

**Village of West Liberty  
Logan County, Ohio  
Financial Statements  
December 31, 2006 and 2005**





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of West Liberty  
P. O. Box 187  
West Liberty, Ohio 43357

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

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 West Liberty is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 13, 2007

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**Village of West Liberty  
Logan County, Ohio  
Financial Statements  
December 31, 2006 and 2005**

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## **Financial Statements for the Year Ended December 31, 2005**

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## INDEPENDENT AUDITORS' REPORT

Village of West Liberty  
Logan County  
P.O. Box 187  
West Liberty, Ohio 43357

To the Honorable Mayor and Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of West Liberty, Logan County, Ohio, (the Village), as of and for the years ended December 31, 2006 and 2005, 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. 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 cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of West Liberty, Logan County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, the State Highway, and EMS Operating, and Brown Expendable funds thereof for the year December 31, 2006 and for the General and Street, Construction, and Brown Expendable funds thereof for the year December 31, 2005 in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 12, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries 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.

Taylor, Applegate, Hughes and Associates, Ltd.  
July 12, 2007

**Village of West Liberty  
Logan County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited**

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

**Highlights**

Key highlights for 2006 are as follows:

The Government's general receipts are primarily property and tangible personal taxes. These receipts represent respectively 45% of the total cash received for governmental activities during the year. Property and tangible personal tax receipts for 2006 decreased compared to 2005 as development within the Government has slowed. The General Fund is significantly down because we did not receive any inheritance tax for 2006 and property taxes were down. The Village purchased a tractor and Fire Chief Durango in 2006. The Village started paying back the interest free loan for the Fire Truck.

The Garbage Rubbish Fund has increase because starting in May 2006 the Village of West Liberty started a recycling route. An employee quit on the street department and we did not replace him because of the recycling. We also contracted out the mowing for the Village which was a considerable savings for the Garbage Rubbish and Street Construction and Maintenance Fund.

Emergency Medical Services cashed a CD to buy an ambulance. The expenditures were increased because of the new ambulance and hiring a full time employee.

The police department has started mentoring/security for Adriel School. The Village pays bi-weekly and Adriel School reimburses the Village.

The Water and Sewer Funds broke even for 2006. The Water Fund helped purchase the tractor.

All Funds expenditures were increased because of gasoline prices and 4.3% salary increase for all employees.

Cemetery has increased because salary was not taken out for six months; it was taken out of Brown Fund.

**Village of West Liberty  
Logan County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited**

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

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

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

**Village of West Liberty  
Logan County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
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**Reporting the Government as a Whole**

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

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

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

Governmental activities - Most of the Government's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity - The Government has three business-type activities, the provision of water, sewer, and garbage and rubbish collection. Business-type activities are financed by a fee charged to the customers receiving the service.

**Village of West Liberty  
Logan County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited**

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

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

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

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Government has three enterprise fund, the water, sewer, and garbage/rubbish funds.

**Village of West Liberty  
Logan County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited**

**The Government as a Whole**

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

(Table 1)  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Cash and Cash Equivalents	\$ 188,651	\$ 263,061	\$ 192,926	\$ 180,383	\$ 381,577	\$ 443,444
Investments	247,252	262,252	200,000	200,000	447,252	462,252
Total Assets	\$ 435,903	\$ 525,313	\$ 392,926	\$ 380,383	\$ 828,829	\$ 905,696
<b>Net Assets</b>						
Restricted for:						
Capital Projects	\$ -	\$ 15,947	\$ -	\$ -	\$ -	\$ 15,947
Debt Service	-	-	-	-	-	-
Permanent Fund:						
Expendable	4,122	3,154	-	-	4,122	3,154
Nonexpendable	22,252	22,252	-	-	22,252	22,252
Other Purposes	197,227	240,467	-	-	197,227	240,467
Unrestricted	212,302	243,493	392,926	380,383	605,228	623,876
Total Net Assets	\$ 435,903	\$ 525,313	\$ 392,926	\$ 380,383	\$ 828,829	\$ 905,696

- Increases in salaries were 4.3% based on current negotiated agreements.
- The Village had several streets that were in very poor condition that needed extensive repairs costing in excess of \$15,381.

**Village of West Liberty  
Logan County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited**

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

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 109,134	\$ 207,797	\$ 671,790	\$ 468,471	\$ 780,924	\$ 676,268
Operating Grants and Contributions	130,172	113,978	-	-	130,172	113,978
Capital Grants and Contributions	-	8,000	-	198,489	-	206,489
Total Program Receipts	<u>239,306</u>	<u>329,775</u>	<u>671,790</u>	<u>666,960</u>	<u>911,096</u>	<u>996,735</u>
General Receipts:						
Property and Other Local Taxes	271,378	289,566	-	-	271,378	289,566
Other Debt Proceeds	-	166,000	-	-	-	166,000
Grants	203,694	126,675	-	-	203,694	126,675
Interest	23,819	16,510	-	238	23,819	16,748
Miscellaneous	31,887	70,614	9,629	801	41,516	71,415
Total General Receipts	<u>530,778</u>	<u>669,365</u>	<u>9,629</u>	<u>1,039</u>	<u>540,407</u>	<u>670,404</u>
Total Receipts	<u>770,084</u>	<u>999,140</u>	<u>681,419</u>	<u>667,999</u>	<u>1,451,503</u>	<u>1,667,139</u>
Disbursements:						
General Government	146,940	139,057	-	-	146,940	139,057
Security of Persons and Property:						
Public Health Services	442,429	318,222	-	-	442,429	318,222
Leisure Time Activities	117,712	108,472	-	-	117,712	108,472
Community Environment	14,364	25,798	-	-	14,364	25,798
Basic Utilities	1,858	1,775	-	-	1,858	1,775
Other	-	-	676,383	672,202	676,383	672,202
Transportation	49,475	49,475	-	-	-	49,475
Capital Outlay	95,163	99,880	-	-	95,163	99,880
Principal Retirement	17,750	10,829	-	-	17,750	10,829
Interest and Fiscal Charges	16,600	173,616	-	-	16,600	173,616
Total Disbursements	<u>852,816</u>	<u>929,910</u>	<u>676,383</u>	<u>672,202</u>	<u>1,529,199</u>	<u>1,602,112</u>
Excess (Deficiency) Before Transfers	(82,732)	69,230	5,036	(4,203)	(77,696)	65,027
Special Items	829	9,226	-	-	829	9,226
Transfers	(7,507)	(7,188)	7,507	7,188	-	-
Increase (Decrease) in Net Assets	<u>(89,410)</u>	<u>71,268</u>	<u>12,543</u>	<u>2,985</u>	<u>(76,867)</u>	<u>74,253</u>
Net Assets, January 1	<u>525,313</u>	<u>454,045</u>	<u>380,383</u>	<u>377,398</u>	<u>905,696</u>	<u>831,443</u>
Net Assets, December 31	<u>\$ 435,903</u>	<u>\$ 525,313</u>	<u>\$ 392,926</u>	<u>\$ 380,383</u>	<u>\$ 828,829</u>	<u>\$ 905,696</u>

**Village of West Liberty  
Logan County, Ohio  
Management's Discussion and Analysis  
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Program receipts represent only 14 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and EMS and Fire Contracts for nearby townships.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Government activities. These include the costs of council, and the auditor, treasurer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 20% percent of General Fund unrestricted receipts.

Security of Persons and Property are the costs of police, emergency medical services and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks and playing fields.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are capital outlay and security of persons and property, which account for 2% percent and 52% percent of all governmental disbursements, respectively. General government also represents a significant cost, about 17% percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Village of West Liberty  
Logan County, Ohio  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited**

(Table 3)

**Governmental Activities**

	Total Cost Of Services 2006	Net Cost of Services 2006
	2006	2006
Security of Persons and Property	\$ 442,429	\$ 367,182
Public Health Services	117,712	37,948
Leisure Time Activities	14,364	14,364
Community Environment	1,858	1,088
Basic Utilities	-	(3,000)
Transportation	95,163	59,559
General Government	146,940	102,019
Capital Outlay	17,750	17,750
Other	-	-
Principal Retirement	16,600	16,600
Total Expenses	\$ 852,816	\$ 613,510

The dependence upon property and income tax receipts is apparent as over 72 percent of governmental activities are supported through these general receipts.

**Business-type Activities**

The water operation of the Village is relatively moderate and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure is beginning to age and the Government has begun discussing the need for major repairs and how these will be funded. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

**The Government's Funds**

Total governmental funds had receipts of \$770,913 and disbursements of \$852,816. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$31,191 as the result of increased costs for salaries and benefits and not achieving anticipated growth in income and property tax receipts.

**Village of West Liberty  
Logan County, Ohio  
Management's Discussion and Analysis  
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Unaudited**

**The Government's Funds, continued**

General Fund receipts were less than disbursements by \$5,838 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2007. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property and income taxes remains stagnant.

**General Fund Budgeting Highlights**

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

During 2006, the Government amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth and property tax. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$968,892 while actual disbursements were \$886,760. Although receipts failed to live up to expectations, appropriations were not reduced. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

**Debt Administration**

At December 31, 2006, the Village's outstanding debt included \$136,950 in general interest free loan for a fire truck, and \$635,313 in water/sewer interest free loans. For further information regarding the Village's debt, refer to Loan CM631, CM14A, CM10F, and revolving loan.

