

VILLAGE OF ANSONIA

DAYTON REGION, DARKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004



**Auditor of State
Betty Montgomery**

Village of Ansonia
Village of Ansonia
202 North Main St.
Ansonia, OH 45303

We have reviewed the *Report of Independent Accountants* of the Village of Ansonia, Darke County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

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

BETTY MONTGOMERY
Auditor of State

September 18, 2006

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**VILLAGE OF ANSONIA
DARKE COUNTY**

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

REPORT OF INDEPENDENT ACCOUNTANTS

Mayor and Members of Council
Village of Ansonia
202 North Main Street
Ansonia, Ohio 45303

We have audited the accompanying financial statements of the Village of Ansonia, Darke County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared financial statements using accounting practices the Auditor of State prescribes or permits. 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its large (i.e. major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following 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, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004 or its changes in financial position or cash flows of its proprietary funds for the years then ended.

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

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has 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 a report dated June 15, 2006, on our consideration of the Village's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 15, 2006

**VILLAGE OF ANSONIA
DARKE COUNTY**

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Local Taxes	\$ 234,996	\$ 68	\$ 0	\$ 235,064
Intergovernmental Revenues	564,621	131,435	0	696,056
Special Assessments	5,713	0	0	5,713
Charges for Services	3,664	35,144	0	38,808
Fines, Licenses and Permits	220	380	0	600
Earnings on Investments	3,998	40	0	4,038
Miscellaneous	27,687	350	0	28,037
Total Cash Receipts	840,899	167,417	0	1,008,316
Cash Disbursements:				
Current:				
Security of Persons and Property	\$ 125,159	\$ 24,481	\$ 0	\$ 149,640
Public Health Services	11,377	0	0	11,377
Leisure Time Activities	3,846	0	0	3,846
Community Environment	230	0	0	230
Transportation	3,456	54,603	0	58,059
General Government	120,179	0	0	120,179
Capital Outlay	619,598	99,103	0	718,701
Debt Service:				
Principal	110,000	7,300	8,300	125,600
Interest	3,850	3,145	7,968	14,963
Total Cash Disbursements	997,695	188,632	16,268	1,202,595
Total Receipts Over/(Under) Disbursements	(156,796)	(21,215)	(16,268)	(194,279)
Other Financing Sources/(Uses):				
Sale of Bonds	110,000	0	0	110,000
Sale of Fixed Assets	0	4,556	0	4,556
Transfers-In	15,698	26,183	16,268	58,149
Transfers-Out	(34,300)	(10,000)	0	(44,300)
Other Uses	(2,431)	0	0	(2,431)
Total Other Financing Receipts (Disbursements)	88,967	20,739	16,268	125,974
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements				
	(67,829)	(476)	0	(68,305)
Fund Cash Balances, January 1, 2005	110,139	113,812	0	223,951
Fund Cash Balances, December 31, 2005	\$ 42,310	\$ 113,336	\$ 0	\$ 155,646

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ANSONIA
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL PROPRIETARY AND SIMILAR FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Proprietary Funds Types</u>
	<u>Enterprise</u>
Operating Cash Revenues:	
Charges for Services	\$ 311,675
Total Operating Cash Receipts	<u>311,675</u>
Operating Cash Disbursements:	
Personal Service	\$ 66,342
Travel Transportation	674
Contractual Services	93,945
Supplies and Materials	38,371
Capital Outlay	<u>212,753</u>
Total Operating Cash Disbursements	<u>412,085</u>
Operating Income/ (Loss)	<u>(100,410)</u>
Non-Operating Cash Receipts/(Expenses):	
Sale of Notes	30,000
Other Debt Proceeds	144,000
Debt Service: Principal	(65,724)
Interest	<u>(12,050)</u>
Total Non-Operating Cash Receipts/(Expenses)	<u>96,226</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(4,184)
Transfers-In	59,668
Transfers-Out	(73,517)
Advances-In	15,000
Advances-Out	<u>(15,000)</u>
Net Revenues Over/(Under) Expenses	(18,033)
Fund Cash Balances, January 1, 2005	<u>86,386</u>
Fund Cash Balances, December 31, 2005	<u><u>\$ 68,353</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ANSONIA
DARKE COUNTY**

