

Village of Ashville
Pickaway County, Ohio
Regular Audit
For the Years Ended December 31, 2004 and 2003

BALESTRA, HARR & SCHERER, CPAs, INC.
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**Auditor of State
Betty Montgomery**

Village Council
Village of Ashville
200 Station Street
Ashville, Ohio 43103

We have reviewed the *Independent Auditor's Report* of the Village of Ashville, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2003 to December 31, 2004. 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 *Independent Auditor's Report* 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 *Independent Auditor's Report* 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 Ashville is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 28, 2005

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Village of Ashville, Ohio
For the Years Ended December 31, 2004 and 2003
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Village Council
Village of Ashville
Pickaway County, Ohio
200 Station Street
Ashville, Ohio 43103

We have audited the accompanying financial statements of the Village of Ashville, Pickaway County, Ohio, (the Village) as of and for the years ended December 31, 2004 and 2003. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these 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 year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 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 this 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 year ended December 31, 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, 2004, or its changes in financial position or cash flows of its proprietary funds for the year 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, as of the December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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Village of Ashville
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The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 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 our report dated October 13, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.
October 13, 2005

Village of Ashville, Ohio
*Combined Statement of Cash Receipts, Cash Disbursements, And Changes in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2004*

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$122,869	\$0	\$122,869
Income Taxes	359,591	0	359,591
Intergovernmental	111,721	170,218	281,939
Charges for Services	128,604	0	128,604
Fines, Licenses, & Permits	65,690	14,803	80,493
Earnings on Investments	11,240	376	11,616
Miscellaneous	4,195	0	4,195
Total Cash Receipts	<u>803,910</u>	<u>185,397</u>	<u>989,307</u>
Cash Disbursements:			
Security of Persons & Property	393,930	56	393,986
Public Health Service	11,239	0	11,239
Leisure Time Activities	25,282	4,273	29,555
Community Environment	5,903	0	5,903
Basic Utility Services	135,689	0	135,689
Transportation	108,833	134,733	243,566
General Government	210,501	2,857	213,358
Principal Payments	13,619	0	13,619
Interest & Fiscal Charges	1,931	0	1,931
Total Cash Disbursements	<u>906,927</u>	<u>141,919</u>	<u>1,048,846</u>
Total Receipts Over/(Under) Disbursements	(103,017)	43,478	(59,539)
Other Financing Sources/(Uses):			
Transfers In	0	2,851	2,851
Transfers Out	(2,851)	0	(2,851)
Total Other Financing Sources/(Uses)	<u>(2,851)</u>	<u>2,851</u>	<u>0</u>
Total Receipts and Other Financing Sources Over/ (Under) Disbursements and Other Financing Uses	(105,868)	46,329	(59,539)
Fund Cash Balances, January 1	<u>465,213</u>	<u>63,348</u>	<u>528,561</u>
Fund Cash Balances, December 31	<u>\$359,345</u>	<u>\$109,677</u>	<u>\$469,022</u>
Reserved for Encumbrances, December 31	<u>\$4,553</u>	<u>\$10,558</u>	<u>\$15,111</u>

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

Village of Ashville, Ohio
*Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances - Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2004*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$761,549	\$0	\$761,549
Total Operating Cash Receipts	<u>761,549</u>	<u>0</u>	<u>761,549</u>
Operating Cash Disbursements:			
Personal Services	193,475	0	193,475
Employee Fringe Benefits	63,360	0	63,360
Contractual Services	181,886	0	181,886
Supplies and Materials	62,668	0	62,668
Other	33,267	0	33,267
Capital Outlay	290,639	0	290,639
Total Operating Cash Disbursements	<u>825,295</u>	<u>0</u>	<u>825,295</u>
Operating Income	(63,746)	0	(63,746)
Non-Operating Cash Receipts/(Disbursements):			
Intergovernmental Receipts	50,000	0	50,000
Miscellaneous Receipts	368	0	368
Fines and Forfeitures	0	31,496	31,496
Distributions of Fines and Forfeitures	0	(31,496)	(31,496)
Principal Payments	(104,078)	0	(104,078)
Interest and Other Fiscal Charges	(106,007)	0	(106,007)
Total Non-Operating Cash Receipts/(Disbursements):	<u>(159,717)</u>	<u>0</u>	<u>(159,717)</u>
Net Receipts Over/(Under) Disbursements	(223,463)	0	(223,463)
Fund Cash Balances, January 1	<u>1,643,703</u>	<u>0</u>	<u>1,643,703</u>
Fund Cash Balances, December 31	<u>\$1,420,240</u>	<u>\$0</u>	<u>\$1,420,240</u>
Reserved for Encumbrances, December 31	<u>\$37,923</u>	<u>\$0</u>	<u>\$37,923</u>

