



**Auditor of State  
Betty Montgomery**



VILLAGE OF WATERVILLE  
LUCAS COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Waterville  
Lucas County  
25 N. Second Street  
P.O. Box 140  
Waterville, Ohio 43566-0140

To the Village Council:

We have audited the accompanying financial statements of the Village of Waterville, Lucas County, (the Village) as of and for the years ended December 31, 2002 and 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

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, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 13, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Lucas County  
Independent Accountants' Report  
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This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

August 13, 2003

**VILLAGE OF WATERVILLE  
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$ 1,783,554	\$ 27,519	\$ -	\$ 495,337	\$ 2,306,410
State Shared Taxes and Permits	515,939				515,939
Special Assessments	11,457			16,543	28,000
Intergovernmental Receipts	89,774	172,895		162,000	424,669
Charges for Services	69,597			7,000	76,597
Fines, Licenses, and Permits	39,505	1,239			40,744
Earnings on Investments	73,075	8,132		60	81,267
Miscellaneous	43,475	40,313			83,788
	<u>2,626,376</u>	<u>250,098</u>	<u>-</u>	<u>680,940</u>	<u>3,557,414</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,433,849	43,095		51,047	1,527,991
Public Health Services	18,368				18,368
Leisure Time Activities	54,686				54,686
Community Environment	27,235	34,033			61,268
Basic Utility Services	165,972				165,972
Transportation		159,340			159,340
General Government	957,732	5,751		2,649	966,132
Debt Service:					
Principal Payments			92,316	1,826,333	1,918,649
Interest Payments			105,000	95,141	200,141
Capital Outlay	35,733	14,902		1,160,077	1,210,712
	<u>2,693,575</u>	<u>257,121</u>	<u>197,316</u>	<u>3,135,247</u>	<u>6,283,259</u>
Total Receipts Over/(Under) Disbursements	<u>(67,199)</u>	<u>(7,023)</u>	<u>(197,316)</u>	<u>(2,454,307)</u>	<u>(2,725,845)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Bonds or Notes				2,101,023	2,101,023
Sale of Assets - Anthem Stock Sale	137,114				137,114
Transfers-In	1,134	62,375	163,416	781,700	1,008,625
Advances-In				501,000	501,000
Transfers-Out	(443,266)			(565,359)	(1,008,625)
Advances-Out				(501,000)	(501,000)
	<u>(305,018)</u>	<u>62,375</u>	<u>163,416</u>	<u>2,317,364</u>	<u>2,238,137</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(372,217)</u>	<u>55,352</u>	<u>(33,900)</u>	<u>(136,943)</u>	<u>(487,708)</u>
Fund Cash Balances, January 1	641,733	161,781	38,434	2,089,114	2,931,062
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 269,516</b></u>	<u><b>\$ 217,133</b></u>	<u><b>\$ 4,534</b></u>	<u><b>\$ 1,952,171</b></u>	<u><b>\$ 2,443,354</b></u>
Reserves for Encumbrances, December 31	<u>\$ 104,390</u>	<u>\$ 42,745</u>	<u>\$ -</u>	<u>\$ 306,122</u>	<u>\$ 453,257</u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF WATERVILLE  
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,142,237	\$ -	\$ 1,142,237
Miscellaneous	11,440		11,440
Total Operating Cash Receipts	<u>1,153,677</u>		<u>1,153,677</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	336,759		336,759
Transportation	3,193		3,193
Contractual Services	580,945		580,945
Supplies and Materials	35,207		35,207
Capital Outlay	101,861		101,861
Total Operating Cash Disbursements	<u>1,057,965</u>		<u>1,057,965</u>
Operating Income	<u>95,712</u>		<u>95,712</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	78	2,084	2,162
Total Non-Operating Cash Receipts	<u>78</u>	<u>2,084</u>	<u>2,162</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	154,004		154,004
Other Non-Operating Cash Disbursements		2,071	2,071
Total Non-Operating Cash Disbursements	<u>154,004</u>	<u>2,071</u>	<u>156,075</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(58,214)	13	(58,201)
Fund Cash Balances, January 1	<u>620,220</u>	<u>154</u>	<u>620,374</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 562,006</u></b>	<b><u>\$ 167</u></b>	<b><u>\$ 562,173</u></b>
Reserve for Encumbrances, December 31	<u>\$ 54,247</u>	<u>\$ 167</u>	<u>\$ 54,414</u>

