

**VILLAGE OF TARLTON  
PICKAWAY COUNTY, OHIO**

***Financial Statements***  
**(Audited)**

For The Years Ended  
December 31, 2003 and 2002

**FLORENCE FOGLER, CLERK/TREASURER**





**Auditor of State  
Betty Montgomery**

Members of Council and Mayor  
Village of Tarlton  
PO Box 155  
Tarlton, Ohio 43156

We have reviewed the Independent Auditor's Report of the Village of Tarlton, Pickaway County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2002 to December 31, 2003. 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 Tarlton is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

September 30, 2004

**This Page is Intentionally Left Blank.**

**VILLAGE OF TARLTON  
PICKAWAY COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor’s Report.....	1
Combined Statement of Cash Fund Balances - All Fund Types December 31, 2003 and 2002 .....	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types For The Year Ended December 31, 2003 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual For The Year Ended December 31, 2003 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types For The Year Ended December 31, 2002 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual For The Year Ended December 31, 2002 .....	6
Notes to the Financial Statements.....	7 - 15
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	16 - 17

# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## Independent Auditor's Report

Members of Council and Mayor  
Village of Tarlton  
P.O. Box 155  
Tarlton, Ohio 43156

We have audited the accompanying financial statements of the Village of Tarlton, Pickaway County, Ohio, as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Village of Tarlton'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 2, the Village of Tarlton prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting 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 combined cash balances and fund balances of the Village of Tarlton, Pickaway County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 20, 2004, on our consideration of the Village of Tarlton'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.

This report is intended solely for the information and use of the Village of Tarlton's management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
August 20, 2004

**VILLAGE OF TARLTON  
PICKAWAY COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2003 AND 2002

<u>Cash and Cash Equivalents</u>	<u>2003</u>	<u>2002</u>
Cash and Cash Equivalents	\$ 55,666	\$ 51,507
Total Cash and Cash Equivalents	<u>\$ 55,666</u>	<u>\$ 51,507</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 11,472	\$ 14,998
Special Revenue Funds	<u>44,194</u>	<u>36,509</u>
Total Governmental Fund Types	<u>55,666</u>	<u>51,507</u>
Total Fund Balances	<u>\$ 55,666</u>	<u>\$ 51,507</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF TARLTON  
PICKAWAY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash receipts:				
Local taxes	\$ 7,939	\$ 736	\$ -	\$ 8,675
Intergovernmental	25,670	9,681	-	35,351
Fines, licenses, and permits	649	-	-	649
Interest	427	118	-	545
Rental income	4,800	-	-	4,800
Miscellaneous	35	-	-	35
Total cash receipts	<u>39,520</u>	<u>10,535</u>	<u>-</u>	<u>50,055</u>
Cash disbursements:				
Current:				
Security of persons and property	5,296	-	-	5,296
Public health services	566	-	-	566
Leisure time activities	232	-	-	232
Transportation	47	2,850	-	2,897
General government	30,304	-	-	30,304
Capital outlay	601	-	-	601
Debt service:				
Principal retirement	-	-	3,466	3,466
Interest charges	-	-	2,534	2,534
Total cash disbursements	<u>37,046</u>	<u>2,850</u>	<u>6,000</u>	<u>45,896</u>
Total cash receipts over/(under) cash disbursements	<u>2,474</u>	<u>7,685</u>	<u>(6,000)</u>	<u>4,159</u>
Other financing receipts/(disbursements):				
Operating transfers in	-	-	6,000	6,000
Operating transfers out	(6,000)	-	-	(6,000)
Total other financing receipts/(disbursements)	<u>(6,000)</u>	<u>-</u>	<u>6,000</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(3,526)	7,685	-	4,159
Cash fund balances, January 1, 2003	<u>14,998</u>	<u>36,509</u>	<u>-</u>	<u>51,507</u>
Cash fund balances, December 31, 2003	<u>\$ 11,472</u>	<u>\$ 44,194</u>	<u>\$ -</u>	<u>\$ 55,666</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART TO THIS FINANCIAL STATEMENT.



VILLAGE OF TARTLTON  
PICKAWAY COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts				Disbursements						Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03		Total
Governmental:												
General	\$ 37,614	\$ 37,000	\$ 74,614	\$ 39,520	\$ 2,520	\$ -	\$ 74,614	\$ 74,614	\$ 43,046	\$ -	\$ 43,046	\$ 31,568
Special Revenue	13,893	8,770	22,663	10,535	1,765	-	22,663	22,663	2,850	-	2,850	19,813
Debt Service	-	6,000	6,000	6,000	-	-	6,000	6,000	6,000	-	6,000	-
Total	\$ 51,507	\$ 51,770	\$ 103,277	\$ 56,055	\$ 4,285	\$ -	\$ 103,277	\$ 103,277	\$ 51,896	\$ -	\$ 51,896	\$ 51,381
(Memorandum Only)												

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS FINANCIAL STATEMENT.