**Village of West Liberty  
Logan County, Ohio  
Management's Discussion and Analysis  
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**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on property taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2007; therefore, the finance committee and the administration implemented a strategy to delay the deficit. This plan became effective for 2006. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Government. All departments have been asked to reduce their spending for supplies by 10-20 percent.

**Contacting the Government'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 reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Cindee M Boyd, Clerk-Treasurer, Ohio 201 N. Detroit St. PO Box 187 West Liberty, Ohio 43357.

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Net Assets - Cash Basis**  
**December 31, 2006**

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 188,651	\$ 192,926	\$ 381,577
Investments	<u>247,252</u>	<u>200,000</u>	<u>447,252</u>
Total Assets	<u>\$ 435,903</u>	<u>\$ 392,926</u>	<u>\$ 828,829</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ -	\$ -	\$ -
Debt Service	-	-	-
Permanent Fund: flowers for graves			
Expendable	4,122	-	4,122
Nonexpendable	22,252	-	22,252
Other Purposes	197,227	-	197,227
Unrestricted	<u>212,302</u>	<u>392,926</u>	<u>605,228</u>
Total Net Assets	<u>\$ 435,903</u>	<u>\$ 392,926</u>	<u>\$ 828,829</u>

See accompanying notes to the financial statement

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2006**

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Security of Persons and Property	\$ 442,429	\$ 75,247	\$ -	\$ -
Public Health Services	117,712	24,066	55,698	-
Leisure Time Activities	14,364	-	-	-
Community Environment	1,858	770	-	-
Basic Utility Services	-	3,000	-	-
Transportation	95,163	-	35,604	-
General Government	146,940	6,051	38,870	-
Capital Outlay	17,750	-	-	-
Debt Service:				
Principal	16,600	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total Governmental Activities	<u>852,816</u>	<u>109,134</u>	<u>130,172</u>	<u>-</u>
<b>Business Type Activities</b>				
Water Operating/Pumping	259,650	247,384	-	-
Advance Water/Sewer Deposits	3,378	3,119	-	-
Sewer Operating/Pumping	269,313	247,900	-	-
Garbage/Rubbish Advance Deposits	1,210	1,180	-	-
Garbage/Rubbish Collection Fund	142,832	172,207	-	-
Total Business Type Activities	<u>676,383</u>	<u>671,790</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 1,529,199</u>	<u>\$ 780,924</u>	<u>\$ 130,172</u>	<u>\$ -</u>

**General Receipts**

Property Taxes  
Other Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Sale of Notes  
Other Debt Proceeds  
Earnings on Investments  
Miscellaneous  
    Total General Receipts

Special Items

Transfers

    Total General Receipts, Special, Transfers and Advances

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the financial statements

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (367,182)	\$ -	\$ (367,182)
(37,948)	-	(37,948)
(14,364)	-	(14,364)
(1,088)	-	(1,088)
3,000	-	3,000
(59,559)	-	(59,559)
(102,019)	-	(102,019)
(17,750)	-	(17,750)
-	-	-
(16,600)	-	(16,600)
-	-	-
-	-	-
(613,510)	-	(613,510)
-	(12,266)	(12,266)
-	(259)	(259)
-	(21,413)	(21,413)
-	(30)	(30)
-	29,375	29,375
-	(4,593)	(4,593)
\$ (613,510)	\$ (4,593)	\$ (618,103)
\$ 264,580	\$ -	\$ 264,580
6,798	-	6,798
203,694	-	203,694
-	-	-
-	-	-
23,819	-	23,819
31,887	9,629	41,516
530,778	9,629	540,407
829	-	829
(7,507)	7,507	-
524,100	17,136	541,236
(89,410)	12,543	(76,867)
525,313	380,383	905,696
\$ 435,903	\$ 392,926	\$ 828,829

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2006**

	GENERAL	STATE HIGHWAY	EMS OPERATING/ REVENUE	BROWN EXPENDABLE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 12,302	\$ 47,146	\$ 26,641	\$ 44,671	\$ 57,891	\$ 188,651
Investments	200,000	-	-	25,000	22,252	247,252
Total Assets	<u>\$ 212,302</u>	<u>\$ 47,146</u>	<u>\$ 26,641</u>	<u>\$ 69,671</u>	<u>\$ 80,143</u>	<u>\$ 435,903</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved for flowers for graves	-	-	-	-	-	-
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	212,302	-	-	-	-	212,302
Special Revenue Funds	-	47,146	26,641	69,671	53,769	197,227
Debt Service Fund	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	-	-
Permanent Fund	-	-	-	-	26,374	26,374
Total Fund Balances	<u>\$ 212,302</u>	<u>\$ 47,146</u>	<u>\$ 26,641</u>	<u>\$ 69,671</u>	<u>\$ 80,143</u>	<u>\$ 435,903</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2006**

	GENERAL	STATE HIGHWAY	EMS OPERATING/ REVENUE	BROWN EXPENDABLE	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>						
Property and Other Local Taxes	\$ 238,473	\$ -	\$ -	\$ -	\$ 6,799	\$ 245,272
Intergovernmental	96,213	5,418	-	-	124,754	226,385
Special Assessments	829	-	-	-	-	829
Charges for Services	101,353	-	107,481	3,000	24,066	235,900
Fines, Licenses and Permits	6,821	-	-	-	-	6,821
Earnings on Investments	23,164	337	3	-	316	23,820
Miscellaneous	15,800	-	-	15,656	430	31,886
Total Receipts	<u>482,653</u>	<u>5,755</u>	<u>107,484</u>	<u>18,656</u>	<u>156,365</u>	<u>770,913</u>
<b>Disbursements</b>						
Current:						
Security of Persons and Property	307,530	-	79,249	-	55,650	442,429
Public Health Services	-	-	72,245	29,615	15,853	117,713
Leisure Time Activities	14,364	-	-	-	-	14,364
Community Environment	1,857	-	-	-	-	1,857
Transportation	1,200	3,500	-	-	90,463	95,163
General Government	146,940	-	-	-	-	146,940
Capital Outlay	-	-	-	1,750	16,000	17,750
Debt Service:						
Principal Retirement	16,600	-	-	-	-	16,600
Interest and Fiscal Charges	-	-	-	-	-	-
Total Disbursements	<u>488,491</u>	<u>3,500</u>	<u>151,494</u>	<u>31,365</u>	<u>177,966</u>	<u>852,816</u>
Excess of Receipts Over (Under) Disbursements	<u>(5,838)</u>	<u>2,255</u>	<u>(44,010)</u>	<u>(12,709)</u>	<u>(21,601)</u>	<u>(81,903)</u>
Other Financing Sources (Uses)						
Sale of Notes	-	-	-	-	-	-
Other Debt Proceeds	-	-	-	-	-	-
Transfers In	-	-	3	405	16,136	16,544
Transfers Out	(24,048)	-	-	-	(3)	(24,051)
Advances In	2,000	-	-	-	3,305	5,305
Advances Out	(3,305)	-	-	-	(2,000)	(5,305)
Other Financing Uses	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>(25,353)</u>	<u>-</u>	<u>3</u>	<u>405</u>	<u>17,438</u>	<u>(7,507)</u>
Net Change in Fund Balances	(31,191)	2,255	(44,007)	(12,304)	(4,163)	(89,410)
Fund Balances Beginning of Year	<u>243,493</u>	<u>44,891</u>	<u>70,648</u>	<u>81,975</u>	<u>84,306</u>	<u>525,313</u>
Fund Balances End of Year	<u>\$ 212,302</u>	<u>\$ 47,146</u>	<u>\$ 26,641</u>	<u>\$ 69,671</u>	<u>\$ 80,143</u>	<u>\$ 435,903</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Cash Receipts, Cash Disbursements and Changes**  
**in Cash Basis Fund Balance - Budget and Actual -Budget Basis**  
**General Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 260,000	\$ 260,000	\$ 238,473	\$ (21,527)
Intergovernmental	117,050	117,050	96,213	(20,837)
Special Assessments	1,000	1,000	829	(171)
Charges for Services	98,000	98,000	101,353	3,353
Fines, Licenses and Permits	10,000	10,000	6,821	(3,179)
Earnings on Investments	15,000	15,000	23,164	8,164
Miscellaneous	30,000	30,000	15,800	(14,200)
Total receipts	<u>531,050</u>	<u>531,050</u>	<u>482,653</u>	<u>(48,397)</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	344,700	344,200	307,530	36,670
Public Health Services	-	-	-	-
Leisure Time Activities	33,700	33,700	14,364	19,336
Community Environment	2,200	2,200	1,857	343
Basic Utility Services	-	-	-	-
Transportation	20,000	20,000	1,200	18,800
General Government	208,100	208,100	146,940	61,160
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	16,600	16,600	16,600	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>625,300</u>	<u>624,800</u>	<u>488,491</u>	<u>136,309</u>
Excess of Receipts Over (Under) Disbursements	<u>(94,250)</u>	<u>(93,750)</u>	<u>(5,838)</u>	<u>87,912</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Bonds	-	-	-	-
Sale of Notes	-	-	-	-
Other Debt Proceeds	-	-	-	-
Premium and Accrued Interest on Debt	-	-	-	-
Discount on Debt	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	1,800	1,800	-	(1,800)
Transfers Out	(30,000)	(30,000)	(24,048)	5,952
Advances In	-	-	2,000	2,000
Advances Out	-	-	(3,305)	(3,305)
Other Financing Sources	118	118	-	(118)
Other Financing Uses	(80,000)	(80,000)	-	80,000
Total Other Financing Sources (Uses)	<u>(108,082)</u>	<u>(108,082)</u>	<u>(25,353)</u>	<u>82,729</u>
Net Change in Fund Balance	(202,332)	(201,832)	(31,191)	170,641
Fund Balance Beginning of Year	243,493	243,493	243,493	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance End of Year	<u>\$ 41,161</u>	<u>\$ 41,661</u>	<u>\$ 212,302</u>	<u>\$ 170,641</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Cash Receipts, Cash Disbursements and Changes**  
**in Cash Basis Fund Balance - Budget and Actual -Budget Basis**  
**State Highway**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,500	5,500	5,418	(82)
Earnings on Investments	250	250	337	87
Miscellaneous	-	-	-	-
Total receipts	5,750	5,750	5,755	5
<b>Disbursements</b>				
Current:				
Security of Persons and Property	-	-	-	-
Public Health Services	-	-	-	-
Leisure Time Activities	-	-	-	-
Community Environment	-	-	-	-
Basic Utility Services	-	-	-	-
Transportation	30,000	30,000	3,500	26,500
General Government	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	30,000	30,000	3,500	26,500
Excess of Receipts Over (Under) Disbursements	(24,250)	(24,250)	2,255	26,505
<b>Other Financing Sources (Uses)</b>				
Sale of Bonds	-	-	-	-
Sale of Notes	-	-	-	-
Other Debt Proceeds	-	-	-	-
Premium and Accrued Interest on Debt	-	-	-	-
Discount on Debt	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Advances In	-	-	-	-
Advances Out	-	-	-	-
Other Financing Sources	-	-	-	-
Other Financing Uses	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(24,250)	(24,250)	2,255	26,505
Fund Balance Beginning of Year	44,891	44,891	44,891	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance End of Year	\$ 20,641	\$ 20,641	\$ 47,146	\$ 26,505

