

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

*Financial Statements  
(Audited)*

For The Years Ended  
December 31, 2005 and 2004

**SUE MERMANN, FISCAL OFFICER**





**Auditor of State  
Betty Montgomery**

Members of Council  
Village of Mt. Gilead  
72 West High Street  
Mt. Gilead, Ohio 43338

We have reviewed the *Independent Auditors' Report* of the Village of Mt. Gilead, Morrow County, prepared by Julian & Grube, Inc. 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.

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 Mt. Gilead is responsible for compliance with these laws and regulations.

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BETTY MONTGOMERY  
Auditor of State

August 14, 2006

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MORROW COUNTY, OHIO  
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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditors' Report**

Members of Council and Mayor  
Village of Mt. Gilead  
72 West High Street  
Mt. Gilead, Ohio 43338

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Village of Mt. Gilead (the "Village"), Morrow County, Ohio, as of and for the years ended December 31, 2005 and 2004 which collectively comprise the Village's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 opinions.

As discussed in Note 3, the Village prepares its financial statements and notes on the cash basis of accounting. This 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 respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Mt. Gilead, Morrow County, Ohio as of December 31, 2005 and 2004, and the respective changes in cash basis financial position and the respective budgetary comparison for the General fund and Special Revenue funds: Street Construction, Maintenance and Repair and Fire Equipment, thereof and for the years then ended in conformity with the basis of accounting as described in Note 2.

As disclosed in Note 3 to the financial statements, the Village has presented a prior period adjustment to restate net assets at January 1, 2004 due to fund reclassifications in conjunction with formatting its statements in accordance with cash basis GASB Statement No. 34.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2006 on our consideration of the Village's internal control over financial reporting and on 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 and not to provide an opinion on the internal control over financial reporting and compliance and the results of that testing, and not 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.

Independent Auditors' Report  
Village of Mt. Gilead  
Page Two

The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United State of America. We have applied certain limited procedures which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
May 19, 2006



**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED**

The management's discussion and analysis of the Village of Mt. Gilead's (the "Village") financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2005 and 2004, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the Village's financial performance.

**Financial Highlights**

Key financial highlights for 2005 and 2004 are as follows:

- For fiscal year 2005, the total net cash assets of the Village increased \$562,265. Net cash assets of governmental activities increased \$225,166, or 23.08%, from fiscal year 2004. Net cash assets of business-type activities increased \$337,099, or 21.16%, from fiscal year 2004. For fiscal year 2004, the total net cash assets of the Village decreased \$30,500. Net cash assets of governmental activities decreased \$37,830, or 3.73%, from fiscal year 2003. Net cash assets of business-type activities increased \$7,330, or 0.5%, from fiscal year 2003.
- For fiscal year 2005, general cash receipts accounted for \$1,120,959, or 67.48%, of total governmental activities cash receipts and program specific cash receipts accounted for \$540,302, or 32.52%, of total governmental activities cash receipts of \$1,661,261. For fiscal year 2004, general cash receipts accounted for \$988,204, or 75.74%, of total governmental activities cash receipts and program specific cash receipts accounted for \$316,464, or 24.26%, of total governmental activities cash receipts of \$1,304,668.
- For fiscal year 2005, the Village had \$1,436,095 in cash disbursements related to governmental activities; \$540,302 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$1,120,959 were adequate to provide for these programs. For fiscal year 2004, the Village had \$1,342,498 in cash disbursements related to governmental activities; \$316,464 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$988,204 were not adequate to provide for these programs.
- For fiscal year 2005, general cash receipts accounted for \$72,807, or 3.93% of total business-type activities cash receipts and program specific cash receipts accounted for \$1,778,843, or 96.07%, of total business-type activities cash receipts of \$1,851,650. For fiscal year 2004, general cash receipts accounted for \$56,104, or 3.55%, of total business-type activities cash receipts and program specific cash receipts accounted for \$1,522,755, or 96.45%, of total business-type activities cash receipts of \$1,578,859.
- For fiscal year 2005, the Village had \$1,514,551 in cash disbursements related to business-type activities; \$1,778,843 of these cash disbursements were offset by program specific charges for services, grants or contributions. For fiscal year 2004, the Village had \$1,571,529 in cash disbursements related to business-type activities; \$1,522,755 of these cash disbursements were offset by program specific charges for services, grants or contributions. The deficit of \$48,774 was adequately provided for by additional general cash receipts of \$56,104.
- The Village's major governmental funds are the general fund, street construction, maintenance and repair fund, the fire equipment fund, and the capital improvement fund. An analysis of the Village's major governmental funds begins on page 9.
- The Village's major enterprise funds are the water fund, sewer fund, and waste compactor fund. An analysis of the Village's major enterprise funds begins on page 11.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED

**Using this Cash Basis Basic Financial Statements (BFS)**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Village's cash basis of accounting. The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole Village, presenting an aggregate view of the Village's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Village, there are four major governmental funds and three major enterprise funds. The general fund is the largest major fund.

**Reporting the Village as a Whole**

*Statement of Net Asset – Cash Basis and the Statement of Activities – Cash Basis*

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer the question, "How did we do financially during 2005 and 2004?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Village's net cash assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Village as a whole, the cash basis financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, current property tax laws in Ohio, availability of federal and state funding, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the Village is divided into two distinct kinds of activities. Governmental Activities – most of the Village's programs and services are reported here including human services, health, public safety, public works and general government. Business-Type Activities – These services are provided on a charge for goods and services basis to recover all of the cash disbursements of the good or services provided.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash basis can be found on pages 14-19 of this report.

