

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**AUDITED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2007 AND 2006**





Mary Taylor, CPA  
Auditor of State

Members of Council  
Village of Walbridge  
111 North Main Street  
Walbridge, Ohio 43465

We have reviewed the *Independent Auditor's Report* of the Village of Walbridge, Wood County, prepared by Lublin Sussman Group LLP, for the audit period January 1, 2006 through December 31, 2007. 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 Walbridge is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 19, 2008

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined statements of cash receipts, cash disbursements, and changes in fund cash balances - all governmental fund types of the Village of Walbridge, Wood County, (the Village) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described more fully in Note 1, the Village prepares its financial statements using accounting practices prescribed or permitted by the Auditor of State. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

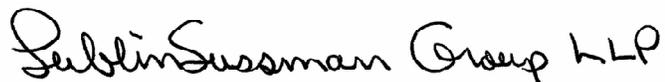
Instead of the combined funds presented in the accompanying financial statements, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America had determined is necessary to supplement, although not required to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2008 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Seblin Sussman Group LLP

June 11, 2008  
Toledo, Ohio

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memo. Only)</u>
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 100,772	\$ 0	\$ 0	\$ 0	\$ 100,772
Municipal Income Taxes	605,397	0	121,079	138,377	864,853
Special Assessments	646	28,463	0	0	29,109
Intergovernmental Receipts	139,745	205,190	0	0	344,935
Charges for Services	32,785	0	0	0	32,785
Fines, Licenses, and Permits	36,569	0	0	1,963	38,532
Earnings on Investments	73,081	539	0	0	73,620
Miscellaneous	<u>13,472</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,472</u>
Total Cash Receipts	<u>1,002,467</u>	<u>234,192</u>	<u>121,079</u>	<u>140,340</u>	<u>1,498,078</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	448,318	25,562	0	0	473,880
Public Health Services	2,419	0	0	0	2,419
Leisure Time Activities	58,794	0	0	0	58,794
Community Environment	40	0	0	0	40
Transportation	51,190	128,193	0	0	179,383
General Government	463,605	0	0	0	463,605
Debt Service:					
Principal Payments	0	0	54,249	87,047	141,296
Interest Payments	0	0	9,751	5,116	14,867
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>39,637</u>	<u>39,637</u>
Total Cash Disbursements	<u>1,024,366</u>	<u>153,755</u>	<u>64,000</u>	<u>131,800</u>	<u>1,373,921</u>
Total Receipts Over/(Under) Disbursements	<u>(21,899)</u>	<u>80,437</u>	<u>57,079</u>	<u>8,540</u>	<u>124,157</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	(21,899)	80,437	57,079	8,540	124,157
Fund Cash Balances, January 1	<u>537,816</u>	<u>229,480</u>	<u>337,982</u>	<u>299,383</u>	<u>1,404,661</u>
Fund Cash Balances, December 31	<u>\$ 515,917</u>	<u>\$ 309,917</u>	<u>\$ 395,061</u>	<u>\$ 307,923</u>	<u>\$ 1,528,818</u>
Reserves for Encumbrances, December 31	<u>\$ 5,639</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,639</u>

See Notes to Financial Statements

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

	Governmental Fund Types				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memo. Only)</u>
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 98,174	\$ 0	\$ 0	\$ 0	\$ 98,174
Municipal Income Taxes	628,420	0	125,684	143,639	897,743
Special Assessments	644	27,117	0	0	27,761
Intergovernmental Receipts	156,644	200,157	0	0	356,801
Charges for Services	34,256	0	0	0	34,256
Fines, Licenses, and Permits	31,581	93	0	1,205	32,879
Earnings on Investments	48,371	481	0	0	48,852
Miscellaneous	<u>27,079</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,079</u>
Total Cash Receipts	<u>1,025,169</u>	<u>227,848</u>	<u>125,684</u>	<u>144,844</u>	<u>1,523,545</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	388,813	25,405	0	0	414,218
Public Health Services	2,325	0	0	0	2,325
Leisure Time Activities	73,366	0	0	0	73,366
Community Environment	3,987	0	0	0	3,987
Transportation	39,038	138,920	0	0	177,958
General Government	459,782	0	0	0	459,782
Debt Service:					
Principal Payments	0	0	41,957	11,365	53,322
Interest Payments	0	0	13,140	3,844	16,984
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>201,307</u>	<u>201,307</u>
Total Cash Disbursements	<u>967,311</u>	<u>164,325</u>	<u>55,097</u>	<u>216,516</u>	<u>1,403,249</u>
Total Receipts Over/(Under) Disbursements	<u>57,858</u>	<u>63,523</u>	<u>70,587</u>	<u>(71,672)</u>	<u>120,296</u>
Other Financing Receipts:					
Sale of Assets	6,150	0	0	0	6,150
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>75,000</u>
Total Other Financing Receipts	<u>6,150</u>	<u>0</u>	<u>0</u>	<u>75,000</u>	<u>81,150</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	64,008	63,523	70,587	3,328	201,446
Fund Cash Balances, January 1	<u>473,808</u>	<u>165,957</u>	<u>267,395</u>	<u>296,055</u>	<u>1,203,215</u>
Fund Cash Balances, December 31	<u>\$ 537,816</u>	<u>\$ 229,480</u>	<u>\$ 337,982</u>	<u>\$ 299,383</u>	<u>\$ 1,404,661</u>
Reserves for Encumbrances, December 31	<u>\$ 7,286</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,286</u>

See Notes to Financial Statements

VILLAGE OF WALBRIDGE  
WOOD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**ORGANIZATION**

The Village of Walbridge, Wood County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides street maintenance, repairs and construction, park operations, street lighting, and police services.