**VILLAGE OF TARLTON  
PICKAWAY COUNTY, OHIO**

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash receipts:				
Local taxes	\$ 5,871	\$ 711	\$ -	\$ 6,582
Intergovernmental	26,050	8,813	-	34,863
Fines, licenses, and permits	611	-	-	611
Interest	807	230	-	1,037
Rental income	5,295	-	-	5,295
Miscellaneous	822	-	-	822
Total cash receipts	<u>39,456</u>	<u>9,754</u>	<u>-</u>	<u>49,210</u>
Cash disbursements:				
Current:				
Security of persons and property	5,090	-	-	5,090
Public health services	539	-	-	539
Leisure time activities	478	-	-	478
Transportation	135	19,701	-	19,836
General government	25,903	-	-	25,903
Capital outlay	14,301	-	-	14,301
Debt service:				
Principal retirement	50,153	-	2,692	52,845
Interest charges	-	-	2,808	2,808
Total cash disbursements	<u>96,599</u>	<u>19,701</u>	<u>5,500</u>	<u>121,800</u>
Total cash receipts (under) cash disbursements	<u>(57,143)</u>	<u>(9,947)</u>	<u>(5,500)</u>	<u>(72,590)</u>
Other financing receipts/(disbursements):				
Proceeds from sale of notes	50,153	-	-	50,153
Operating transfers in	-	-	5,500	5,500
Operating transfers out	(5,500)	-	-	(5,500)
Total other financing receipts/(disbursements)	<u>44,653</u>	<u>-</u>	<u>5,500</u>	<u>50,153</u>
Excess of cash receipts and other financing receipts (under) cash disbursements and other financing disbursements	(12,490)	(9,947)	-	(22,437)
Cash fund balances, January 1, 2002	<u>27,488</u>	<u>46,456</u>	<u>-</u>	<u>73,944</u>
Cash fund balances, December 31, 2002	<u>\$ 14,998</u>	<u>\$ 36,509</u>	<u>\$ -</u>	<u>\$ 51,507</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF TARLTON  
PICKAWAY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Types	Receipts				Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total	Actual 2002 Disbursements		Encumbrances Outstanding at 12/31/02
Governmental:											
General	\$ 50,106	\$ 90,253	\$ 140,359	\$ 89,609	\$ (644)	\$ -	\$ 140,359	\$ 140,359	\$ 102,099	\$ -	\$ 38,260
Special Revenue	23,838	8,837	32,675	9,754	917	-	32,675	32,675	19,701	-	12,974
Debt Service	-	6,000	6,000	5,500	(500)	-	6,000	6,000	5,500	-	500
Total											
(Memorandum Only)	\$ 73,944	\$ 105,090	\$ 179,034	\$ 104,863	\$ (227)	\$ -	\$ 179,034	\$ 179,034	\$ 127,300	\$ -	\$ 51,734

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF TARLTON**  
**PICKAWAY COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Village of Tarlton (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 general government services, road and bridge maintenance, 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**

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included 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.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Village had the following significant special revenue fund:

*Street Construction, Maintenance and Repair Fund:* This fund receives gasoline tax and motor vehicle tax monies for constructing, maintaining and repairing Village Streets.

**VILLAGE OF TARLTON**  
**PICKAWAY COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Debt Service Fund

This fund accounts for resources to be used to meet the Village's debt requirements. The Village had the following significant debt service fund:

*Debt Service Fund:* This fund accounts for the repayment of the Village's bank loan used to acquire land for use as a park. It receives transfers in from the general fund to make principal and interest payments.

**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. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**VILLAGE OF TARLTON**  
**PICKAWAY COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. The Village did not adopt supplemental appropriations during 2003 and 2002.

*Encumbrances:*

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2003 and 2002.

**VILLAGE OF TARLTON**  
**PICKAWAY COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$545 and \$1,037 for the years ended December 31, 2003 and 2002, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include:

Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**VILLAGE OF TARLTON**  
**PICKAWAY COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

**NOTE 3 - CASH AND INVESTMENTS**

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$ 18,621	\$ 9,513
Investments in STAR Ohio	<u>37,045</u>	<u>41,994</u>
Total Deposits and Investments	<u>\$ 55,666</u>	<u>\$ 51,507</u>

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

**Investments:** Investments in STAR Ohio are not endorsed by securities that exist in physical or book-entry form. Investments in STAR Ohio is valued at amounts reported by the State Treasurer. Investments are reported as assets. Accordingly, purchase of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements respectively.