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Receipts, Disbursements and Changes**  
**in Cash Basis Fund Balance - Budget and Actual -Budget Basis**  
**EMS Operating/Revenue Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Municipal Income Taxes	-	-	-	-
Intergovernmental	115,000	115,000	107,481	(7,519)
Special Assessments	-	-	-	-
Charges for Services	-	-	-	-
Fines, Licenses and Permits	-	-	-	-
Earnings on Investments	100	100	3	(97)
Miscellaneous	-	-	-	-
Total receipts	115,100	115,100	107,484	(7,616)
<b>Disbursements</b>				
Current:				
Security of Persons and Property	76,200	81,200	79,249	1,951
Public Health Services	64,200	99,200	72,245	26,955
Leisure Time Activities	-	-	-	-
Community Environment	-	-	-	-
Basic Utility Services	-	-	-	-
Transportation	-	-	-	-
General Government	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	140,400	180,400	151,494	28,906
Excess of Receipts Over (Under) Disbursements	(25,300)	(65,300)	(44,010)	21,290
<b>Other Financing Sources (Uses)</b>				
Sale of Notes	-	-	-	-
Other Debt Proceeds	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	15,000	15,000	3	(14,997)
Transfers Out	-	-	-	-
Advances In	-	-	-	-
Advances Out	-	-	-	-
Total Other Financing Sources (Uses)	15,000	15,000	3	(14,997)
Net Change in Fund Balance	(10,300)	(50,300)	(44,007)	6,293
Fund Balance Beginning of Year	70,648	70,648	70,648	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance End of Year	\$ 60,348	\$ 20,348	\$ 26,641	\$ 6,293

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Cash Receipts, Cash Disbursements and Changes**  
**in Cash Basis Fund Balance - Budget and Actual -Budget Basis**  
**Brown Expendable Fund**  
**For the Year Ended December 31, 2006**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Municipal Income Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Charges for Services	3,000	3,000	3,000	-
Fines, Licenses and Permits	-	-	-	-
Earnings on Investments	300	300	-	(300)
Miscellaneous	<u>32,000</u>	<u>32,000</u>	<u>15,656</u>	<u>(16,344)</u>
Total receipts	<u>35,300</u>	<u>35,300</u>	<u>18,656</u>	<u>(16,644)</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	-	-	-	-
Public Health Services	43,850	43,850	29,615	14,235
Leisure Time Activities	-	-	-	-
Community Environment	-	-	-	-
Basic Utility Services	-	-	-	-
Transportation	-	-	-	-
General Government	-	-	-	-
Capital Outlay	2,000	2,000	1,750	250
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Disbursements	<u>45,850</u>	<u>45,850</u>	<u>31,365</u>	<u>14,485</u>
Excess of Receipts Over (Under) Disbursements	<u>(10,550)</u>	<u>(10,550)</u>	<u>(12,709)</u>	<u>(2,159)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Notes	-	-	-	-
Other Debt Proceeds	-	-	-	-
Transfers In	-	-	405	405
Transfers Out	-	-	-	-
Advances In	-	-	-	-
Advances Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>405</u>	<u>405</u>
Net Change in Fund Balance	(10,550)	(10,550)	(12,304)	(1,754)
Fund Balance Beginning of Year	81,975	81,975	81,975	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 71,425</u>	<u>\$ 71,425</u>	<u>\$ 69,671</u>	<u>\$ (1,754)</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Fund Net Assets - Cash Basis**  
**Proprietary Funds**  
**December 31, 2006**

	WATER OPERATING/ PUMPING	SEWER OPERATING/ PUMPING	GARBAGE/ RUBBISH COLLECTION	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 49,354	\$ 32,272	\$ 71,007	\$ 40,293	\$ 192,926
Investments	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total Assets	<u>\$ 149,354</u>	<u>\$ 132,272</u>	<u>\$ 71,007</u>	<u>\$ 40,293</u>	<u>\$ 392,926</u>
Net Assets					
Restricted for:					
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	-	-	-	-	-
Other Purposes	-	-	-	-	-
Unrestricted	<u>149,354</u>	<u>132,272</u>	<u>71,007</u>	<u>40,293</u>	<u>392,926</u>
Total Net Assets	<u>\$ 149,354</u>	<u>\$ 132,272</u>	<u>\$ 71,007</u>	<u>\$ 40,293</u>	<u>\$ 392,926</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
Statement of Cash Receipts,  
Cash Disbursements and Changes in Net Cash Assets  
Proprietary Funds  
For the Year Ended December 31, 2006**

	WATER OPERATING/ PUMPING TOTAL	SEWER OPERATING/ PUMPING TOTAL	GARBAGE/ RUBBISH COLLECTION TOTAL	OTHER ENTERPRISE FUNDS TOTAL	TOTAL ENTERPRISE FUNDS
<b>Operating Receipts</b>					
Charges for Services	\$ 247,384	\$ 247,900	\$ 172,207	\$ 4,299	\$ 671,790
Other Operating Receipts	8,254	1,376	-	-	9,630
Total Operating Receipts	<u>255,638</u>	<u>249,276</u>	<u>172,207</u>	<u>4,299</u>	<u>681,420</u>
<b>Operating Disbursements</b>					
Personal Services	79,927	81,512	50,473	-	211,912
Employee Fringe Benefits	31,592	31,154	23,335	-	86,081
Contractual Services	69,520	65,405	50,605	-	185,530
Supplies and Materials	51,871	21,356	5,202	-	78,429
Other	-	-	-	4,589	4,589
Total Operating Disbursements	<u>232,910</u>	<u>199,427</u>	<u>129,615</u>	<u>4,589</u>	<u>566,541</u>
Operating Income (Loss)	<u>22,728</u>	<u>49,849</u>	<u>42,592</u>	<u>(290)</u>	<u>114,879</u>
<b>Non-Operating Receipts (Disbursements)</b>					
Property and Other Local Taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Special Assessments	-	-	-	-	-
Earnings on Investments	-	-	-	-	-
Sale of Notes	-	-	-	-	-
Other Debt Proceeds	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-
Capital Outlay	(26,240)	(30,153)	(13,218)	-	(69,611)
Principal Payments	(500)	(39,733)	-	-	(40,233)
Other Financing Sources	-	-	-	-	-
Other Financing Uses	-	-	-	-	-
Total Non-Operating Receipts (Disbursements)	<u>(26,740)</u>	<u>(69,886)</u>	<u>(13,218)</u>	<u>-</u>	<u>(109,844)</u>
Income (Loss) before Transfers and Advances	<u>(4,012)</u>	<u>(20,037)</u>	<u>29,374</u>	<u>(290)</u>	<u>5,035</u>
Transfers In	3,754	3,753	-	-	7,507
Transfers Out	-	-	-	-	-
Advances In	-	-	-	-	-
Advances Out	-	-	-	-	-
Change in Net Assets	(258)	(16,284)	29,374	(290)	12,542
Net Assets Beginning of Year	<u>149,612</u>	<u>148,556</u>	<u>41,633</u>	<u>40,583</u>	<u>380,384</u>
Net Assets End of Year	<u>\$ 149,354</u>	<u>\$ 132,272</u>	<u>\$ 71,007</u>	<u>\$ 40,293</u>	<u>\$ 392,926</u>

See accompanying notes to the financial statements

**Village of West Liberty  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited**

This discussion and analysis of the Village of West Liberty's financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2005, within the limitations of the Government's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

**Highlights**

The Government's general receipts are primarily property and tangible personal property taxes. These receipts represent 45% percent of the total cash received for governmental activities during the year. Property and tangible personal property taxes changed very little compared to 2004 as development within the Government has slowed.

