

**VILLAGE OF APPLE CREEK
WAYNE COUNTY**

INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Village Council
Village of Apple Creek
63 East Main Street
P.O. Box 208
Apple Creek, Ohio 44606

We have reviewed the Independent Auditor's Report of the Village of Apple Creek, Wayne County, prepared by Gary B. Fink & Associates, Inc., for the audit period January 1, 2002 through 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 Apple Creek is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

November 15, 2004

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**VILLAGE OF APPLE CREEK, OHIO
WAYNE COUNTY
FOR THE YEARS ENDED
DECEMBER 31, 2003 AND DECEMBER 31, 2002**

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INDEPENDENT AUDITOR'S REPORT

Village Council
Village of Apple Creek, Wayne County
63 East Main Street
PO Box 208
Apple Creek, OH 44606

We have audited the accompanying financial statements of Village of Apple Creek, Wayne County (the Village), as of and for the years ended December 31, 2003 and December 31, 2002, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 described 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 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 fund cash balances and reserve for encumbrances of the Village of Apple Creek as of December 31, 2003 and December 31, 2002, and its 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 23, 2004 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. 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.

INDEPENDENT AUDITOR'S REPORT (continued)

This report is intended solely for the information and use of management, the Village Council 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 those specified parties.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

August 23, 2004

Village of Apple Creek, Ohio
Wayne County
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2003

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts					
Property Tax and Other Local Taxes	\$43,617	\$0	\$0	\$0	\$43,617
Municipal Income Taxes	212,780	0	0	0	212,780
Intergovernmental	43,138	35,670	219,745	0	298,553
Charges for Services	0	6,115	0	0	6,115
Fines, Licenses and Permits	10,401	885	0	0	11,286
Earnings on Investments	37,395	4,069	0	155	41,619
Miscellaneous	2,197	0	0	0	2,197
Total Cash Receipts	349,528	46,739	219,745	155	616,167
Cash Disbursements					
Current:					
Security of Persons and Property	62,630	2,000	0	0	64,630
Public Health Services	3,657	0	0	0	3,657
Leisure Time Activities	300	15,472	0	0	15,772
Transportation	5,768	79,516	0	0	85,284
General Government	106,557	0	0	0	106,557
Capital Outlay	14,531	6,488	219,745	10,520	251,284
Total Cash Disbursements	193,443	103,476	219,745	10,520	527,184
Excess/(Deficiency) of Cash Receipts Over/ (Under) Cash Disbursements Before Other Financing Sources/(Uses)	156,085	(56,737)	0	(10,365)	88,983
Other Financing Sources/(Uses)					
Transfer Out	(700,000)	0	0	0	(700,000)
Total Other Financing Sources/(Uses)	(700,000)	0	0	0	(700,000)
Total Receipts Over/(Under) Disbursements	(543,915)	(56,737)	0	(10,365)	(611,017)
Fund Cash Balances, January 1, 2003	789,926	244,598	0	10,379	1,044,903
Fund Cash Balances, December 31, 2003	<u>\$246,011</u>	<u>\$187,861</u>	<u>\$0</u>	<u>\$14</u>	<u>\$433,886</u>
Reserve For Encumbrances	<u>\$6,298</u>	<u>\$14,774</u>	<u>\$0</u>	<u>\$0</u>	<u>\$21,072</u>

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

Village of Apple Creek, Ohio
Wayne County
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - Proprietary and Similar Fiduciary Fund Types
For the Year Ended December 31, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$273,438	\$0	\$273,438
Total Operating Cash Receipts	<u>273,438</u>	<u>0</u>	<u>273,438</u>
Operating Cash Disbursements			
Personal Services	59,598	0	59,598
Supplies and Materials	95,054	0	95,054
Capital Outlay	532,510	0	532,510
Total Operating Cash Disbursements	<u>687,162</u>	<u>0</u>	<u>687,162</u>
Operating Income/(Loss)	<u>(413,724)</u>	<u>0</u>	<u>(413,724)</u>
Non-Operating Cash Receipts/(Disbursements)			
Intergovernmental	6,704	0	6,704
Interest Income	6,537	0	6,537
Other Financing Sources	0	174	174
Miscellaneous	5,491	0	5,491
Redemption of Principal	(18,168)	0	(18,168)
Interest and Other Fiscal Charges	(9,076)	0	(9,076)
Other Fiscal Charges	0	(174)	(174)
Total Non-Operating Receipts/(Disbursements)	<u>(8,512)</u>	<u>0</u>	<u>(8,512)</u>
Net Income/(Loss) Before Interfund Transactions	<u>(422,236)</u>	<u>0</u>	<u>(422,236)</u>
Interfund Transactions			
Transfers In	742,259	0	742,259
Transfers Out	(42,259)	0	(42,259)
Total Interfund Transactions	<u>700,000</u>	<u>0</u>	<u>700,000</u>
Net Income/(Loss)	<u>277,764</u>	<u>0</u>	<u>277,764</u>
Fund Cash Balances, January 1, 2003	<u>814,052</u>	<u>240</u>	<u>814,292</u>
Fund Cash Balances, December 31, 2003	<u>\$1,091,816</u>	<u>\$240</u>	<u>\$1,092,056</u>
Reserve For Encumbrances	<u>\$47,464</u>	<u>\$0</u>	<u>\$47,464</u>

