

**VILLAGE OF WALBRIDGE
WOOD COUNTY**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2005 AND 2004



**Auditor of State
Betty Montgomery**

Village Council
Village of Walbridge
11 North Main Street
Walbridge, Ohio 43465

We have reviewed the *Independent Auditor's Report* of the Village of Walbridge, Wood 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.

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

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 16, 2006

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INDEPENDENT AUDITOR'S REPORT

To the Village Council
Village of Walbridge
Wood County
111 North Main Street
Walbridge, OH 43465-1095

We have audited the accompanying combined statements of cash receipts, cash disbursements, and changes in fund cash balances - all governmental fund types of the Village of Walbridge, Wood County, (the Village) as of and for the years ended December 31, 2005 and 2004. 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices prescribed or permitted by the Auditor of State, which practices differ from accounting principles generally accepted in the United States of America (GAAP). The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately beginning in 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraphs do not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village, as of December 31, 2005 and 2004, and their respective combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America had determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2006 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 considered in assessing the results of our audits.



July 10, 2006
Toledo, Ohio

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

	Governmental Fund Types				Totals (Memo. Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 77,645	\$ 0	\$ 0	\$ 0	\$ 77,645
Municipal Income Taxes	616,840	0	123,398	140,992	881,230
Special Assessments	2,860	25,913	0	0	28,773
Intergovernmental Receipts	179,478	181,375	0	0	360,853
Charges for Services	37,485	0	0	0	37,485
Fines, Licenses, and Permits	44,506	857	0	2,343	47,706
Earnings on Investments	9,155	61	0	0	9,216
Miscellaneous	30,892	0	0	0	30,892
Total Cash Receipts	<u>998,861</u>	<u>208,206</u>	<u>123,398</u>	<u>143,335</u>	<u>1,473,800</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	\$ 393,950	\$ 27,010	\$ 0	\$ 0	\$ 420,960
Public Health Services	1,580	0	0	0	1,580
Leisure Time Activities	71,713	0	0	0	71,713
Community Environment	2,951	0	0	0	2,951
Transportation	37,520	133,538	0	0	171,058
General Government	439,842	0	0	452,650	892,492
Debt Service:					
Principal Payments	0	0	325,000	10,722	335,722
Interest Payments	0	0	12,127	4,488	16,615
Capital Outlay	0	0	0	57,944	57,944
Total Cash Disbursements	<u>947,556</u>	<u>160,548</u>	<u>337,127</u>	<u>525,804</u>	<u>1,971,035</u>
Total Receipts Over/(Under) Disbursements	<u>51,305</u>	<u>47,658</u>	<u>(213,729)</u>	<u>(382,469)</u>	<u>(497,235)</u>
Other Financing Receipts (Disbursements):					
Sale of Assets	\$ 87,334	\$ 0	\$ 0	\$ 0	\$ 87,334
Transfers-In	0	0	0	299,045	299,045
Transfers-Out	(299,045)	0	0	0	(299,045)
Debt Proceeds	0	0	260,000	57,944	317,944
Total Other Financing Receipts/(Disbursements)	<u>(211,711)</u>	<u>0</u>	<u>260,000</u>	<u>356,989</u>	<u>405,278</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Receipts (Disbursements)					
	(160,406)	47,658	46,271	(25,480)	(91,957)
Fund Cash Balances, January 1	<u>634,214</u>	<u>118,299</u>	<u>221,124</u>	<u>321,535</u>	<u>1,295,172</u>
Fund Cash Balances, December 31	<u>473,808</u>	<u>165,957</u>	<u>267,395</u>	<u>296,055</u>	<u>1,203,215</u>
Reserves for Encumbrances, December 31	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