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

Village of Ashville, Ohio
*Combined Statement of Cash Receipts, Cash Disbursements, And Changes in Fund Cash
Balances - All Governmental Fund Types
For the Year Ended December 31, 2003*

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Taxes	\$105,199	\$0	\$105,199
Income Taxes	305,505	0	305,505
Intergovernmental	92,545	155,942	248,487
Charges for Services	120,184	0	120,184
Fines, Licenses, & Permits	65,572	10,870	76,442
Earnings on Investments	15,775	131	15,906
Miscellaneous	3,705	35	3,740
Total Cash Receipts	708,485	166,978	875,463
Cash Disbursements:			
Security of Persons & Property	312,404	12,388	324,792
Public Health Service	10,162	0	10,162
Leisure Time Activities	41,849	0	41,849
Community Environment	11,174	0	11,174
Basic Utility Services	111,983	0	111,983
Transportation	118,275	163,685	281,960
General Government	259,742	941	260,683
Principal Payments	12,070	0	12,070
Interest & Fiscal Charges	2,284	0	2,284
Total Cash Disbursements	879,943	177,014	1,056,957
Total Receipts Over/(Under) Disbursements	(171,458)	(10,036)	(181,494)
Other Financing Sources/(Uses):			
Transfers In	3,648	0	3,648
Transfers Out	0	(3,648)	(3,648)
Total Other Financing Sources/(Uses)	3,648	(3,648)	0
Total Receipts and Other Financing Sources Over/ (Under) Disbursements and Other Financing Uses	(167,810)	(13,684)	(181,494)
Fund Cash Balances, January 1	633,023	77,032	710,055
Fund Cash Balances, December 31	\$465,213	\$63,348	\$528,561
Reserved for Encumbrances, December 31	\$6,400	\$1,000	\$7,400

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

Village of Ashville, Ohio
*Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances - Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2003*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$826,036	\$0	\$826,036
Total Operating Cash Receipts	<u>826,036</u>	<u>0</u>	<u>826,036</u>
Operating Cash Disbursements:			
Personal Services	135,463	0	135,463
Employee Fringe Benefits	46,863	0	46,863
Contractual Services	210,210	0	210,210
Supplies and Materials	74,026	0	74,026
Other	19,961	0	19,961
Capital Outlay	260,024	0	260,024
Total Operating Cash Disbursements	<u>746,547</u>	<u>0</u>	<u>746,547</u>
Operating Income	79,489	0	79,489
Non-Operating Cash Receipts/(Disbursements):			
Miscellaneous Receipts	261	0	261
Fines and Forfeitures	0	24,944	24,944
Distributions of Fines and Forfeitures	0	(24,944)	(24,944)
Principal Payments	(98,945)	0	(98,945)
Interest and Other Fiscal Charges	(111,023)	0	(111,023)
Total Non-Operating Cash Receipts/(Disbursements):	<u>(209,707)</u>	<u>0</u>	<u>(209,707)</u>
Net Receipts Over/(Under) Disbursements	(130,218)	0	(130,218)
Fund Cash Balances, January 1 (Restated - See Note 2)	<u>1,773,921</u>	<u>0</u>	<u>1,773,921</u>
Fund Cash Balances, December 31	<u>\$1,643,703</u>	<u>\$0</u>	<u>\$1,643,703</u>
Reserved for Encumbrances, December 31	<u>\$77,216</u>	<u>\$0</u>	<u>\$77,216</u>

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

Village of Ashville, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Ashville, Pickaway 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. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, park operations (leisure time activities) and police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Special Revenue Funds - These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

State Highway Fund-This fund receives gasoline tax and motor vehicle tax money for the purchasing of materials and supplies for the maintenance of roads. This fund is used only to purchase supplies, not to pay wages.

COPS Fund-This fund receives federal and state grant revenues to provide for the security and safety of the residents, in accordance with the terms of the grant.