We received some grants throughout 2005 including internet for police department, fire department received a grant along with the Emergency Medical Services totaling about \$20,000. The fund most affected by the increase was the General Fund due to a loan received from the Department of Commerce for a new fire truck in the amount of \$166,000. The Water Department has received grants in the amount of \$10,000 in 2005.

Emergency Services expenditures are considerably less due to the cut in hourly on-call volunteer wages, were cut in half from \$2.50 hr. to \$1.25 hr.

The Village received approximately \$9,000 in FEMA money due to the ice storm at the beginning of 2005.

The Police Department bought a 2005 Ford Cruiser in the amount of \$23,400 and Lion's Club bought a lawn tractor in the amount of \$14,000.

Garbage Rubbish Fund has increased in revenue in the amount \$4,500 of due to an Ordinance passed to mandate garbage pick up within the Village. The expenditures of the Garbage Rubbish Fund were slightly more due to salary and gasoline prices.

Water and Sewer Fund has decreased in the amount of \$16,000 because of an Ordinance passed to allow residents to use 4,000 gallons of water/sewer per month instead of 10,000 per quarter. The Sewer Fund has a new interest free loan payment in the amount of \$20,000 semi yearly and this was paid one time in 2004 and two times in 2005, increasing expenditures by \$20,000. Also, the excessive expenditures included propane was more expensive, ditch repair, vehicle repair and capital outlay.

Motor Vehicle fund expenditures were less because of not paving as much in 2005.

**Village of West Liberty  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited**

**Highlights (continued)**

Cemetery and Brown expenditure funds have broken even for the year 2005. In 2005 our former Cemetery Sexton retired and her severance package was paid in January 2005 in the amount of \$4,200.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

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

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

**Village of West Liberty  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited**

**Reporting the Village of West Liberty as a Whole**

The statement of net assets and the statement of activities reflect how the Government did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Government at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Government's general receipts.

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

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

Governmental activities - Most of the Village's basic services are reported here, including police, fire, emergency medical systems and streets. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity - The Village has three business-type activities, the provision of water, sewer, and garbage and rubbish collection. Business-type activities are financed by a fee charged to the customers receiving the service.

**Village of West Liberty  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited**

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

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

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

Proprietary Funds – When the Government charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three enterprise funds, the water fund, sewer fund and garbage rubbish fund.

**Village of West Liberty  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited**

**The Government as a Whole**

Table 1 provides a summary of the Government's net assets for 2005 compared to 2004 on a cash basis:

(Table 1)  
**Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Assets</b>						
Cash and Cash Equivalents	\$ 263,061	\$ 206,793	\$ 180,383	\$ 162,398	\$ 443,444	\$ 369,191
Investments	<u>262,252</u>	<u>247,252</u>	<u>200,000</u>	<u>215,000</u>	<u>462,252</u>	<u>462,252</u>
Total Assets	<u>\$ 525,313</u>	<u>\$ 454,045</u>	<u>\$ 380,383</u>	<u>\$ 377,398</u>	<u>\$ 905,696</u>	<u>\$ 831,443</u>
<b>Net Assets</b>						
Restricted for:						
Capital Projects	\$ 15,947	\$ 15,609	\$ -	\$ -	\$ 15,947	\$ 15,609
Debt Services	-	-	-	-	-	-
Permanent Fund:						
Expendable	3,154	78,568	-	-	3,154	78,568
Nonexpendable	22,252	24,697	-	-	22,252	24,697
Other Purposes	240,467	98,284	-	-	240,467	98,284
Unrestricted	<u>243,493</u>	<u>236,887</u>	<u>380,383</u>	<u>377,398</u>	<u>623,876</u>	<u>614,285</u>
Total Net Assets	<u>\$ 525,313</u>	<u>\$ 454,045</u>	<u>\$ 380,383</u>	<u>\$ 377,398</u>	<u>\$ 905,696</u>	<u>\$ 831,443</u>

- A fire truck pumper was bought in 2005 that is the decrease in fund amount.
- Increases in salaries 3% based on current negotiated agreements.
- The Government had several streets that were in very poor condition that needed extensive repairs costing in excess of \$12,500 which were not spent in 2004.
- In 2005, the sewer fund made a new semi-annual payment on debt for the interest free loan in amount of almost \$40,000.
- In 2005, extensive ditch repair for the sewer fund was in the amount of \$22,000, and repairs at the water department of extensive in the amount of \$14,000.

**Village of West Liberty  
Management's Discussion and Analysis  
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Table 2 reflects the changes in net assets in 2005. Since the Village did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

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

	Governmental Activities 2005	Business Type Activities 2005	Total 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$207,797	\$468,471	\$676,268
Operating Grants and Contributions	113,978	-	113,978
Capital Grants and Contributions	8,000	198,489	206,489
Total Program Receipts	<u>329,775</u>	<u>666,960</u>	<u>996,735</u>
General Receipts:			
Property and Other Taxes	289,566		289,566
Other Debt Proceeds	166,000		166,000
Grants	126,675		171,617
Specific Programs Restricted			-
Interest	16,510	238	16,748
Miscellaneous	70,614	801	71,415
Total General Receipts	<u>669,365</u>	<u>1,039</u>	<u>670,404</u>
Total Receipts	<u>999,140</u>	<u>667,999</u>	<u>1,667,139</u>
Disbursements:			
General Government	139,057		139,057
Security of Persons and Property:	318,222		318,222
Public Health Services	108,472		108,472
Leisure Time Activities	25,798		25,798
Community Environment	1,775		1,775
Basic Utilities	-	672,202	672,202
Other	49,475	-	49,475
Transportation	99,880		99,880
Capital Outlay	10,829		10,829
Principal	173,616		173,616
Interest and Fiscal Charges	2,786	-	2,786
Total Disbursements	<u>929,910</u>	<u>672,202</u>	<u>1,602,112</u>
Excess (Deficiency) Before Transfers	69,230	(4,203)	65,027
Special Items	9,226	-	9,226
Transfers	(7,188)	7,188	-
Increase (Decrease) in Net Assets	71,268	2,985	74,253
Net Assets, January 1, 2005	<u>454,045</u>	<u>377,398</u>	<u>831,443</u>
Net Assets, December 31, 2005	<u>\$ 525,313</u>	<u>\$ 380,383</u>	<u>\$ 905,696</u>

**Village of West Liberty  
Management's Discussion and Analysis  
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Program receipts represent 60 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits, EMS and Fire contracts for nearby townships.

General receipts represent 40 percent of the Government's total receipts. State and federal grants and entitlements make up the balance of the Government's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Government activities. These include the costs of council, and the auditor, treasurer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs of General Fund unrestricted receipts.

Security of Persons and Property are the costs of police, emergency medical services and fire protection; and Leisure Time Activities are the costs of maintaining the parks and playing fields.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for debt principal and security of persons and property, which account for 19% and 34% percent of all governmental disbursements. General government also represents a significant cost, about 15% percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Village of West Liberty  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited**

(Table 3)

**Governmental Activities**

	Total Cost Of Services <u>2005</u>	Net Cost of Services <u>2005</u>
Security of Persons and Property	\$ 318,222	\$ 211,044
Public Health Services	108,472	(30,140)
Leisure Time Activities	25,798	25,798
Community Environment	1,775	(58)
Basic Utility Services	-	(3,000)
Transportation	99,880	59,940
General Government	139,057	99,845
Capital Outlay	10,829	10,829
Other	49,475	49,475
Principal Retirement	173,616	173,616
Interest	<u>2,786</u>	<u>2,786</u>
Total Expenses	<u>\$ 929,910</u>	<u>\$ 600,135</u>

The dependence upon property and income tax receipts is apparent as over 89 percent of governmental activities are supported through these general receipts.

**Business-type Activities**

The water operation of the Village is relatively moderate and routinely reports receipts and cash disbursements that are relatively equal. The infrastructure is beginning to age and the Government has begun discussing the need for major repairs and how these will be funded. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards.

**The Government's Funds**

Total governmental funds had receipts of \$842,367 and disbursements of \$880,436. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$6,753 as the result of increased costs for salaries and benefits and not achieving anticipated growth in income and property tax receipts. General Fund receipts were less than disbursements by \$76,053 indicating that the General Fund is in a deficit spending situation. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property remains stagnant.