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

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

**BASIS OF ACCOUNTING**

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

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

**CASH AND INVESTMENTS**

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

**FUND ACCOUNTING**

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

a. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

b. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

VILLAGE OF WALBRIDGE  
WOOD COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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

b. Special Revenue Funds (Continued)

Street Light Assessment Fund - This fund receives Village special assessments and is used for the payment of street lighting.

c. Debt Service Funds

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

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

d. Capital Project Funds

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

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

**BUDGETARY PROCESS**

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

a. Appropriations

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

b. Estimated Resources

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

c. Encumbrances

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

VILLAGE OF WALBRIDGE  
WOOD COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

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

**PROPERTY, PLANT, AND EQUIPMENT**

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

**ACCUMULATED LEAVE**

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

**(2) EQUITY IN POOLED CASH**

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

	<u>2007</u>	<u>2006</u>
Demand Deposits	\$ 1,528,820	\$ 1,329,661
Certificates of Deposit	<u>0</u>	<u>75,000</u>
Total Deposits	<u>\$ 1,528,820</u>	<u>\$ 1,404,661</u>

**DEPOSITS**

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

VILLAGE OF WALBRIDGE  
WOOD COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**(3) BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

**2007 BUDGETED VS. ACTUAL RECEIPTS**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 903,130	\$ 1,002,467	\$ 99,337
Special Revenue	196,080	234,192	38,112
Debt Service	115,650	121,079	5,429
Capital Projects	<u>132,180</u>	<u>140,340</u>	<u>8,160</u>
Total	<u>\$ 1,347,040</u>	<u>\$ 1,498,078</u>	<u>\$ 151,038</u>

**2007 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,036,884	\$ 1,030,005	\$ 6,879
Special Revenue	194,919	153,755	41,164
Debt Service	64,000	64,000	0
Capital Projects	<u>136,326</u>	<u>131,800</u>	<u>4,526</u>
Total	<u>\$ 1,432,129</u>	<u>\$ 1,379,560</u>	<u>\$ 52,569</u>

**2006 BUDGETED VS. ACTUAL RECEIPTS**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 903,130	\$ 1,031,319	\$ 128,189
Special Revenue	196,080	227,848	31,768
Debt Service	115,650	125,684	10,034
Capital Projects	<u>132,180</u>	<u>219,844</u>	<u>87,664</u>
Total	<u>\$ 1,347,040</u>	<u>\$ 1,604,695</u>	<u>\$ 257,655</u>

**2006 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,003,126	\$ 974,597	\$ 28,529
Special Revenue	179,007	164,325	14,682
Debt Service	70,000	55,097	14,903
Capital Projects	<u>228,978</u>	<u>216,516</u>	<u>12,462</u>
Total	<u>\$ 1,481,111</u>	<u>\$ 1,410,535</u>	<u>\$ 70,576</u>

VILLAGE OF WALBRIDGE  
WOOD COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**(4) PROPERTY TAX**

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

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

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

**(5) LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**(6) DEBT**

Debt outstanding at December 31, 2007 and 2006 was as follows:

	Beginning Balance <u>01/01/07</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>12/31/07</u>	Amounts Due Within <u>One Year</u>
Street Improvement Bond Anticipation Note	\$ 226,735	\$ 0	\$ 48,455	\$ 178,280	\$ 51,118
Fifth Third Bank Note	75,000	0	75,000	0	0
Ohio Public Works Commission Note	49,252	0	5,794	43,458	5,794
Municipal Services Group, Inc. Note	<u>52,703</u>	<u>0</u>	<u>12,047</u>	<u>40,656</u>	<u>12,770</u>
Total	<u>\$ 403,690</u>	<u>\$ 0</u>	<u>\$ 141,296</u>	<u>\$ 262,394</u>	<u>\$ 69,682</u>

VILLAGE OF WALBRIDGE  
WOOD COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**(6) DEBT (CONTINUED)**

	Beginning Balance <u>01/01/06</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>12/31/06</u>	Amounts Due Within <u>One Year</u>
Street Improvement Bond Anticipation Note	\$ 260,000	\$ 0	\$ 33,265	\$ 226,735	\$ 48,455
Fifth Third Bank Note	0	75,000	0	75,000	13,405
Ohio Public Works Commission Note	57,944	0	8,692	49,252	5,794
Municipal Services Group, Inc. Note	<u>64,068</u>	<u>0</u>	<u>11,365</u>	<u>52,703</u>	<u>12,047</u>
Total	<u>\$ 382,012</u>	<u>\$ 75,000</u>	<u>\$ 53,322</u>	<u>\$ 403,690</u>	<u>\$ 79,701</u>

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

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

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

The Fifth Third Bank note relates to the construction of street improvements in the Village. The note was issued for \$75,000 with a 5.51% interest rate and was paid in full during 2007.