Village of Ashville, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

3. 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). This fund consists of tap-in fees collected from village residents to be used for a future sanitary sewer project.

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 this utility.

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

5. Fiduciary Fund – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results and operations. The Village had the following fiduciary fund:

Mayor's Court Fund – This fund is used to account for the activity of the Village's Mayor's Court.

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, function and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated in the subsequent year.

A summary of 2004 and 2003 budgetary activity appears in Note 4.

Village of Ashville, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2 – RESTATEMENT OF BEGINNING BALANCES

A reclassification entry was noted to correct beginning balance of an enterprise fund. An error was noted in the balance of the enterprise fund type due to an overstatement of debt payments in the prior year.

Fund Type	Balance, December 31, 2002	Restatement	Balance, December 31, 2002 As Restated
Enterprise Funds	\$1,733,920	\$40,001	\$1,773,921

The Village also opted to include its mayor's court activity in its financial statements effective January 1, 2003. These financial statements require no restatement of beginning balances as the Mayor's Court cash balance reconciled to \$0 at January 1, 2003. The Mayor's Court is presented as an agency fund in the Village's financial statements.

NOTE 3 – 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:

	2004	2003
Demand deposits	\$1,627,491	\$1,911,727
Certificate of deposit	261,771	260,537
Total deposits	\$1,889,262	\$2,172,264

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 Ashville, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

NOTE 4 – BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

Fund Type	<u>2004 Budgeted vs. Actual Receipts</u>		Variance
	Budgeted Receipts	Actual Receipts	
General	\$729,762	\$803,910	\$74,148
Special Revenue	197,225	188,248	(8,977)
Enterprise	1,338,876	811,917	(526,959)
Total	\$2,265,863	\$1,804,075	(\$461,788)

Fund Type	<u>2004 Budgeted vs. Actual Budgetary Basis Expenditures</u>		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$1,111,631	\$914,331	\$197,300
Special Revenue	335,573	152,477	183,096
Enterprise	2,921,719	1,073,303	1,848,416
Total	\$4,368,923	\$2,140,111	\$2,228,812

Fund Type	<u>2003 Budgeted vs. Actual Receipts</u>		Variance
	Budgeted Receipts	Actual Receipts	
General	\$627,957	\$712,133	\$84,176
Special Revenue	230,937	166,978	(63,959)
Enterprise	1,331,342	826,297	(505,045)
Total	\$2,190,236	\$1,705,408	(\$484,828)

Fund Type	<u>2003 Budgeted vs. Actual Budgetary Basis Expenditures</u>		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$1,202,112	\$886,343	\$315,769
Special Revenue	488,454	181,662	306,792
Enterprise	3,452,319	1,033,731	2,418,588
Total	\$5,142,885	\$2,101,736	\$3,041,149

The Village appropriated more than its available resources which is not in compliance with Ohio Revised Code Section 5705.36. The Village also appropriated more than its estimated revenue which is not in compliance with Ohio Revised Code Section 5705.39.

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

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

Village of Ashville, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

NOTE 5 – PROPERTY TAX (CONTINUED)

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

NOTE 6 – LOCAL INCOME TAX

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

Income tax collections are processed by the Regional Income Tax Agency (RITA). RITA collects the income tax on-behalf of the Village and remits it to the Village. The tax payments received from RITA are recorded in the accompanying financial statements as municipal income tax receipts.

NOTE 7 – DEBT

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Issue II Loan	\$216,000	0.00%
Ohio Water Development Authority Loan #1	974,949	6.58%
Ohio Water Development Authority Loan #2	65,351	6.58%
Ohio Water Development Authority Loan #3	18,392	7.38%
FmHA Bond	492,438	6.25%
Savings Bank Loan	37,340	3.97%
Total	<u>\$1,804,470</u>	

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer plant expansion project that were mandated by the Ohio Environmental Protection Agency (EPA). The OWDA has approved three different loans. The first loan is to be paid back in semi-annual payments of \$68,064, including interest. The second loan is to be paid back in semi-annual payments of \$4,562, including interest. The third loan is to be paid back in semi-annual payments of \$1,333, including interest. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village issued an FmHA Mortgage Revenue Bond in 1989 for the construction of a sewage system. The Village makes payments annually based on an amended amortization schedule. The amounts paid each year vary due to the Village's accelerated principal payments made.