See Notes to Financial Statements

**VILLAGE OF WALBRIDGE
WOOD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects	Totals (Memo. Only)
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 81,502	\$ 0	\$ 0	\$ 0	\$ 81,502
Municipal Income Taxes	591,698	0	118,340	135,245	845,283
Special Assessments	2,939	26,850	0	0	29,789
Intergovernmental Receipts	161,871	173,622	0	0	335,493
Charges for Services	24,348	0	0	0	24,348
Fines, Licenses, and Permits	37,658	1,721	0	0	39,379
Earnings on Investments	5,891	33	0	0	5,924
Miscellaneous	<u>34,892</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,892</u>
Total Cash Receipts	<u>940,799</u>	<u>202,226</u>	<u>118,340</u>	<u>135,245</u>	<u>1,396,610</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	\$ 426,271	\$ 22,989	\$ 0	\$ 0	\$ 449,260
Public Health Services	3,844	0	0	0	3,844
Leisure Time Activities	95,797	0	0	0	95,797
Community Environment	3,542	0	0	0	3,542
Transportation	7,157	219,960	0	0	227,117
General Government	454,463	0	0	144,180	598,643
Debt Service:					
Principal Payments	0	0	0	15,210	15,210
Interest Payments	0	0	12,873	0	12,873
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>91,455</u>	<u>91,455</u>
Total Cash Disbursements	<u>991,074</u>	<u>242,949</u>	<u>12,873</u>	<u>250,845</u>	<u>1,497,741</u>
Total Receipts Over/(Under) Disbursements	<u>(50,275)</u>	<u>(40,723)</u>	<u>105,467</u>	<u>(115,600)</u>	<u>(101,131)</u>
Other Financing Receipts:					
Sale of Assets	\$ 100	\$ 0	\$ 0	\$ 0	\$ 100
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>90,000</u>	<u>90,000</u>
Total Other Financing Receipts	<u>100</u>	<u>0</u>	<u>0</u>	<u>90,000</u>	<u>90,100</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Receipts					
	(50,175)	(40,723)	105,467	(25,600)	(11,031)
Fund Cash Balances, January 1	<u>684,389</u>	<u>159,022</u>	<u>115,657</u>	<u>347,135</u>	<u>1,306,203</u>
Fund Cash Balances, December 31	<u>634,214</u>	<u>118,299</u>	<u>221,124</u>	<u>321,535</u>	<u>1,295,172</u>
Reserves for Encumbrances, December 31	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

See Notes to Financial Statements

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

ORGANIZATION

The Village of Walbridge, Wood 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 street maintenance, repairs and construction, park operations, street lighting, and police services.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

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

CASH AND INVESTMENTS

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and U.S. Treasury Notes are valued at cost.

FUND ACCOUNTING

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

- a. **General Fund**
The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Special Revenue Funds**
These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:
 - Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.
 - Street Light Assessment Fund - This fund receives Village special assessments and is used for the payment of street lighting.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Debt Service Fund - This fund is used to pay principal and interest on tax anticipation notes.

d. Capital Project Funds

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

Capital Project Fund - This fund receives proceeds of Village income tax and is used for street construction and reconstruction.

BUDGETARY PROCESS

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

a. Appropriations

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

b. Estimated Resources

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

c. Encumbrances

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

A summary of 2005 and 2004 budgetary activity appears in Note 3.

INTERFUND TRANSACTIONS

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY, PLANT, AND EQUIPMENT

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

ACCUMULATED LEAVE

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

(2) EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2005</u>	<u>2004</u>
Demand Deposits	\$ 928,215	\$ 1,020,060
Certificates of Deposit	<u>75,000</u>	<u>75,000</u>
Total Deposits	<u>1,003,215</u>	<u>1,095,060</u>
U.S. Treasury Notes	<u>200,000</u>	<u>200,112</u>
Total Investments	<u>200,000</u>	<u>200,112</u>
Total Deposits and Investments	<u>\$ 1,203,215</u>	<u>\$ 1,295,172</u>

DEPOSITS

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

INVESTMENTS

U.S. Treasury Notes are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

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

(3) BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 BUDGETED VS. ACTUAL RECEIPTS

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,243,138	\$ 1,086,195	\$ (156,943)
Special Revenue	202,226	208,206	5,980
Debt Service	118,340	123,398	5,058
Capital Projects	<u>157,892</u>	<u>500,324</u>	<u>342,432</u>
Total	<u>\$ 1,721,596</u>	<u>\$ 1,918,123</u>	<u>\$ 196,527</u>