**Village of West Liberty  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited**

**General Fund Budgeting Highlights**

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

During 2005, the Government amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements of governmental activities were budgeted at \$1,306,156, while actual disbursements were \$923,174. Although receipts failed to live up to expectations, appropriations were not reduced. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

**Debt Administration**

At December 31, 2005, the Village's outstanding debt included \$153,550 in general interest free loans for a fire truck and \$675,546 in water/sewer interest free loans. For further information regarding the Village's debt, refer to Loan CM631, CM14A, CM10F, and revolving loan.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on property taxes. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Government. All departments have been asked to reduce their spending for supplies by 10-20 percent.

**Contacting the Government'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 reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Cindee M Boyd, Fiscal Officer, 201 N. Detroit St. PO Box 187 West Liberty, Ohio 43357.

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Net Assets - Cash Basis**  
**December 31, 2005**

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 263,061	\$ 180,383	\$ 443,444
Investments	<u>262,252</u>	<u>200,000</u>	<u>462,252</u>
Total Assets	<u>\$ 525,313</u>	<u>\$ 380,383</u>	<u>\$ 905,696</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$ 15,947	\$ -	\$ 15,947
Debt Service	-	-	-
Permanent Fund: flowers for graves			
Expendable	3,154	-	3,154
Nonexpendable	22,252	-	22,252
Other Purposes	240,467		240,467
Unrestricted	<u>243,493</u>	<u>380,383</u>	<u>623,876</u>
Total Net Assets	<u>\$ 525,313</u>	<u>\$ 380,383</u>	<u>\$ 905,696</u>

See accompanying notes to the financial statement

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
Statement of Activities - Cash Basis  
For the Year Ended December 31, 2005**

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Security of Persons and Property	\$ 318,222	\$ 64,784	\$ 42,394	\$ -
Public Health Services	108,472	130,612	-	8,000
Leisure Time Activities	25,798	-	-	-
Community Environment	1,775	1,833	-	-
Basic Utility Services	-	3,000	-	-
Transportation	99,880	-	39,940	-
General Government	139,057	7,569	31,644	-
Capital Outlay	10,829	-	-	-
Debt Service:				
Principal	173,616	-	-	-
Interest	2,786	-	-	-
Other	49,475	-	-	-
Total Governmental Activities	<u>929,910</u>	<u>207,797</u>	<u>113,978</u>	<u>8,000</u>
<b>Business Type Activities</b>				
Water Operating/Pumping	230,107	145,577	-	96,871
Advance Water/Sewer Deposits	3,201	2,886	-	-
Sewer Operating/Pumping	278,916	151,197	-	101,618
Garbage/Rubbish Advance Deposits	1,268	1,233	-	-
Garbage/Rubbish Collection Fund	152,710	161,578	-	-
Stakeholder Grant Water	6,000	6,000	-	-
Total Business Type Activities	<u>672,202</u>	<u>468,471</u>	<u>-</u>	<u>198,489</u>
Total Primary Government	<u>\$ 1,602,112</u>	<u>\$ 676,268</u>	<u>\$ 113,978</u>	<u>\$ 206,489</u>

**General Receipts**

Property Taxes  
Other Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Sale of Notes  
Other Debt Proceeds  
Earnings on Investments  
Miscellaneous  
    Total General Receipts

Special Items  
Transfers  
Advances  
    Total General Receipts, Special, Transfers and Advances

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the financial statements

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (211,044)	\$ -	\$ (211,044)
30,140	-	30,140
(25,798)	-	(25,798)
58	-	58
3,000	-	3,000
(59,940)	-	(59,940)
(99,845)	-	(99,845)
(10,829)	-	(10,829)
-	-	-
(173,616)	-	(173,616)
(2,786)	-	(2,786)
(49,475)	-	(49,475)
(600,135)	-	(600,135)
-	12,341	12,341
-	(315)	(315)
-	(26,101)	(26,101)
-	(35)	(35)
-	8,868	8,868
-	-	-
-	(5,243)	(5,243)
\$ (600,135)	\$ (5,243)	\$ (605,377)
\$ 254,962	\$ -	\$ 254,962
34,604	-	34,604
126,675	-	126,675
-	-	-
166,000	-	166,000
16,510	238	16,748
70,614	802	71,415
669,365	1,040	670,404
9,226	-	9,226
(7,188)	7,188	(0)
-	-	-
671,403	8,228	679,630
71,268	2,985	74,252
454,045	377,398	831,443
\$ 525,313	\$ 380,383	\$ 905,696

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2005**

	GENERAL	STREET CONST. MAINT.REP.	EMS OPERATING/ REVENUE	BROWN EXPENDABLE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 43,493	\$ 16,545	\$ 55,648	\$ 56,975	\$ 90,400	\$ 263,061
Investments	200,000	-	15,000	25,000	22,252	262,252
Total Assets	<u>\$ 243,493</u>	<u>\$ 16,545</u>	<u>\$ 70,648</u>	<u>\$ 81,975</u>	<u>\$ 112,652</u>	<u>\$ 525,313</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$ 243,493	\$ -	\$ -	\$ -	\$ -	\$ 243,493
Special Revenue Funds	-	16,545	70,648	81,975	71,299	240,467
Debt Service Fund	-	-	-	-	-	-
Capital Projects Funds	-	-	-	-	15,947	15,947
Permanent Fund	-	-	-	-	25,406	25,406
Total Fund Balances	<u>\$ 243,493</u>	<u>\$ 16,545</u>	<u>\$ 70,648</u>	<u>\$ 81,975</u>	<u>\$ 112,652</u>	<u>\$ 525,313</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2005**