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Local Taxes	\$ 226,954	\$ 68	\$ 0	\$ 227,022
Intergovernmental Revenues	83,103	51,958	0	135,061
Special Assessments	7,213	0	0	7,213
Charges for Services	5,000	35,922	0	40,922
Fines, Licenses and Permits	420	85	0	505
Earnings on Investments	2,242	16	0	2,258
Miscellaneous	11,503	1,789	0	13,292
Total Cash Receipts	336,435	89,838	0	426,273
Cash Disbursements:				
Current:				
Security of Persons and Property	\$ 129,287	\$ 21,276	\$ 0	\$ 150,563
Public Health Services	11,951	0	0	11,951
Leisure Time Activities	4,819	0	0	4,819
Community Environment	385	0	0	385
Transportation	1	44,936	0	44,937
General Government	170,197	0	0	170,197
Capital Outlay	67,077	50,789	0	117,866
Debt Service:				
Principal	0	6,900	7,900	14,800
Interest	0	3,507	7,052	10,559
Total Cash Disbursements	383,717	127,408	14,952	526,077
Total Receipts Over/(Under) Disbursements	(47,282)	(37,570)	(14,952)	(99,804)
Other Financing Sources/(Uses):				
Sale of Bonds	110,000	0	0	110,000
Transfers-In	0	750	14,952	15,702
Transfers-Out	(16,536)	0	0	(16,536)
Other Uses	(3,194)	0	0	(3,194)
Total Other Financing Receipts (Disbursements)	90,270	750	14,952	105,972
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	42,988	(36,820)	0	6,168
Fund Cash Balances, January 1, 2004	67,151	150,632	0	217,783
Fund Cash Balances, December 31, 2004	\$ 110,139	\$ 113,812	\$ 0	\$ 223,951
Reserve for Encumbrances, December 31, 2004	\$ 0	\$ 1,191	\$ 0	\$ 1,191

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ANSONIA
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL PROPRIETARY AND SIMILAR FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$ 280,787
Total Operating Cash Receipts	<u>280,787</u>
Operating Cash Disbursements:	
Personal Service	\$ 57,232
Travel Transportation	1,093
Contractual Services	113,809
Supplies and Materials	30,596
Capital Outlay	<u>7,828</u>
Total Operating Cash Disbursements	<u>210,558</u>
Operating Income/ (Loss)	<u>70,229</u>
Non-Operating Cash Disbursements:	
Debt Service: Principal	(60,156)
Interest	<u>(6,031)</u>
Total Non-Operating Cash Disbursements	<u>(66,187)</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	4,042
Transfers-In	58,110
Transfers-Out	<u>(57,276)</u>
Net Revenues Over/(Under) Expenses	4,876
Fund Cash Balances, January 1, 2004	<u>81,510</u>
Fund Cash Balances, December 31, 2004	<u>\$ 86,386</u>
Reserve for Encumbrances, December 31, 2004	<u>\$ 6,805</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ANSONIA
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Ansonia, Darke 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 general governmental services, including water and sewer utilities, refuse services, park operations (leisure time activities), police and fire 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 a payment is made 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

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurers' investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains and losses at the time of sale are recorded as receipts or disbursements, respectively.

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 used to account for all financial resources except those required to be accounted for in another fund.

2. 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:

**VILLAGE OF ANSONIA
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

State Highway Fund – This fund receives state money for constructing, maintaining, and repairing Village streets in conjunction with the state highways in the Village.

Fire Fund – This fund receives the proceeds of contractual services for providing fire protection to Twin and Van Buren Townships and the Village of Ithaca.

3. 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:

Bond Retirement Fund – This fund is used to accumulate resources for the payment of bond and note indebtedness.

4. 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 water services to residents.

Sewer Fund – This fund receives charges for services from residents to cover the cost of providing sewer services to residents.

Water Improvement Fund – This fund receives a portion of water receipts, which is used for water system improvements.

Household Waste Fund – This fund receives charges for services from residents for refuse collection.