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

Village of Apple Creek, Ohio
Wayne County
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2002

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Expendable Trust	
Cash Receipts				
Property Tax and Other Local Taxes	\$33,418	\$0	\$0	\$33,418
Municipal Income Taxes	192,737	0	0	192,737
Intergovernmental	58,661	42,039	0	100,700
Charges for Services	0	3,535	0	3,535
Fines, Licenses and Permits	12,637	875	0	13,512
Earnings on Investments	85,208	9,614	379	95,201
Miscellaneous	3,184	0	10,000	13,184
Total Cash Receipts	385,845	56,063	10,379	452,287
Cash Disbursements				
Current:				
Security of Persons and Property	65,082	0	0	65,082
Leisure Time Activities	300	5,099	0	5,399
Transportation	1,248	104,711	0	105,959
General Government	102,762	0	0	102,762
Total Cash Disbursements	169,392	109,810	0	279,202
Excess/(Deficiency) of Cash Receipts Over/ (Under) Cash Disbursements Before Other Financing Sources/(Uses)	216,453	(53,747)	10,379	173,085
Other Financing Sources/(Uses)				
Transfers In	0	112,500	0	112,500
Transfers Out	(117,328)	0	0	(117,328)
Total Other Financing Sources/(Uses)	(117,328)	112,500	0	(4,828)
Total Receipts Over Disbursements	99,125	58,753	10,379	168,257
Fund Cash Balances, January 1, 2002	690,801	185,845	0	876,646
Fund Cash Balances, December 31, 2002	<u>\$789,926</u>	<u>\$244,598</u>	<u>\$10,379</u>	<u>\$1,044,903</u>
Reserve For Encumbrances	<u>\$24,837</u>	<u>\$14,652</u>	<u>\$0</u>	<u>\$39,489</u>

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

Village of Apple Creek, Ohio
Wayne County
Combined Statement of Cash Receipts, Cash Disbursements and Change in Fund Cash
Balances - Proprietary and Similar Fiduciary Fund Types
For the Year Ended December 31, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$277,913	\$2,599	\$280,512
Miscellaneous	93,810	0	93,810
Total Operating Cash Receipts	<u>371,723</u>	<u>2,599</u>	<u>374,322</u>
Operating Cash Disbursements			
Personal Services	71,841	0	71,841
Supplies and Materials	87,521	2,530	90,051
Capital Outlay	534,527	0	534,527
Total Operating Cash Disbursements	<u>693,889</u>	<u>2,530</u>	<u>696,419</u>
Operating Income/(Loss)	<u>(322,166)</u>	<u>69</u>	<u>(322,097)</u>
Non-Operating Cash Receipts/(Disbursements)			
Transfers In	4,806	0	4,806
Redemption of Principal	(16,808)	0	(16,808)
Interest and Other Fiscal Charges	(11,040)	0	(11,040)
Total Non-Operating Receipts/(Disbursements)	<u>(23,042)</u>	<u>0</u>	<u>(23,042)</u>
Net Income/(Loss)	<u>(345,208)</u>	<u>69</u>	<u>(345,139)</u>
Fund Cash Balances, January 1, 2002	<u>1,159,260</u>	<u>171</u>	<u>1,159,431</u>
Fund Cash Balances, December 31, 2002	<u>\$814,052</u>	<u>\$240</u>	<u>\$814,292</u>
Reserve For Encumbrances	<u>\$5,068</u>	<u>\$0</u>	<u>\$5,068</u>

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

VILLAGE OF APPLE CREEK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

Village of Apple Creek, Wayne County, Ohio (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. It is located within both Wayne and Portage counties. The Village is directed by a publicly-elected, seven-member Council. The Village provides general governmental services, including park operations (leisure time activities), police, fire and emergency medical services to the residents of the Village.

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 paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (ie., 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 included in the fund cash balances. 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. Certificates of deposit are valued at cost.

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:

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.

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 has the following significant Special Revenue Funds:

VILLAGE OF APPLE CREEK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (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 Improvement Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Parks and Recreation Fund – This fund receives monies from charges for services for operating the park.

Capital Projects Fund – This fund is 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's only Capital Projects Fund is the OPWC Grant Fund which receives proceeds from the Ohio Public Works Commission.