2005 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,299,240	\$ 1,246,601	\$ 52,639
Special Revenue	176,891	160,548	16,343
Debt Service	78,000	337,127	(259,127)
Capital Projects	<u>468,915</u>	<u>525,804</u>	<u>(56,889)</u>
Total	<u>\$ 2,023,046</u>	<u>\$ 2,270,080</u>	<u>\$ (247,034)</u>

2004 BUDGETED VS. ACTUAL RECEIPTS

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 891,623	\$ 940,899	\$ 49,276
Special Revenue	183,900	202,226	18,326
Debt Service	110,000	118,340	8,340
Capital Projects	<u>125,800</u>	<u>225,245</u>	<u>99,445</u>
Total	<u>\$ 1,311,323</u>	<u>\$ 1,486,710</u>	<u>\$ 175,387</u>

2004 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,006,239	\$ 991,074	\$ 15,165
Special Revenue	252,794	242,949	9,845
Debt Service	12,982	12,873	109
Capital Projects	<u>160,850</u>	<u>250,845</u>	<u>(89,995)</u>
Total	<u>\$ 1,432,865</u>	<u>\$ 1,497,741</u>	<u>\$ (64,876)</u>

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

(3) BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds for the years ended December 31, 2005 and 2004:

	December 31, <u>2005</u>	December 31, <u>2004</u>
Debt Service Fund	\$ 259,127	\$ 0
Capital Projects Fund	56,889	89,995

(4) PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

(5) LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 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 WALBRIDGE
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

(6) DEBT

Debt outstanding at December 31, 2005 and 2004 was as follows:

	Beginning Balance <u>12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>12/31/05</u>	Amounts Due Within <u>One Year</u>
Street Improvement Bond Anticipation Note	\$ 325,000	\$ 0	\$ 325,000	\$ 0	\$ 0
Street Improvement Bond Anticipation Note	0	260,000	0	260,000	42,880
Ohio Public Works Commission Note	0	57,944	0	57,944	5,794
Municipal Services Group, Inc. Note	<u>74,790</u>	<u>0</u>	<u>10,722</u>	<u>64,068</u>	<u>11,366</u>
Total	\$ 399,790	\$ 317,944	\$ 335,722	\$ 382,012	\$ 60,040

	Beginning Balance <u>12/31/03</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>12/31/04</u>	Amounts Due Within <u>One Year</u>
Street Improvement Bond Anticipation Note	\$ 325,000	\$ 0	\$ 0	\$ 325,000	\$ 0
Municipal Services Group, Inc. Note	<u>0</u>	<u>90,000</u>	<u>15,210</u>	<u>74,790</u>	<u>10,722</u>
Total	\$ 325,000	\$ 90,000	\$ 15,210	\$ 399,790	\$ 10,722

The Street Improvement Bond Anticipation note relates to the construction of street improvements in the Village. The Village issued a \$325,000 note with Fifth Third Bank on September 23, 2003. The note matured on September 23, 2005 and was refinanced for \$260,000 with Fifth Third Bank. The note will be repaid in monthly installments of \$4,915, including interest at 5.07% over 5 years beginning on February 23, 2006 and maturing on January 23, 2011. No assets are pledged to secure this note.

The Ohio Public Works Commission note relates to the construction of street improvements in the Village. The note was issued for \$57,944 and will be repaid in semiannual installments of \$2,897, at 0% interest over 10 years, due July 1, 2015. No assets are pledged to secure this note.

The Municipal Services Group, Inc. note relates to the purchase of a 1999 Elgin Geovac Street Sweeper for \$90,000. The note will be repaid in annual installments of \$15,210, including interest at 6%, due June 22, 2010. This note is secured by equipment.