*The notes to the financial statements are an integral part of this statement.*



**VILLAGE OF WATERVILLE  
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$ 1,770,710	\$ 28,528	\$ -	\$ 497,616	\$ 2,296,854
State Shared Taxes and Permits	750,826	162,121			912,947
Special Assessments				15,755	15,755
Intergovernmental Receipts	26,207	5,750		150,200	182,157
Charges for Services	78,985			8,707	87,692
Fines, Licenses, and Permits	56,623	980			57,603
Earnings on Investments	144,961	2,307		9,584	156,852
Miscellaneous	39,550	47,428			86,978
	<u>2,867,862</u>	<u>247,114</u>	<u>-</u>	<u>681,862</u>	<u>3,796,838</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	1,316,382	34,355		8,510	1,359,247
Public Health Services	18,540				18,540
Leisure Time Activities	53,301				53,301
Community Environment	57,857	32,644			90,501
Basic Utility Services	155,165				155,165
Transportation		165,548			165,548
General Government	913,673	30,685			944,358
Debt Service:					
Principal Payments			30,000	1,826,333	1,856,333
Interest Payments			24,337	79,160	103,497
Financing and Other Debt-Service Related				43,066	43,066
Capital Outlay		40,710		635,760	676,470
	<u>2,514,918</u>	<u>303,942</u>	<u>54,337</u>	<u>2,592,829</u>	<u>5,466,026</u>
Total Receipts Over/(Under) Disbursements	<u>352,944</u>	<u>(56,828)</u>	<u>(54,337)</u>	<u>(1,910,967)</u>	<u>(1,669,188)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Bonds or Notes				1,825,000	1,825,000
Other Sources				17,358	17,358
Transfers-In		71,038	55,856	563,824	690,718
Advances-In				149,066	149,066
Transfers-Out	(204,088)			(486,630)	(690,718)
Advances-Out				(149,066)	(149,066)
	<u>(204,088)</u>	<u>71,038</u>	<u>55,856</u>	<u>1,919,552</u>	<u>1,842,358</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	148,856	14,210	1,519	8,585	173,170
Fund Cash Balances, January 1	<u>492,877</u>	<u>147,571</u>	<u>36,915</u>	<u>2,080,529</u>	<u>2,757,892</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 641,733</b></u>	<u><b>\$ 161,781</b></u>	<u><b>\$ 38,434</b></u>	<u><b>\$ 2,089,114</b></u>	<u><b>\$ 2,931,062</b></u>
Reserves for Encumbrances, December 31	<u>\$ 182,124</u>	<u>\$ 24,448</u>	<u>\$ -</u>	<u>\$ 125,972</u>	<u>\$ 332,544</u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF WATERVILLE  
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,134,134	\$ -	\$ 1,134,134
Miscellaneous	7,235		7,235
Total Operating Cash Receipts	<u>1,141,369</u>		<u>1,141,369</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	322,773		322,773
Transportation	2,683		2,683
Contractual Services	410,178		410,178
Supplies and Materials	120,835		120,835
Capital Outlay	77,650		77,650
Total Operating Cash Disbursements	<u>934,119</u>		<u>934,119</u>
Operating Income	<u>207,250</u>		<u>207,250</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	696	2,255	2,951
Total Non-Operating Cash Receipts	<u>696</u>	<u>2,255</u>	<u>2,951</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	196,971		196,971
Other Non-Operating Cash Disbursements		2,243	2,243
Total Non-Operating Cash Disbursements	<u>196,971</u>	<u>2,243</u>	<u>199,214</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	10,975	12	10,987
Fund Cash Balances, January 1	<u>609,245</u>	<u>142</u>	<u>609,387</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 620,220</u></b>	<b><u>\$ 154</u></b>	<b><u>\$ 620,374</u></b>
Reserve for Encumbrances, December 31	<u>\$ 183,833</u>	<u>\$ -</u>	<u>\$ 183,833</u>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF WATERVILLE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Waterville, Lucas 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 and Mayor. The Village provides water and sewer utilities, park operations, and police and fire protection services.

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

**B. 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.

**C. Cash and Investments**

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 disbursements, respectively.

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is recorded at share values reported by the STAR Ohio.

**D. 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:

**1. 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.

**2. Special Revenue Fund**

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:

**VILLAGE OF WATERVILLE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**3. Debt Service Fund**

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

*General Obligation Bond Fund* – The Village utilizes this fund to account for the payment of general obligation bonds.

**4. 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:

*Fire Station Construction Fund* - This fund receives proceeds of bond anticipation notes and general obligation bonds. The note proceeds are being used to construct a new fire station and the bond proceeds are being used to pay off the notes.

**5. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

**6. Fiduciary Funds (Agency Funds)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Lucas County Water Line Fund* – This fund receives charges for services from residents out side the Village limits to cover the cost of providing this utility.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, department and/or object level of control, and appropriations

**VILLAGE OF WATERVILLE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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.

**2. 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.

**3. Encumbrances**

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. 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.