	GENERAL	STREET CONST. MAINT.REP.	EMS OPERATING/ REVENUE	BROWN EXPENDABLE	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>						
Property and Other Local Taxes	\$ 254,962	\$ -	\$ -	\$ -	\$ 4,776	\$ 259,738
Intergovernmental	153,502	62,968	3,000	-	67,563	287,033
Special Assessments	673	-	-	-	-	673
Charges for Services	64,784	-	110,538	3,000	20,074	198,396
Fines, Licenses and Permits	9,401	-	-	-	-	9,401
Earnings on Investments	15,287	56	77	65	1,025	16,510
Miscellaneous	39,346	-	-	31,270	-	70,616
Total Receipts	<u>537,955</u>	<u>63,025</u>	<u>113,615</u>	<u>34,335</u>	<u>93,438</u>	<u>842,367</u>
<b>Disbursements</b>						
Current:						
Security of Persons and Property	269,105	-	7,125	-	41,992	318,222
Public Health Services	-	-	54,874	29,572	24,025	108,472
Leisure Time Activities	25,798	-	-	-	-	25,798
Community Environment	1,775	-	-	-	-	1,775
Transportation	692	92,484	-	-	6,705	99,880
General Government	139,057	-	-	-	-	139,057
Capital Outlay	1,179	-	-	1,650	8,000	10,829
Debt Service:						
Principal Retirement	173,616	-	-	-	-	173,616
Interest and Fiscal Charges	2,786	-	-	-	-	2,786
Total Disbursements	<u>614,008</u>	<u>92,484</u>	<u>62,000</u>	<u>31,222</u>	<u>80,722</u>	<u>880,436</u>
Excess of Receipts Over (Under) Disbursements	<u>(76,053)</u>	<u>(29,459)</u>	<u>51,615</u>	<u>3,113</u>	<u>12,716</u>	<u>(38,069)</u>
Other Financing Sources (Uses)						
Sale of Notes	-	-	-	-	-	-
Other Debt Proceeds	166,000	-	-	-	-	166,000
Transfers In	1,655	35,090	-	295	564	37,605
Transfers Out	(35,373)	-	-	-	(9,420)	(44,793)
Advances In	-	-	-	-	-	-
Advances Out	-	-	-	-	-	-
Other Financing Uses	(49,476)	-	-	-	-	(49,476)
Total Other Financing Sources (Uses)	<u>82,806</u>	<u>35,090</u>	<u>-</u>	<u>295</u>	<u>(8,856)</u>	<u>109,336</u>
Net Change in Fund Balances	6,753	5,632	51,615	3,408	3,860	71,268
Fund Balances Beginning of Year	<u>236,740</u>	<u>10,913</u>	<u>19,033</u>	<u>78,567</u>	<u>108,792</u>	<u>454,045</u>
Fund Balances End of Year	<u>\$ 243,493</u>	<u>\$ 16,545</u>	<u>\$ 70,648</u>	<u>\$ 81,975</u>	<u>\$ 112,652</u>	<u>\$ 525,313</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Cash Receipts, Cash Disbursements and Changes**  
**in Cash Basis Fund Balance - Budget and Actual -Budget Basis**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 265,000	\$ 265,000	\$ 254,962	\$ (10,038)
Intergovernmental	153,050	153,050	153,502	452
Special Assessments	1,000	1,000	673	(327)
Charges for Services	66,000	66,000	64,784	(1,216)
Fines, Licenses and Permits	14,500	14,500	9,401	(5,099)
Earnings on Investments	14,900	14,900	15,287	387
Miscellaneous	28,345	28,345	39,346	11,001
Total receipts	<u>542,795</u>	<u>542,795</u>	<u>537,955</u>	<u>(4,840)</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	320,660	320,660	269,105	51,555
Public Health Services	-	-	-	-
Leisure Time Activities	30,600	30,600	25,798	4,802
Community Environment	2,050	2,050	1,775	275
Basic Utility Services	-	-	-	-
Transportation	20,000	20,000	692	19,308
General Government	164,099	164,099	139,057	25,042
Capital Outlay	156,951	156,951	1,179	155,772
Debt Service:				
Principal Retirement	8,300	8,300	173,616	(165,316)
Interest and Fiscal Charges	-	-	2,786	(2,786)
Total Disbursements	<u>702,660</u>	<u>702,660</u>	<u>614,008</u>	<u>88,652</u>
Excess of Receipts Over (Under) Disbursements	<u>(159,865)</u>	<u>(159,865)</u>	<u>(76,053)</u>	<u>83,812</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Bonds	-	-	-	-
Sale of Notes	-	-	-	-
Other Debt Proceeds	166,000	166,000	166,000	-
Premium and Accrued Interest on Debt	-	-	-	-
Discount on Debt	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	1,655	1,655	1,655	-
Transfers Out	(36,400)	(36,400)	(35,373)	1,027
Advances In	-	-	-	-
Advances Out	-	-	-	-
Other Financing Sources	-	-	-	-
Other Financing Uses	(95,000)	(95,000)	(49,476)	45,524
Total Other Financing Sources (Uses)	<u>36,255</u>	<u>36,255</u>	<u>82,806</u>	<u>46,551</u>
Net Change in Fund Balance	(123,610)	(123,610)	6,753	130,363
Fund Balance Beginning of Year	236,740	236,740	236,740	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance End of Year	<u>\$ 113,130</u>	<u>\$ 113,130</u>	<u>\$ 243,493</u>	<u>\$ 130,363</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Cash Receipts, Cash Disbursements and Changes**  
**in Cash Basis Fund Balance - Budget and Actual -Budget Basis**  
**Street Construction, Maintenance and Repair**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	57,000	57,000	62,970	5,970
Earnings on Investments	50	50	56	6
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total receipts	<u>58,050</u>	<u>58,050</u>	<u>63,026</u>	<u>4,976</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	-	-	-	-
Public Health Services	-	-	-	-
Leisure Time Activities	-	-	-	-
Community Environment	-	-	-	-
Basic Utility Services	-	-	-	-
Transportation	94,751	94,751	92,484	2,267
General Government	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Disbursements	<u>94,751</u>	<u>94,751</u>	<u>92,484</u>	<u>2,267</u>
Excess of Receipts Over (Under) Disbursements	<u>(36,701)</u>	<u>(36,701)</u>	<u>(29,458)</u>	<u>7,243</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Bonds	-	-	-	-
Sale of Notes	-	-	-	-
Other Debt Proceeds	-	-	-	-
Premium and Accrued Interest on Debt	-	-	-	-
Discount on Debt	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	30,000	30,000	35,090	5,090
Transfers Out	-	-	-	-
Advances In	-	-	-	-
Advances Out	-	-	-	-
Other Financing Sources	2,000	2,000	-	(2,000)
Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>32,000</u>	<u>32,000</u>	<u>35,090</u>	<u>3,090</u>
Net Change in Fund Balance	(4,701)	(4,701)	5,632	10,333
Fund Balance Beginning of Year	10,913	10,913	10,913	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 6,212</u>	<u>\$ 6,212</u>	<u>\$ 16,545</u>	<u>\$ 10,333</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Cash Receipts, Cash Disbursements and Changes**  
**in Cash Basis Fund Balance - Budget and Actual -Budget Basis**  
**EMS Operating/Revenue Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Municipal Income Taxes	-	-	-	-
Intergovernmental	5,040	5,040	3,000	(2,040)
Special Assessments	-	-	-	-
Charges for Services	127,060	127,060	110,538	(16,522)
Fines, Licenses and Permits	-	-	-	-
Earnings on Investments	230	230	77	(153)
Miscellaneous	-	-	-	-
Total receipts	132,330	132,330	113,615	(18,715)
<b>Disbursements</b>				
Current:				
Security of Persons and Property	7,205	7,205	7,125	80
Public Health Services	127,835	127,835	54,875	72,960
Leisure Time Activities	-	-	-	-
Community Environment	-	-	-	-
Basic Utility Services	-	-	-	-
Transportation	-	-	-	-
General Government	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	135,040	135,040	62,000	73,040
Excess of Receipts Over (Under) Disbursements	(2,710)	(2,710)	51,615	54,325
<b>Other Financing Sources (Uses)</b>				
Sale of Notes	-	-	-	-
Other Debt Proceeds	-	-	-	-
Sale of Fixed Assets	-	-	-	-
Transfers In	270	270	-	(270)
Transfers Out	-	-	-	-
Advances In	-	-	-	-
Advances Out	-	-	-	-
Total Other Financing Sources (Uses)	270	270	-	(270)
Net Change in Fund Balance	(2,440)	(2,440)	51,615	54,055
Fund Balance Beginning of Year	19,033	19,033	19,033	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance End of Year	\$ 16,593	\$ 16,593	\$ 70,648	\$ 54,055

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Cash Receipts, Cash Disbursements and Changes**  
**in Cash Basis Fund Balance - Budget and Actual -Budget Basis**  
**Brown Expendable Fund**  
**For the Year Ended December 31, 2005**

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ -	\$ -	\$ -	\$ -
Municipal Income Taxes	-	-	-	-
Intergovernmental	-	-	-	-
Special Assessments	-	-	-	-
Charges for Services	-	-	3,000	3,000
Fines, Licenses and Permits	-	-	-	-
Earnings on Investments	280	280	65	(215)
Miscellaneous	<u>33,290</u>	<u>33,290</u>	<u>31,270</u>	<u>(2,020)</u>
Total receipts	<u>33,570</u>	<u>33,570</u>	<u>34,335</u>	<u>765</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property	-	-	-	-
Public Health Services	42,600	42,600	29,572	13,028
Leisure Time Activities	-	-	-	-
Community Environment	-	-	-	-
Basic Utility Services	-	-	-	-
Transportation	-	-	-	-
General Government	-	-	-	-
Capital Outlay	3,000	3,000	1,650	1,350
Debt Service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Disbursements	<u>45,600</u>	<u>45,600</u>	<u>31,222</u>	<u>14,378</u>
Excess of Receipts Over (Under) Disbursements	<u>(12,030)</u>	<u>(12,030)</u>	<u>3,113</u>	<u>15,143</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Notes	-	-	-	-
Other Debt Proceeds	-	-	-	-
Transfers In	300	300	295	(5)
Transfers Out	-	-	-	-
Advances In	-	-	-	-
Advances Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>300</u>	<u>300</u>	<u>295</u>	<u>(5)</u>
Net Change in Fund Balance	(11,730)	(11,730)	3,408	15,138
Fund Balance Beginning of Year	78,567	78,567	78,567	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance End of Year	<u>\$ 66,837</u>	<u>\$ 66,837</u>	<u>\$ 81,975</u>	<u>\$ 15,138</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Fund Net Assets - Cash Basis**  
**Proprietary Funds**  
**December 31, 2005**

	WATER OPERATING/ PUMPING	SEWER OPERATING/ PUMPING	GARBAGE/ RUBBISH COLLECTION	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 49,612	\$ 48,556	\$ 41,633	\$ 40,582	\$ 180,383
Investments	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total Assets	<u>\$ 149,612</u>	<u>\$ 148,556</u>	<u>\$ 41,633</u>	<u>\$ 40,582</u>	<u>\$ 380,383</u>
Net Assets					
Restricted for:					
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ -
Debt Service	-	-	-	-	-
Other Purposes	-	-	-	-	-
Unrestricted	<u>149,612</u>	<u>148,556</u>	<u>41,633</u>	<u>40,582</u>	<u>380,383</u>
Total Net Assets	<u>\$ 149,612</u>	<u>\$ 148,556</u>	<u>\$ 41,633</u>	<u>\$ 40,582</u>	<u>\$ 380,383</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY**  
**LOGAN COUNTY, OHIO**  
**Statement of Cash Receipts,**  
**Disbursements and Changes in Fund Net Assets - Cash Basis**  
**Proprietary Funds**  
**For the Year Ended December 31, 2005**