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 has 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.

Fiduciary Funds (Trust and Agency Funds) – These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Village is acting in an agency capacity. The Village has the following significant fiduciary funds:

Park Fund – This fund receives deposits for park facility rental.

Lyman Tucker Trust Fund – This fund receives money for maintaining and improving Mayer-Carson Hall.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

VILLAGE OF APPLE CREEK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

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

Appropriations - Budgetary expenditures (disbursements and encumbrances) may not exceed appropriations at the legal 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.

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.

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 2003 and 2002 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 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:

	2003	2002
Demand deposits	\$1,290,942	\$1,624,195
Certificates of Deposit	235,000	235,000
Total Deposits	<u>\$1,525,942</u>	<u>\$1,859,195</u>

Deposits – Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village.

VILLAGE OF APPLE CREEK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2003 and December 31, 2002 was as follows:

2003 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$325,837	\$349,528	\$23,691
Special Revenue	171,807	46,739	(125,068)
Capital Projects	0	219,745	219,745
Expendable Trust	0	155	155
Enterprise	1,799,000	1,034,429	(764,571)
Total	<u>\$2,296,644</u>	<u>\$1,650,596</u>	<u>(\$646,048)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Encumbrances</u>	<u>Variance</u>
General	\$1,031,500	\$893,443	\$6,298	\$131,759
Special Revenue	182,100	103,476	14,774	63,850
Capital Projects	0	219,745	0	(219,745)
Expendable Trust	10,000	10,520	0	(520)
Enterprise	2,274,850	756,665	47,464	1,470,721
Total	<u>\$3,498,450</u>	<u>\$1,983,849</u>	<u>\$68,536</u>	<u>\$1,446,065</u>

2002 Budget vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$325,589	\$385,845	\$60,256
Special Revenue	162,155	168,563	6,408
Expendable Trust	0	10,379	10,379
Enterprise	2,145,000	376,529	(1,768,471)
Total	<u>\$2,632,744</u>	<u>\$941,316</u>	<u>(\$1,691,428)</u>

VILLAGE OF APPLE CREEK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

3. **BUDGETARY ACTIVITY** (continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Encumbrances	Variance
General	\$525,950	\$286,720	\$24,837	\$214,393
Special Revenue	186,200	109,810	14,652	61,738
Expendable Trust	0	0	0	0
Enterprise	2,982,850	721,737	5,068	2,256,045
Total	<u>\$3,695,000</u>	<u>\$1,118,267</u>	<u>\$44,557</u>	<u>\$2,532,176</u>

Contrary to Ohio law, actual expenditures and encumbrances exceeded appropriations in OPWC Grant fund (\$219,745) and the Lyman Tucker Trust Fund (\$520) in 2003. Also, in 2002, the Sewer Fund appropriations exceeded estimated resources by \$90,967.

4. **PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 property located within the Village.

Tangible personal property tax is assessed to 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. **INCOME TAX**

The Village levies and collects an income tax of 1.0% on all income earned within the Village as well as on income of residents earned outside the Village. The Village allows a credit of 100% of the tax paid to another municipality, not to exceed the amount owed. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax to the Village at least quarterly and to file a return annually. The Village received approximately \$212,780 and \$192,737 of income taxes in 2003 and 2002, respectively.

VILLAGE OF APPLE CREEK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

6. **DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$101,493	8.00%

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved \$271,599 in loans to the Village for this project. The loans are to be repaid in semi-annual installments of \$13,924, including interest at the rate of 8.09%, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The remaining loan repayments are as follows:

<u>Year Ending December 31,</u>	<u>OWDA Loan</u>
2004	\$27,848
2005	27,848
2006	27,848
2007	27,848
2008	13,924
Total	<u><u>\$125,316</u></u>

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 2003 and 2002, 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.

VILLAGE OF APPLE CREEK

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2003 AND DECEMBER 31, 2002

8. **RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Commercial Inland Marine
- Public official's liability
- Employer's liability
- Employee benefits liability
- Law Enforcement

The Village also provides health insurance and dental insurance to full-time employees the Wayne County Benefit Plan.

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

Village Council
Village of Apple Creek, Wayne County
63 East Main Street
PO Box 208
Apple Creek, OH 44606

We have audited the financial statements of Village of Apple Creek, Wayne County (the Village), as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated August 23, 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's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, 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 23, 2004.

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 operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village, in a separate letter dated August 23, 2004.

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

This report is intended solely for the information and use of management, the Village Council 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 those specified parties.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

August 23, 2004



**Auditor of State
Betty Montgomery**

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800-282-0370

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**VILLAGE OF APPLE CREEK
WAYNE 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
NOVEMBER 30, 2004**