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2002	2001
Demand deposits	\$ 2,862,147	\$ 1,248,092
Certificates of deposit		200,024
Total deposits	2,862,147	1,448,116
 STAR Ohio	 143,380	 2,103,320
Total investments	143,380	2,103,320
 Total deposits and investments	 \$ 3,005,527	 \$ 3,551,436

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF WATERVILLE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,964,183	\$ 2,764,624	\$ (199,559)
Special Revenue	310,406	312,473	2,067
Debt Service	163,416	163,416	
Capital Projects	4,045,372	4,064,663	19,291
Enterprise	1,152,996	1,153,755	759
Fiduciary	2,117	2,084	(33)
Total	\$ 8,638,490	\$ 8,461,015	\$ (177,475)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,314,499	\$ 3,241,231	\$ 73,268
Special Revenue	315,052	299,866	15,186
Debt Service	197,316	197,316	
Capital Projects	4,526,022	4,507,728	18,294
Enterprise	1,287,818	1,266,216	21,602
Fiduciary	2,238	2,238	
Total	\$ 9,642,945	\$ 9,514,595	\$ 128,350

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,024,078	\$ 2,867,862	\$ (156,216)
Special Revenue	300,262	318,152	17,890
Debt Service	55,856	55,856	
Capital Projects	3,498,818	3,237,110	(261,708)
Enterprise	1,029,913	1,142,065	112,152
Fiduciary	2,255	2,255	
Total	\$ 7,911,182	\$ 7,623,300	\$ (287,882)

**VILLAGE OF WATERVILLE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,955,919	\$ 2,901,130	\$ 54,789
Special Revenue	334,471	328,390	6,081
Debt Service	54,371	54,337	34
Capital Projects	3,358,725	3,354,497	4,228
Enterprise	1,329,451	1,314,923	14,528
Fiduciary	2,387	2,243	144
Total	\$ 8,035,324	\$ 7,955,520	\$ 79,804

**4. PROPERTY TAX**

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

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

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**6. DEBT**

Debt outstanding at December 31, 2002 was as follows:

**VILLAGE OF WATERVILLE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 369,787	5.85%
General Obligation Bonds	2,295,000	4.88% to 7.38%
Ohio Public Works Commission	554,325	0.00%
Land Obligation Note	333	8.50%
Total	<u>\$ 3,219,445</u>	

The Ohio Water Development Authority (OWDA) loan relates to a water plant expansion project. The OWDA has approved up to \$508,000 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$43,752, including interest, over 20 years. The loan is collateralized by water utility receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village issued General Obligation Bonds of \$600,000 at 7.38 percent interest, payable semiannually over twenty years for the construction of a municipal and maintenance buildings.

The Village issued General Obligation Bonds of \$2,100,000 at a variable rate not to exceed 6.00 percent interest, payable semiannually over twenty-five years for the purpose of construction of new fire station and associated costs, and to remodel and develop old fire station into a community multi-purpose center.

The General Obligation Bonds are collateralized by the Village's taxing authority.

The Ohio Public Works Commission (OPWC) loans totaled \$813,134, were for sewer improvements of \$422,489 and road improvements of \$390,645. These loans are non-interest bearing payable semiannually over a twenty year period.

The Village issued Land Obligation Notes of \$20,000 for the purchase of land to build a parking lot adjacent to the administration building, payable over ten years.

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

<u>Year ending December 31:</u>	<u>OWDA Loans</u>	<u>General Obligation Bonds</u>	<u>OPWC Loans</u>	<u>Land Obligation Note</u>
2003	\$ 43,752	\$ 197,000	\$ 52,292	\$ 341
2004	43,752	188,687	52,292	
2005	43,752	185,350	52,292	
2006	43,752	181,762	52,292	
2007	43,752	188,025	52,292	
2008 - 2012	218,760	878,548	194,753	
2013 - 2017	87,504	725,928	71,608	
2018 - 2022		718,565	21,482	
2023 - 2026		575,640		
Total	<u>\$ 525,024</u>	<u>\$ 3,839,505</u>	<u>\$ 549,303</u>	<u>\$ 341</u>



**VILLAGE OF WATERVILLE  
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters 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 2002 and 2001, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant and 24 percent of fire participant wages. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

**8. RISK POOL MEMBERSHIP**

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5 percent of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5 percent of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55 percent and 65 percent of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65 percent is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**9. CONTRACTUAL COMMITMENTS**

In 1973, the Village entered into an agreement with the Lucas County Commissioners to provide for the use of the Maumee River Waste Treatment Plant. In 1996, the Plant was expanded. The Village is to pay a portion of the construction cost of the plant to Lucas County over a period of 40 years. As of December 31, 2002, the Village owed Lucas County \$966,164 in principal and interest.

The annual requirements to amortize this commitment are as follows:

VILLAGE OF WATERVILLE  
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)

Year ending December 31:	Amount
2003	\$ 72,116
2004	72,116
2005	72,116
2006	72,116
2007	72,116
2008 - 2012	360,580
2013 - 2017	245,002
Total	<u>\$ 966,162</u>



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Waterville  
Lucas County  
25 N. Second Street  
P.O. Box 140  
Waterville, Ohio 43566-0140

To the Village Council:

We have audited the accompanying financial statements of the Village of Waterville, Lucas County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated August 13, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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 grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 13, 2003.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 13, 2003.

Village of Waterville  
Lucas County  
Independent Accountants' Report on Compliance and on Internal  
Control Required by *Government Auditing Standards*  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

August 13, 2003



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF WATERVILLE**

**LUCAS 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 23, 2003**