	WATER OPERATING/ PUMPING TOTAL	SEWER OPERATING/ PUMPING TOTAL	GARBAGE/ RUBBISH COLLECTION TOTAL	OTHER ENTERPRISE FUNDS TOTAL	TOTAL ENTERPRISE FUNDS
<b>Operating Receipts</b>					
Charges for Services	\$ 145,577	\$ 151,197	\$ 161,578	\$ 10,119	\$ 468,471
Other Operating Receipts	801	-	-	-	801
Total Operating Receipts	<u>146,378</u>	<u>151,197</u>	<u>161,578</u>	<u>10,119</u>	<u>469,272</u>
<b>Operating Disbursements</b>					
Personal Services	76,915	79,819	61,468	-	218,202
Employee Fringe Benefits	28,266	29,694	26,378	-	84,337
Contractual Services	69,210	72,804	53,296	6,000	201,311
Supplies and Materials	45,877	24,978	9,030	-	79,885
Other	-	-	-	4,469	4,469
Total Operating Disbursements	<u>220,268</u>	<u>207,295</u>	<u>150,172</u>	<u>10,469</u>	<u>588,204</u>
Operating Income (Loss)	<u>(73,890)</u>	<u>(56,098)</u>	<u>11,405</u>	<u>(350)</u>	<u>(118,932)</u>
<b>Non-Operating Receipts (Disbursements)</b>					
Property and Other Local Taxes	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Special Assessments	96,871	101,618	-	-	198,489
Earnings on Investments	47	119	72	-	238
Sale of Notes	-	-	-	-	-
Other Debt Proceeds	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-
Capital Outlay	(9,339)	(31,887)	(2,538)	-	(43,764)
Principal Payments	(500)	(39,733)	-	-	(40,233)
Other Financing Sources	-	-	-	-	-
Other Financing Uses	-	-	-	-	-
Total Non-Operating Receipts (Disbursements)	<u>87,079</u>	<u>30,117</u>	<u>(2,466)</u>	<u>-</u>	<u>114,730</u>
Income (Loss) before Transfers and Advances	<u>13,189</u>	<u>(25,981)</u>	<u>8,939</u>	<u>(350)</u>	<u>(4,202)</u>
Transfers In	5,605	2,255	115	-	7,976
Transfers Out	(788)	-	-	-	(788)
Advances In	-	-	-	-	-
Advances Out	-	-	-	-	-
Change in Net Assets	18,006	(23,726)	9,055	(350)	2,985
Net Assets Beginning of Year	<u>131,606</u>	<u>172,282</u>	<u>32,578</u>	<u>40,932</u>	<u>377,398</u>
Net Assets End of Year	<u>\$ 149,612</u>	<u>\$ 148,556</u>	<u>\$ 41,633</u>	<u>\$ 40,582</u>	<u>\$ 380,383</u>

See accompanying notes to the financial statements

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 1 – Description of the Entity**

The Village of West Liberty, Logan County, Ohio is a political body and corporation established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council governs the Village.

The Village provides road repair and maintenance, cemetery maintenance, water and sewer utilities, garbage and recycling services, park operations, fire services, emergency medical services, and police services.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.A, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village 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 Accounting**

The Village's financial statements are prepared using the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. 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.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**A. Basis of Accounting(continued)**

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

These statements adequately disclose material matters, in accordance with the basis of accounting described in the preceding paragraph.

**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 following are the Village's major governmental funds:

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

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

**Emergency Medical Services Fund (EMS)** – This fund collects revenue from the billing of emergency medical services and expenditures are for maintaining the department.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**B. Fund Accounting (continued)**

**Governmental Funds (continued)**

**Brown Expendable** – This trust fund receives money from rent of land and a house given to the Village. Revenue generated is used to maintain a specified lot in Fair View Cemetery and for the maintenance of this cemetery.

Other governmental funds of the Village are used to account for grants and other resources, and capital projects whose use is restricted to a particular purpose.

**Proprietary Funds**

These 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 following are the Village's major enterprise funds:

**Water Fund** - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

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

**Garbage/Rubbish Fund** – The garbage/rubbish fund accounts for the provision of garbage and recycling services to the residents and commercial users within the Village.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations or other governmental entities and are therefore not available to support the Village's own programs. Agency funds are custodial in nature, where the Village deposits and pays cash as directed by another entity or individual. The Village has no agency funds.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**C. Basis of Presentation**

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

**Government-Wide Financial Statements** - The statement of net assets and the statement of activities display information about the Village as a whole.

The statement of net assets presents the financial condition of the governmental activities of the Village at December 31, 2006 and 2005. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible.

Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the general revenues of the Village.

**Fund Financial Statements** - 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. Fiduciary funds are reported by type. 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 proprietary fund statements report all other receipts and disbursements as nonoperating.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**D. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually. All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

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

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

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

**E. Cash and Investments**

The Village maintains a cash and investments pool which are used by all funds.

Investments are reported as assets. 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 negative receipts, respectively.

During 2006, the Village invested in nonnegotiable certificates of deposit and the nonnegotiable certificates of deposit are reported at cost adjusted by earned interest.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**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 cash basis of accounting.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

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

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 2 – Summary of Significant Accounting Policies (continued)**

**L. Net Assets**

Net assets are reported as restricted when enabling legislation or creditor, grantors, or other external factors impose limitations on its use.

**M. Interfund Transactions**

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

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.

**Note 3 – Deposits and Investments**

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

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

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

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

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 3 – Deposits and Investments (continued)**

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

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

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

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 3 – Deposits and Investments (continued)**

**Deposits**

Custodial credit risk 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 year end 2006 and 2005, none of the Village's deposits were exposed to custodial credit risk.

The Village has no deposit policy for custodial 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 the 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.

**Note 4 – 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 is (and any major special revenue fund are) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). There were no outstanding encumbrances at December 31, 2006 or 2005.

**Note 5 – Property Tax**

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 (2006) represent the collection of 2004 (2005) taxes. Real property taxes received in 2005 (2006) were levied after October 1, 2004 (2005), on the assessed values as of January 1, 2004 (2005), the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid semiannually, the first payment is due on the third Wednesday in February, with the remainder payable by the third Wednesday in July.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 5 – Property Tax (continued)**

Public utility property tax receipts received in 2005 (2006) represent the collection of 2004 (2005) taxes. Public utility real and tangible personal property taxes received in 2005 (2006) became a lien on December 31, 2004 (2005), were levied after October 1, 2004 (2005), and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (2006) (other than public utility property) represent the collection of 2005 (2006) taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004 (2005), on the true value as of December 31, 2004 (2005). Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all village operations for 2006 was \$10.44 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which property tax receipts were based are as follows:

<u><b>2006</b></u>	
Real Property	
Residential	\$ 18,067,890
Agriculture	30,350
Commercial/Industrial/Mineral	5,116,220
Public Utility Property	
Real	710
Personal	729,250
Tangible Personal Property	757,402
Total Assessed Value	<u><u>\$ 24,701,822</u></u>

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 5 – Property Tax (continued)**

	<u><b>2005</b></u>
Real Property	
Residential	\$ 17,940,050
Agriculture	31,430
Commercial/Industrial/Mineral	5,374,790
Public Utility - Real	600
Public Utility - Personal	782,160
Tangible Personal Property	979,340
Total Assessed Value	\$ 25,108,370

**Note 6 – Risk Management**

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Property coverage
- Auto coverage
- Inland marine

**Note 7 – Interfund Receivable/Payable**

Interfund balances at December 31, 2006 consisted of the following individual fund receivable and payables:

Due to the General Fund from:	
Community Service Fund	\$ 1,305
Total General Fund	\$ 1,305

The balance due to the General Fund includes loans made to provide working capital for operations or projects. All of these amounts are expected to be repaid within one year.

There were no interfund receivables or payables at December 31, 2005.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 8 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

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

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

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

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$59,228, \$57,241, and \$62,048 respectively.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 8 – Defined Benefit Pension Plans (continued)**

**B. 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 benefit 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 statements 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 10.0% of their annual covered salary, while the Village is required to contribute 19.50% and 24% for police officers and firefighters, respectively. The portion of the Village's contributions to fund pension obligations was 11.75% for police officers and 16.25% for firefighters. The Village's contributions for pension obligations to OP & F for the years ended December 31, 2006, 2005, and 2004 were \$18,613, \$17,177, and \$18,501, respectively; 100% has been contributed for 2006, 2005, and 2004.

**Note 9 - Post Employment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 9 - Post Employment Benefits (continued)**

**A. Ohio Public Employees Retirement System (continued)**

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 and 6.00 percent for the next nine years. In subsequent years, (ten and beyond) health care costs were assumed to increase at 4.00 percent. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214 as of December 31, 2006. Actual employer contributions for 2006 which were used to fund post employment benefits were \$41,176. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$ 11.1 billion. At December 31, 2005 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

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

**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 school, or under the age of 22 if attending school full-time or on a 2/3 basis.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 9 - Post Employment Benefits (continued)**

**B. Ohio Police and Fire Pension Fund (continued)**

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 and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2005 and 2006. In addition, since July 1, 1992, most retirees 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 contribution from 2006 that were used to fund postemployment benefits was \$18,613 for police. The OP&F's total health care expense for the year ended December 31, 2005 (the latest information available) was \$108.309 million, which was net of member contribution of \$55.272 million. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005 (the latest information available), was 13,922 for police and 10,537 for firefighters.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 10 – Debt**