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

(6) DEBT (Continued)

The principal and interest requirements to retire the debt outstanding at December 31, 2005 are as follows:

Year Ending December 31	<u>Improvement Bond</u>		<u>Ohio Public Works Commission</u>		<u>Equipment Note</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 42,880	\$ 11,185	\$ 5,794	\$ 0	\$ 11,366	\$ 3,844
2007	49,103	9,877	5,794	0	12,047	3,162
2008	51,651	7,329	5,794	0	12,770	2,439
2009	54,331	4,649	5,794	0	13,536	1,673
2010	57,150	1,829	5,794	0	14,349	861
2011-2014	4,885	21	23,180	0	0	0
2015-2019	<u>0</u>	<u>0</u>	<u>5,794</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	\$ 260,000	\$ 34,890	\$ 57,944	\$ 0	\$ 64,068	\$ 11,979

(7) RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. Members of OPERS contributed 8.5 percent of their wages. The Village has contributed an amount equal to 13.55% of the participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

Pension expense amounted to \$82,458 and \$82,516 for 2005 and 2004, respectively.

(8) RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:
Comprehensive property and general liability;
Public Official's Liability; and
Vehicles.

(9) INTERFUND TRANSFERS

During 2005, the Village transferred \$299,045 from the General Fund to the Capital Improvements Fund. The purpose of this transfer was to purchase 20 acres of undeveloped land for potential commercial development and was allowable in accordance with Section 5705.14, 5705.15, and 5705.16 of the Ohio Revised Code.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Village Council
Village of Walbridge
Wood County
111 North Main Street
Walbridge, OH 43465-1095

We have audited the accompanying financial statements of the Village of Walbridge, Wood County, (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated July 10, 2006, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes, rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Governmental Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2005-001.

We noted certain matters that we reported to the council of the Village of Walbridge, Wood County, in a separate letter dated July 10, 2006.

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

Lublin Sussman Group LLP

July 10, 2006
Toledo, Ohio

VILLAGE OF WALBRIDGE
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004

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

FINDING NUMBER 2005-001

Ohio revised Code Section 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. The Village's legal level of control is the fund function level for all funds. The following funds had expenditures that exceeded appropriations in 2005:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Debt	78,000	337,127	(259,127)
Capital Projects	468,915	525,804	(56,889)

The following fund had expenditures that exceeded appropriations in 2004:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Capital Projects	160,850	250,845	(89,995)

Management was advised that failure to have adequate appropriations in place at the time the expenditures are being made could result in expenditures exceeding available resources, further resulting in deficit spending practices.

The Clerk/Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk/Treasurer may request Council to approve increased expenditure levels by increasing appropriations and amending estimate resources, if necessary.

Response: The Village will make certain all debt proceeds, including debt refinancing, will be properly appropriated.

VILLAGE OF WALBRIDGE
WOOD COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004

Finding Number	Finding Summary	Fully Corrected?	Explain:
2003-001	A finding for recovery for public money collected but not accounted for in the amount of \$3,241.	No	Payment has not been received.
2003-002	A finding for recovery was issued for overpayment of wages to an employee in the amount of \$230.77.	Yes	The employee reimbursed the Village on December 1, 2004.
2003-003	Court fees were to be transmitted to the Treasurer of State on or before the twentieth day of the following month.	Yes	The required amount due to the Treasurer of State was paid on 11/30/04. Subsequent months were paid on time.
2003-004	Contracts or orders involving the expenditure of money was occurring without prior certification by the fiscal officer.	Yes	Proper certification occurred prior to any contracts or orders involving the expenditure of money.
2003-005	Contracts or orders involving the expenditure of money was occurring without lawful appropriations	Yes	Expenditures have not exceeded appropriations.
2003-006	Material Weakness - Monitoring of the Mayor's Court	Yes	After the fraud was detected the Mayor became more involved in the monitoring of the Mayor's Court.
2001-002	Failure to limit appropriations to estimated revenue	Yes	Appropriations have not exceeded estimated revenue.
2001-004	Village monitoring of the financial activities during the year	Yes	The Mayor is now reviewing reconciliation's and financial data in a timely fashion.



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VILLAGE OF WALBRIDGE

WOOD 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
DECEMBER 5, 2006**