The Village has a Project Loan Agreement with the Ohio Public Work Commission Issue II Program for a project named "Elevated Water Tower Improvements". This loan is interest free and is to be paid back in semi-annual payments of \$10,800.

These loans are collateralized by water and sewer receipts.

The Village has a Savings Bank Loan for the purchase of land for the Village's Administrative Offices at 200 Station Street, Ashville, Ohio. This loan is to be paid back in monthly payments of \$1,196, including interest for 60 months. This loan is secured by the Village's general revenues.

Village of Ashville, Ohio
Notes to the Financial Statements
For the Years Ended December 31, 2004 and 2003

NOTE 7 – DEBT (CONTINUED)

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

	OWDA Loan #1	OWDA Loan #2	OWDA Loan #3	FmHA Bond	OPWC Issue II Loan	Savings Bank Loan
At December 31,						
2005	\$136,128	\$9,125	\$2,665	\$40,577	\$21,600	\$14,354
2006	136,128	9,125	2,665	40,565	21,600	14,354
2007	136,128	9,125	2,665	40,515	21,600	10,766
2008	136,128	9,125	2,665	40,527	21,600	0
2009	136,128	9,125	2,665	40,496	21,600	0
2010-2014	680,644	45,682	13,324	199,574	108,000	0
2015-2019	0	0	0	198,363	0	0
2020-2024	0	0	0	198,324	0	0
2025-2029	0	0	0	165,006	0	0
Total	<u>\$1,361,284</u>	<u>\$91,307</u>	<u>\$26,649</u>	<u>\$963,947</u>	<u>\$216,000</u>	<u>\$39,474</u>

NOTE 8 – RETIREMENT SYSTEMS

The Village’s law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plan. These plans provide 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 2004 and 2003, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their gross wages. The Village contributed an amount equal to 13.55% of participants’ gross wages for 2004 and 2003. The Village has paid all contributions required through December 31, 2004.

NOTE 9 – RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The Village has not incurred significant reductions in insurance coverage from the prior year by category or risk.

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

Village Council
Village of Ashville
Pickaway County, Ohio
200 Station Street
Ashville, Ohio 43103

We have audited the accompanying financial statements of the Village of Ashville, Pickaway County, Ohio, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 13, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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.

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 auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 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 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2004-1 and 2004-2.

We noted certain matters which we reported to management of the Village in a separate letter dated October 13, 2005.

Village of Ashville

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

Page 2

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer".

Balestra, Harr & Scherer, CPAs, Inc.

October 13, 2005

Village of Ashville
Schedule of Audit Findings
For the Years Ended December 31, 2004 and 2003

Finding Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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Finding Number 2004-1

Amended certificates

Ohio Revised Code Section 5705.36 states that a reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. Several material instances were noted where unencumbered beginning balances plus actual receipts were exceeded by appropriations. Failure to monitor budgetary information and amend figures as appropriate could result in the overspending of monies as well as the reliance of decision-makers on inappropriate financial data. The Village should monitor its budgetary information on a periodically basis, preferably monthly, and amend information as necessary to ensure compliance with budgetary law.

Finding Number 2004-2

Appropriations in excess of estimated revenue

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. Several material instances were noted where appropriations were in excess of estimated revenue. Failure to monitor budgetary information and amend figures as appropriate could result in overspending and inappropriate decisions made based on inaccurate budgetary financial data. The Village should monitor its budgetary information on a periodically basis, preferably monthly, and amend information as necessary to ensure compliance with budgetary law.

Corrective Action Plan

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2004-1	Management will more closely monitor the budgetary process to ensure compliance with Ohio Revised Code Section 5705.36.	12/31/05	Nelson Embrey, Clerk/Treasurer
2004-2	Management will more closely monitor the budgetary process to ensure compliance with Ohio Revised Code Section 5705.36.	12/31/05	Nelson Embrey, Clerk/Treasurer

Village of Ashville, Ohio
Schedule of Prior Audit Findings
For the Years Ended December 31, 2004 and 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-001	Expenditures without proper encumbering of funds.	No	Reissued in management letter.
2002-002	Restricting access to standing data files for water and sewer information.	Yes	
2002-003	Inadequate segregation of duties for water and sewer billing cycle.	Yes	



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**VILLAGE OF ASHVILLE
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
DECEMBER 30, 2005**