary loan of \$30,000 to the sewer operating fund during 2004 and \$10,000 was repaid during 2005. The balance of \$20,000 is expected to be repaid to the general fund.

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

Village of Gibsonburg
Sandusky County
120 North Main Street
Gibsonburg, OH 43431-1106

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Gibsonburg, Sandusky County, (the Village) as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Village's basic financial statements and have issued our report thereon dated January 19, 2007 wherein we noted the Village prepared its financial statements on the modified cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2005-004.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance as to whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grants, 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

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objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as items 2005-001 through 2005-003.

We also noted certain additional matters that we reported to management of the Village in a separate letter dated January 19, 2007.

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

Lublin Sussman Group LLP

January 19, 2007
Toledo, Ohio

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005

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

FINDING NUMBER 2005-001

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

During 2004, appropriations for three capital projects funds were not sent to the county auditor for certification, which resulted in these fund not being legally appropriated and expenditures exceeding appropriations. The Clerk-Treasurer should not certify the availability of funds and should deny payment requests exceeding legal appropriations. We recommend the Village file all appropriations with the county auditor.

Response: All funds are now being legally appropriated with the county auditor.

FINDING NUMBER 2005-002

Noncompliance Citation

Ohio Revised Code Section 731.14 states the all contracts for material and labor which exceed \$25,000 are subject to competitive bidding procedures. It also states that acceptance of the contract is to be approved by the legislative authority.

There were two projects that exceeded this \$25,000 requirement that were not subjected to the competitive bidding procedures. For the three contracts that were awarded as a result of the competitive bidding procedures, none were approved by the legislative authority.

Response: Any future contracts that are expected to exceed \$25,000 are subjected to the competitive bidding procures and approved by council.

FINDING NUMBER 2005-003

Noncompliance Citation

Ohio Revised Code Section 731.16 states that a change to a contract must be done with a change order and agreed upon in writing and signed by the legislative authority and the contractor.

For the East Madison Street Sanitary Sewer Improvements project, the cost of the project increased by \$30,110 over the original contract with no evidence of a change order to approve this increase

Response: Any future changes to a contract will be accomplished with a written change order and authorized with the proper signatures.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY

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

FINDING NUMBER 2005-004

Reportable Condition

During our tests of budgetary compliance, we noted that Council approved appropriations and estimated resources were not reflected accurately in the accounting records. Such differences could cause deficit spending and spending not in accordance with the legislative authority. We recommend all Council approved appropriations and estimated resources that are filed with the county auditor be duplicated in the accounting system.

Response: Council approved appropriations and estimated resources that are filed with the county auditor will be duplicated in the accounting system.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2005 AND 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	Finding for Recovery Repaid Under Audit: The Village reimbursed Madison Township for insurance costs that were not agreed to.	Yes	This finding was repaid on June 1, 2004.
2003-002	Noncompliance: Purchase orders were not being prepared for 38% of expenditures, contrary to Ohio Revised Code Section 5705.41(D).	No	Partially Corrected. Immaterial instances of non-compliance were noted during the audit and communicated to management verbally.
2003-003	Noncompliance: The Village did not make the proper endorsements to their insurance policy for the OWDA and OPWC debt agreements.	Yes	The Village requested that certain endorsements be added to their insurance policy for these debt agreements.
2003-004	Noncompliance: The Village did not file the proper reports when requested from the OWDA.	Yes	the Village filed all reports requested from the OWDA.
2003-005	Noncompliance: The Village did not send appropriations to the county auditor for certification, contrary to Ohio Revised Code Section 5705.41(B).	No	Partially Corrected. Appropriations for several funds were not sent to the county auditor for 2004. Repeated as Finding 2005-001.
2003-006	Noncompliance: The Village did not send appropriations to the county auditor for certification, therefore, the county auditor could not file a certificate that appropriations do not exceed estimated resources, contrary to Ohio Revised Code Section 5705.39.	Yes	Appropriations filed with the county auditor did not exceed estimated resources filed with the county auditor.
2003-007	Reportable Condition: The Village did not properly record debt receipts and expenditures in the accounting records.	Yes	Debt proceeds paid directly to vendors were properly recorded.

VILLAGE OF GIBSONBURG
SANDUSKY COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
December 31, 2005 AND 2004

2003-008	Reportable Condition: Withholding payments for income taxes and pension plans were not paid by the required dates or for the correct amounts.	Yes	Income taxes and pension plan payments were remitted properly and by the required due date.
2003-009	Material Weakness: Council did not actively monitor and approve the financial activity of the Village	Yes	Council is reviewing and approving monthly financial information.
2003-010	Material Weakness: Bank reconciliations were not being completed in a timely manner.	Yes	Bank reconciliations are being prepared monthly.
2003-011	Material Weakness: Disbursements and appropriations in the accounting records did not agree to the actual checks and purchase orders issued by the Village.	Yes	A new accounting system was implemented that enables the Village to prepare and produce accurate accounting records.



Mary Taylor, CPA
Auditor of State

VILLAGE OF GIBSONBURG

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 21, 2007