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

	Interest Rate	Balance 12/31/05	Proceeds	Payments	Balance 12/31/06	Due Within One Year
<u>Governmental:</u>						
2005 Small Gov't Fire Dept. Loan	0%	\$ 153,550	\$ -	\$ (16,600)	\$ 136,950	\$ 16,600
Total		<u>\$ 153,550</u>	<u>\$ -</u>	<u>\$ (16,600)</u>	<u>\$ 136,950</u>	<u>\$ 16,600</u>
	Interest Rate	Balance 12/31/05	Proceeds	Payments	Balance 12/31/06	Due Within One Year
<u>Business-type:</u>						
1998 OPWC Loan #1	0%	\$ 117,716	\$ 0	\$ ( 9,810)	\$ 107,906	\$ 9,810
1998 OPWC Loan #2	0%	4,250	0	( 500)	3,750	500
2003 OPWC Loan #3	0%	553,580	0	( 29,923)	523,657	29,923
Total		<u>\$ 675,546</u>	<u>\$ 0</u>	<u>\$ ( 40,233)</u>	<u>\$ 635,313</u>	<u>\$ 40,233</u>

The Village's long-term debt activity for the year ended December 31, 2005, was as follows:

	Interest Rate	Balance 12/31/04	Proceeds	Payments	Balance 12/31/05	Due Within One Year
<u>Governmental:</u>						
2004 Bank Note	4.75%	\$ 161,166	\$ 0	\$(161,166)	\$ 0	\$ 0
2005 Small Gov't Fire Dept. Loan	0%	0	166,000	(12,450)	153,550	16,600
Total		<u>\$ 161,166</u>	<u>\$ 166,000</u>	<u>\$ (173,616)</u>	<u>\$ 153,550</u>	<u>\$ 16,600</u>
	Interest Rate	Balance 12/31/04	Proceeds	Payments	Balance 12/31/05	Due Within One Year
<u>Business-type:</u>						
1998 OPWC Loan #1	0%	\$ 127,526	\$ 0	\$ (9,810)	\$ 117,716	\$ 9,810
1998 OPWC Loan #2	0%	4,750	0	(500)	4,250	500
2003 OPWC Loan #3	0%	583,504	0	(29,923)	553,581	29,923
Total		<u>\$ 715,780</u>	<u>\$ 0</u>	<u>\$ (40,233)</u>	<u>\$ 675,547</u>	<u>\$ 40,233</u>

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 10 – Debt (continued)**

The December 31, 2004 balances have been restated from the prior audit for the 1998 OPWC Loan #1 and 1998 OPWC Loan #2. Each loan had one additional payment that had been made in 2004 or prior:

	<u>OPWC Loan #1</u>	<u>OPWC Loan #2</u>
12/31/04 statements	\$ 132,430	\$ 5,000
Additional payment	( 4,905)	( 500)
Restated 12/31/04	<u>\$ 127,526</u>	<u>\$ 4,500</u>

The Ohio Public Works Commission (OPWC) loan #1 relates to a sanitary sewer system rehabilitation project. The loan was issued in 1998 at a 0% interest rate. The OPWC approved a \$196,193 loan to the Village for this project. Semi-annual installments of \$4,905 are required over a twenty year period.

The Ohio Public Works Commission (OPWC) loan #2 relates to a sludge management project undertaken by the Village. The loan was issued in 1998 at a 0% interest rate. The OPWC approved a \$10,000 loan to the Village for this project. Semi-annual installments of \$250 are required over a twenty year period.

The Ohio Public Works Commission (OPWC) loan #3 relates to a sanitary sewer rehabilitation project. The loan was issued in 2003 at a 0% interest rate. The OPWC approved a \$598,500 loan to the Village for this project. Semi-annual installments of \$14,962 are required over a twenty year period.

The People’s Savings and Loan note (bank note) was for a Pierce Commercial Contender Pumper. The loan was issued in 2004 at a 4.754% interest rate. The People’s Savings and Loan approved a \$165,967 loan to the Village. Monthly installments of \$3,116 were required for sixty months. The loan was paid in full in April 2005.

The Small Government Fire Department Services Revolving Loan Program note is for the Pierce Commercial Contender Pumper. The loan was issued in 2005 at a 0% interest rate. The Ohio Department of Commerce, Division of State Fire Marshall approved a \$166,000 loan to the Village. Quarterly installments of \$4,150 are required for ten year. The first payment was made in July of 2005.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 10 – Debt (continued)**

The debt service requirement for business type activities outstanding at December 31, 2006 are as follows:

Year	OPWC Note #1	OPWC Note #2	OPWC Note #3	Small Govt't Fire Loan
2007	\$ 9,810	\$ 500	\$ 29,923	\$ 16,600
2008	9,810	500	29,923	16,600
2009	9,810	500	29,923	16,600
2010	9,810	500	29,923	16,600
2011	9,810	500	29,923	16,600
2012–2016	49,048	1,250	374,043	53,950
2017-2021	9,808	0	0	0
Totals	<u>\$ 107,906</u>	<u>\$ 3,750</u>	<u>\$523,658</u>	<u>\$ 136,950</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The Village has no general obligation debt.

**Note 11 – Interfund Transfers**

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Street Construction, Maintenance and Repair	\$ 15,000
Brown Expendable Trust	405
EMS Donations/Fund Raisers	56
Cemetery Endowment	1,079
Water Operating	3,754
Sewer Operating	3,753
Total Transfers from the General Fund	<u>\$ 24,047</u>
Transfer from EMS Donations to EMS Operating	<u>\$ 3</u>

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 11 – Interfund Transfers (continued)**

During 2005 the following transfers were made:

Transfers from the General Fund to:	
Street Construction, Maintenance, and Repair	\$ 30,000
EMS Donation/Fund Raising	338
Water Operating	2,258
Sewer Operating	2,255
Brown Expendable	295
Cemetery Endowment	227
Total Transfers from the General Fund	<u>\$ 35,373</u>
Transfers from the Federal Grant Fund to:	
Street Construction, Maintenance, and Repair	\$ 5,090
Water Operating	3,347
Garbage/Rubbish Collection Fund	115
Total Transfers from the Federal Grant Fund	<u>\$ 8,552</u>
Transfers to the General Fund from:	
Community Service Fund	\$ 867
Water Operating	788
Total Transfers to the General Fund	<u>\$ 1,655</u>

**Note 12 – Fund Cash Balances**

The Business-Type Activities Net Assets at January 1, 2005 reflects an increase of \$190 from the Business-Type Activities Net Assets at December 31, 2004. The January 1, 2005 balance reflects \$187 in warrants that were voided in 2005, but written in 2003 and 2004. The January 1, 2005 balance also reflects \$3 in clearing adjustments for warrants written in 2004 and cashed in 2005.

**Note 13 - Related Party Transactions**

A Village Council Member owns Liberty Oil and Gas, which provides gasoline and vehicle services to the Village. During 2006 and 2005, the amount paid to Liberty Oil and Gas was \$0 and \$811. Also, this Council Member is a co-owner of Liberty Firestone which provided tires and repair services to the Village in the amount of \$7,825 in 2006 and \$5,882 in 2005.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
DECEMBER 31, 2006 AND 2005**

**Note 14 – Pending Litigation**

The Village is a defendant in a lawsuit in connection with a sewage/storm water backup. The Plaintiffs are seeking \$85,005 in compensatory damages and \$255,014 in punitive damages, and injunctive relief. The Village's answer to the complaint contained a counterclaim against the Plaintiffs for unpaid water and sewer bills. The Village intends to defend the case and pursue its counterclaim. The trial is scheduled for January 2008. No amount has been accrued in these financial statements since the outcome of this matter is uncertain and the Village uses the cash basis of accounting as described in Note 2.A.

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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***

Village of West Liberty  
Logan County  
P.O. Box 187  
West Liberty, Ohio 43357

To the Honorable Mayor and 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 the Village of West Liberty, Logan County, Ohio (the Village) as of and for the years ended December 31, 2006, and December 31, 2005, and have issued our report thereon dated July 12, 2007 wherein we noted the Village of West Liberty prepared its financial statements on the 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify and deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **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 test disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-01. We have also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated July 12, 2007.

In addition, we noted other matters involving control and its operations and compliance and other matters that we reported to the management of the Village in a separate letter dated July 12, 2007.

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

Taylor, Applegate, Hughes and Associates, Ltd.  
July 12, 2007

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

**Noncompliance**

**Ohio Rev. Code, Section 5705.41(D)(1)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, effective September 26, 2003) against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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

3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2006 and 2005, the Village did not properly certify the availability of funds prior to purchase commitment for 47% and 45%, respectively, of the expenditures tested and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

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

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

The Village should also establish a dollar amount for blanket purchase orders via a resolution. Failure to establish a dollar amount for blanket purchase orders could result in overspending and misappropriation of funds. We recommend that Council establish a dollar amount for blanket purchase orders via a resolution in the minutes.

**Client Response:** The Village will start using blanket purchase orders when appropriate.

**VILLAGE OF WEST LIBERTY  
LOGAN COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	O.R.C. Sec. 723.52 – Failure to follow competitive bidding procedures	Yes	Finding no longer valid
2004-002	O.R.C. Sec. 5705.41(D) – Village did not properly certify the availability of funds prior to purchase commitments	No	Not corrected. Repeated as Finding number 2006-001.





**Mary Taylor, CPA**  
Auditor of State

VILLAGE OF WEST LIBERTY

LOGAN 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  
SEPTEMBER 25, 2007