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

Year Ending <u>December 31</u>	<u>Improvement Bond Principal</u>	<u>Ohio Public Works Commission Principal</u>	<u>Equipment Note Principal</u>
2008	\$ 58,980	\$ 5,794	\$ 15,209
2009	58,980	5,794	15,209
2010	58,980	5,794	15,211
2011	16,982	5,794	0
2012	0	5,794	0
2013-2016	<u>0</u>	<u>14,488</u>	<u>0</u>
Totals	<u>\$ 193,922</u>	<u>\$ 43,458</u>	<u>\$ 45,629</u>

VILLAGE OF WALBRIDGE  
WOOD COUNTY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

**(7) RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. For 2007 and 2006, OPERS members contributed 9.5% and 9.0%, respectively, of their wages. The Village contributed an amount equal to 13.85% (2007) and 13.70% (2006) of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

Pension expense amounted to \$106,494 and \$80,976 for 2007 and 2006, respectively.

**(8) RISK MANAGEMENT**

The Village of Walbridge is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. During 2007 and 2006, the Village contracted through the Municipal Insurance Alliance Agency of Ohio for various types of insurance as follows:

<u>Company</u>	<u>Type</u>	<u>Coverage</u>
HCC Insurance Company	Building and Property	\$ 1,016,600
	General Liability	3,000,000
	Public Officials Liability	1,000,000
	Law Enforcement Liability	1,000,000
	Crime Coverage	100,000
	Employee Dishonesty	10,000
	Automobile Liability	1,000,000
	Umbrella Liability	1,000,000
	Inland Marine	338,477
	Boiler/Machinery	1,000,000

The Village carries commercial insurance coverage for all risks. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years and there were no significant reductions in coverage from the prior year. Workers' Compensation coverage is provided by the State. The Village pays the Ohio Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**(9) SUBSEQUENT EVENT**

The Village of Walbridge purchased 38 acres of land at a cost of \$209,000 during May 2008.

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Walbridge, Wood County, (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 11, 2008, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes, rather than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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 Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

The results of our tests disclosed one instance of control deficiency that is required to be disclosed under Governmental Auditing Standards, which is described in the accompanying schedule of findings as Finding No. 2007-001.

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 Village's internal control.

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

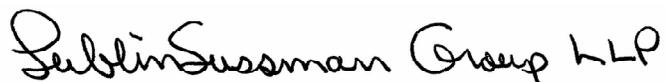
#### Compliance and Other Matters

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 tests disclosed one instance of noncompliance that is required to be reported under *Governmental Auditing Standards*, which is described in the accompanying Schedule of Findings as Finding No. 2007-002.

We noted certain noncompliance or other matters that we reported to the Village's management and council in a separate letter dated June 11, 2008.

The Village of Walbridge's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



June 11, 2008  
Toledo, Ohio

VILLAGE OF WALBRIDGE  
WOOD COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006

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

**FINDING NUMBER 2007-001**

**Significant Deficiency - Appropriations**

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

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

**FINDING NUMBER 2007-02**

**Noncompliance Citation**

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

**1. "Then and Now" certificate** - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorized 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 exception does not eliminate any otherwise applicable requirement for approval of expenditures by the Village Council.

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

SCHEDULE OF FINDINGS (CONTINUED)  
DECEMBER 31, 2007 AND 2006

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</b>
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**2. Blanket Certificate** - Fiscal officers may prepare "blanket" certificates for a sum not exceeding an amount established by resolution or ordinance by the members of the legislative authority against any specific line item account over a period not running beyond 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.

**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 (or quarterly spending plan for counties). More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not properly certify the availability of funds prior to purchase commitment for 42% of expenditures tested and there was no evidence that the Village followed the aforementioned exceptions.

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 the purchase commitments received prior approval. To improve the controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used, with appropriate legislative approval following within thirty days.

We recommend the Fiscal Officer certify all purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include certification language 5705.41(D) which is required 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. Also, the Village should establish, by formal resolution or ordinance, the desired maximum amount of blanket certificates.

**Officials' Response:** The Village will attempt to ensure the proper certification is obtained in the future.

VILLAGE OF WALBRIDGE  
WOOD COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006

Finding Number	Finding Summary	Fully Corrected?	Explain:
2005-001	Adequate appropriations were not in place at the time when expenditures were being made.	Yes	Adequate appropriations were set in place to meet expenditure requirements.
2003-001	A finding for recovery for public money collected but not accounted for in the amount of \$3,241.	No	Payment has not been received.



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF WALBRIDGE**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 2, 2008**