**NOTE 4 - INTERFUND TRANSACTIONS**

The following is a summarized breakdown of the Village's operating transfers for 2003 and 2002:

<b>2003</b>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ -	\$ 6,000
<u>DEBT SERVICE FUND:</u>		
Debt Service	<u>6,000</u>	<u>-</u>
Totals	<u>\$ 6,000</u>	<u>\$ 6,000</u>
<b>2002</b>	<u>Transfers In</u>	<u>Transfers Out</u>
GENERAL FUND	\$ -	\$ 5,500
<u>DEBT SERVICE FUND:</u>		
Debt Service	<u>5,500</u>	<u>-</u>
Totals	<u>\$ 5,500</u>	<u>\$ 5,500</u>



**VILLAGE OF TARLTON  
PICKAWAY COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

**NOTE 4 - INTERFUND TRANSACTIONS - (Continued)**

These transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16 during the years ended December 31, 2003 and 2002.

**NOTE 5 - PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. 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. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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 taxes, billing, collecting, and distributing all property taxes on behalf of the Village.

**NOTE 6 - DEBT OBLIGATIONS**

At December 31, 2003, the Village debt obligation consisted of the following issuance:

<u>Description</u>	<u>Balance at 12/31/03</u>
2002 Note with The Savings Bank for the purchase of park land, due in monthly installments of \$500 through 2012, bearing interest at 5.40%.	\$ 45,025

**VILLAGE OF TARLTON  
PICKAWAY COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

**NOTE 6 - DEBT OBLIGATIONS - (Continued)**

Transactions for the year ended December 31, 2003 and 2002 are summarized as follows:

<u>Description</u>	<u>Balance at December 31, 2002</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31, 2003</u>
<u>2003:</u>				
Note - The State Savings Bank	\$ 48,491	\$ -	\$ 3,466	\$ 45,025

<u>Description</u>	<u>Balance at December 31, 2001</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31, 2002</u>
<u>2002:</u>				
Note - The State Savings Bank	\$ 51,183	\$ 50,153	\$ 52,845	\$ 48,491

During the year ended December 31, 2002, the Village refinanced the park loan to obtain a more cost effective interest rate. The loan requires monthly payments of \$500 and a balloon payment for the final payment due on June 10, 2012 in the amount of \$7,153 (principal of \$7,120 and interest of \$33).

The principal and interest requirements to retire the debt obligation outstanding at December 31, 2003, are as follows:

<u>Year Ending December 31</u>	<u>Loan - State Savings Bank - 2002</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 3,652	\$ 2,348
2005	3,861	2,139
2006	4,074	1,926
2007	4,300	1,700
2008	4,534	1,466
2009 - 2012	<u>24,604</u>	<u>3,047</u>
Total	<u>\$ 45,025</u>	<u>\$ 12,626</u>

**NOTE 7 - RETIREMENT SYSTEM**

During 2003, all employees of the Village belonged to OPERS. OPERS is a cost-sharing, multiple-employer plans. This plans provides retirement benefits, including post-retirement 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 2003 and 2002, OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for the years ended December 31, 2003 and 2002. As of December 31, 2003, the Village's unpaid portion for OPERS was \$336.

**VILLAGE OF TARLTON**  
**PICKAWAY COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

**NOTE 8 - RISK MANAGEMENT**

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

Casualty Coverage

PEP retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

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

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP’s Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, for the most recent information available:

**VILLAGE OF TARLTON**  
**PICKAWAY COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

**NOTE 8 - RISK MANAGEMENT - (Continued)**

Casualty Overage

	<u>2002</u>	<u>2001</u>
Assets	\$ 20,174,977	\$ 19,358,458
Liabilities	<u>(8,550,749)</u>	<u>(8,827,588)</u>
Retained Earnings	<u>\$ 11,624,228</u>	<u>\$ 10,530,870</u>

Property Coverage

Assets	\$ 2,565,408	\$ 1,890,323
Liabilities	<u>(655,318)</u>	<u>(469,100)</u>
Retained Earnings	<u>\$ 1,910,090</u>	<u>\$ 1,421,223</u>

**NOTE 9 - CONTINGENT LIABILITY**

LITIGATION

The Village is currently not involved in litigation.

# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of Council and Mayor  
Village of Tarlton  
P.O. Box 155  
Tarlton, Ohio 43156

We have audited the financial statements of the Village of Tarlton, Pickaway County, Ohio as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 20, 2004. 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 of Tarlton’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 is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated August 20, 2004.

Members of Council and Mayor  
Village of Tarlton

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Tarlton'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.

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

Trimble, Julian & Grube, Inc.  
August 20, 2004



**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 TARLTON**

**PICKAWAY 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  
OCTOBER 14, 2004**