**VILLAGE OF ANSONIA
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 level of control and appropriations may not exceed estimated resources. The Village 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 balance 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 2005 and 2004 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF ANSONIA
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2005</u>	<u>2004</u>
Demand Deposits	\$ 112,517	\$ 201,918
Certificates of Deposit	<u>10,000</u>	<u>10,000</u>
Total Deposits	<u>122,517</u>	<u>211,918</u>
STAR Ohio	<u>101,482</u>	<u>98,419</u>
Total Deposits and Investments	<u>\$ 223,999</u>	<u>\$ 310,337</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 and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 959,321	\$ 966,597	\$ 7,276
Special Revenue	191,396	198,156	6,760
Debt Service	16,300	16,268	(32)
Enterprise	<u>559,290</u>	<u>560,343</u>	<u>1,053</u>
Total	<u>\$1,726,307</u>	<u>\$1,741,364</u>	<u>\$ 15,057</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,061,266	\$1,034,426	\$ 26,840
Special Revenue	288,536	198,632	89,904
Debt Service	16,300	16,268	32
Enterprise	<u>641,622</u>	<u>577,376</u>	<u>63,246</u>
Total	<u>\$2,007,724</u>	<u>\$1,827,702</u>	<u>\$ 180,022</u>

**VILLAGE OF ANSONIA
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

3. BUDGETARY ACTIVITY (Continued)

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 444,168	\$ 446,435	\$ 2,267
Special Revenue	95,284	90,588	(4,696)
Debt Service	15,000	14,952	(48)
Enterprise	<u>338,260</u>	<u>338,897</u>	<u>637</u>
Total	<u>\$ 892,712</u>	<u>\$ 890,872</u>	<u>\$ (1,840)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 423,946	\$ 403,447	\$ 20,499
Special Revenue	235,822	128,599	107,223
Debt Service	14,953	14,952	1
Enterprise	<u>412,305</u>	<u>340,826</u>	<u>71,479</u>
Total	<u>\$1,087,026</u>	<u>\$ 887,824</u>	<u>\$ 199,202</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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 payment, 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.

**VILLAGE OF ANSONIA
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

5. DEBT

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	\$ 448,200	0%
Ohio Water Development Authority Loan	2,500	0%
Ohio Water Development Authority Loan	81,386	4.65%
Various Purpose Bond, series 2003	36,900	1.75-4.05%
Osgood Bank, Land Acquisition	83,200	5.00%
Greenville National Bank, Fire	52,600	5.25%
Second National Bank, Land Acquisition	62,900	5.38%
Peoples Bank	110,000	3.50%
Second National	30,000	4.44%
Ohio Water Development Authority Loan	<u>139,483</u>	0%
Total	<u>\$1,047,169</u>	

The Ohio Public Works Commission (OPWC) loan relates to a water treatment plant construction project. The OPWC has approved an interest free loan of \$747,000 to the Village for this project. The loan will be repaid in semi-annual installments of \$18,675 over 20 years. Final payment due January 1, 2018. The loan is collateralized by water and sewer receipts.

The Ohio Water Development Authority (OWDA) loan relates to a water plant improvement project. The ODWA has approved an interest free loan of \$25,000 to the Village for this project. The loan will be repaid in annual installments of \$2,500, over 10 years. Final payment due July 1, 2006. The loan is collateralized by water and sewer receipts.

OWDA has authorized a second loan for the water plant lagoon improvement project in the amount of \$102,159. The loans principal and interest will be repaid semi-annual payments over 15 year period with an interest rate of 4.65%, commencing July, 2002. Final payment due January 1, 2017. The Loan is collateralized by water and sewer receipts.

The Village issued various purpose bonds, series 2003 for the purpose of paying costs of constructing a water treatment plant and acquiring and installing explosive gas monitoring probes in the amount of \$85,000. Debt payments are to be made from water and sewer revenues. Interest on the bond is payable on June 1 and December 1 of each year. Commencing on June 1, 2003 along with a fixed principal payment. Interest rate is 1.75% first year and graduates up to 4.05% by year 2012. Final payment due December 1, 2012.

The Village issued Taxable Land Acquisition Bond, series 2001 in the principal amount of \$100,000 for the purpose of acquiring real property. Interest on the bond is payable on February and August 1 each year, commencing February 2002 along with a fixed principal payment. Interest rate is 7.75% for the first year and 0.75% plus prime for subsequent years. Final payment due August 1, 2016.

Fire Truck Improvement Bond was issued for the amount of \$80,000 for the purpose of refurbishing and equipping a pumper truck for the Village Fire Department. Interest is payable on June and December 1, commencing June 2002 along with a fixed principal payment. Interest rate is 5.25%. Final payment due December 1, 2011.

The Village issued Taxable Land Acquisition Bond, series 2003 in the principal amount of \$70,000 for the purpose of acquiring real property. Interest on the bond is payable on November 1 each year, commencing November 2004 along with a fixed principal payment. Interest rate is 4.0% for the first year and 2.5% plus one year fixed rate advance as reported by the Federal Home Loan Bank of Cincinnati, Ohio. Current rate is 5.38%. Final payment due November 1, 2018.

**VILLAGE OF ANSONIA
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

5. DEBT (Continued)

People National Bank, Street improvement note series 2005, in the principal amount of \$110,000 for the purpose of improving West Canal Street, in anticipation of the levy and collection of special assessments. Interest rate is 3.50%, maturing December 15, 2006.

Sewer System Improvement Note issued by Second National Bank in the amount of \$30,000 for the purpose of paying the cost of improving the municipal sanitary sewer system. Principal and interest is payable in full April 20, 2006. Interest rate is 4.44%.

The Ohio Water Development Authority (OWDA) loan relates to a water project. The ODWA has approved a loan in the amount of \$144,000 at 4.6% interest. The loan will be repaid in semi-annual installments of \$5,545, over 20 years. First payment due July 1, 2005. The loan is collateralized by water and sewer receipts.

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

Year Ending December 31:	OPWC Loan	OWDA Loans	Land Acquisition	Real Estate Bond	Fire Truck Bond	Other Notes and Bonds
2006	\$ 18,675	\$ 12,814	\$ 6,316	\$ 9,884	\$ 10,462	\$ 162,711
2007	37,350	20,626	6,264	9,991	10,457	3,479
2008	37,350	20,626	6,308	10,075	10,432	3,648
2009	37,350	20,626	6,244	10,135	10,486	3,793
2010	37,350	20,626	6,276	10,273	10,413	3,907
2011-15	186,750	103,126	31,580	53,739	10,420	7,947
thereafter	<u>93,375</u>	<u>119,656</u>	<u>18,920</u>	<u>11,315</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 448,200</u>	<u>\$ 318,100</u>	<u>\$ 81,908</u>	<u>\$ 115,412</u>	<u>\$ 62,670</u>	<u>\$ 185,485</u>

6. CAPITAL LEASE

The Village entered into a lease agreement for the lease/purchase of a 2005 ford police cruiser. Lease payments are due quarterly in the amount of \$1,155 including interest at 5.65%. Final lease payment due November 2007. Future minimum lease payments are as follows:

<u>Year Ending</u>	<u>Payment</u>
2006	\$ 4,621
2007	<u>4,621</u>
Total minimum Lease Payments	\$9,242
Less amount representing interest	<u>(438)</u>
Present Value of Lease Payments	<u>\$8,804</u>

Under the basis of accounting utilized by the Village, the capital assets are not reflected on the financial statements and payments are allocated and recorded in the General Fund.

**VILLAGE OF ANSONIA
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

7. RETIREMENT SYSTEMS

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

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

8. RISK MANAGEMENT

Risk Pool Management

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool), an unincorporated non-profit association available to municipal corporations and their instrumentalities.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

The Pool cedes reinsurances or excess reinsurers. The Pool is contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements. The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, 2004 and 2003 (the latest information available):

	<u>2004</u>	<u>2003</u>
Assets	\$ 2,390,150	\$ 1,811,340
Liabilities	<u>(3,424,271)</u>	<u>(3,653,152)</u>
Retained (deficit) earnings	<u>\$(1,034,121)</u>	<u>\$(1,841,812)</u>

The Village also provides health insurance coverage to full-time employees through a private carrier.

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MANNING & ASSOCIATES, CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Members of Council
Village of Ansonia
202 North Main Street
Ansonia, Ohio 45303

We have audited the financial statements of the Village of Ansonia, Darke County (the Village), as of and for the years ended December 31, 2005, and 2004, and have issued our report thereon dated June 15, 2006, wherein we noted the Village followed 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider material weaknesses. In a separate letter to the Village's management dated June 15, 2006, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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*. In a separate letter to the Village's management dated June 15, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

June 15, 2006



**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 ANSONIA

DARKE 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 28, 2006**