**Reporting the Village's Most Significant Funds**

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village are classified as either governmental or proprietary funds.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
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Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Village's most significant funds. The Village's major governmental funds are the general fund, street construction, maintenance and repair fund, fire equipment fund, and capital improvement fund. The analysis of the Village's major governmental funds begins on page 9. The Village's major enterprise funds are the water fund, sewer fund, and waste compactor fund. The analysis of the Village's major enterprise funds begins on page 11.

***Governmental Funds***

Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Village programs. Since the Village is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross receipts and disbursements on the Fund Financial Statements to the Statement of Activities – Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities – Cash Basis. The governmental fund statements can be found on pages 20-27 of this report.

The Village's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the general fund, street construction, maintenance and repair fund, and fire equipment fund are presented to demonstrate the Village's compliance with annually adopted budgets. The budgetary statements can be found on pages 28-33 of this report.

***Proprietary Funds***

The Village maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the Village as a whole. The Village uses enterprise funds to account for its water, sewer, waste compactor and recreation operations. The enterprise fund statements can be found on pages 34-37 of this report.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-53 of this report.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
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**Government-Wide Financial Analysis**

Recall that the Statement of Net Assets – Cash Basis provides the perspective of the Village as a whole. The table below provides a summary of the Village's net cash assets for 2005 and 2004. Since 2004 was the Village's first year preparing cash basis financial statements on a format consistent with GASB Statement No. 34, comparisons to 2003 are not available in the tables below. Comparative analysis between 2005 and 2004 follows:

	<b>Net Cash Assets</b>					
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities	Total	
	<u>2005</u>	<u>2005</u>	<u>2004</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 1,199,901	\$ 1,929,944	\$ 972,328	\$ 1,592,845	\$ 3,129,845	\$ 2,565,173
Cash in segregated accounts	<u>655</u>	<u>-</u>	<u>3,062</u>	<u>-</u>	<u>655</u>	<u>3,062</u>
Total assets	<u>1,200,556</u>	<u>1,929,944</u>	<u>975,390</u>	<u>1,592,845</u>	<u>3,130,500</u>	<u>2,568,235</u>
<u>Net Cash Assets</u>						
Restricted	600,889	-	507,273	-	600,889	507,273
Unrestricted	<u>599,667</u>	<u>1,929,944</u>	<u>468,117</u>	<u>1,592,845</u>	<u>2,529,611</u>	<u>2,060,962</u>
Total net cash assets	<u>\$ 1,200,556</u>	<u>\$ 1,929,944</u>	<u>\$ 975,390</u>	<u>\$ 1,592,845</u>	<u>\$ 3,130,500</u>	<u>\$ 2,568,235</u>

For fiscal year 2005, net cash assets of the Village increased \$562,265 or 21.89%. For fiscal year 2004, net cash assets of the Village decreased \$30,500 or 1.17%. The balance of government-wide unrestricted net cash assets of \$2,529,611 at December 31, 2005 may be used to meet the government's ongoing obligations to citizens and creditors.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
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The table below shows the changes in net cash assets for fiscal year 2005 and 2004.

	Change in Net Cash Assets					
	Governmental	Business-Type	Governmental	Business-Type	Total	
	Activities	Activities	Activities	Activities	2005	2004
	2005	2005	2004	2004		
<b>Cash Receipts:</b>						
Program cash receipts:						
Charges for services and sales	\$ 259,456	\$ 1,409,454	\$ 185,458	\$ 1,381,922	\$ 1,668,910	\$ 1,567,380
Operating grants and contributions	280,846	-	131,006	-	280,846	131,006
Capital grants and contributions	-	369,389	-	140,833	369,389	140,833
Total program cash receipts	<u>540,302</u>	<u>1,778,843</u>	<u>316,464</u>	<u>1,522,755</u>	<u>2,319,145</u>	<u>1,839,219</u>
General cash receipts:						
Property and other taxes	162,182	32,957	111,233	38,313	195,139	149,546
Income tax	823,740	-	752,205	-	823,740	752,205
Unrestricted grants	69,885	3,685	83,535	-	73,570	83,535
Investment earnings	26,342	36,165	14,112	17,791	62,507	31,903
Other	38,810	-	27,119	-	38,810	27,119
Total general cash receipts	<u>1,120,959</u>	<u>72,807</u>	<u>988,204</u>	<u>56,104</u>	<u>1,193,766</u>	<u>1,044,308</u>
Total cash receipts	<u>1,661,261</u>	<u>1,851,650</u>	<u>1,304,668</u>	<u>1,578,859</u>	<u>3,512,911</u>	<u>2,883,527</u>
<b>Cash Disbursements:</b>						
General government	400,286	-	474,637	-	400,286	474,637
Securities of persons and property	699,026	-	517,665	-	699,026	517,665
Public health services	2,977	-	2,324	-	2,977	2,324
Basic utility services	1,463	-	254,650	-	1,463	254,650
Transportation	279,112	-	6,583	-	279,112	6,583
Capital outlay	53,231	-	86,639	-	53,231	86,639
Water	-	650,284	-	767,120	650,284	767,120
Sewer	-	617,583	-	524,570	617,583	524,570
Waste compactor	-	167,492	-	199,782	167,492	199,782
Other enterprise	-	79,192	-	80,057	79,192	80,057
Total cash disbursements	<u>1,436,095</u>	<u>1,514,551</u>	<u>1,342,498</u>	<u>1,571,529</u>	<u>2,950,646</u>	<u>2,914,027</u>
Change in net cash assets	225,166	337,099	(37,830)	7,330	562,265	(30,500)
Net cash assets at beginning of year	<u>975,390</u>	<u>1,592,845</u>	<u>1,013,220</u>	<u>1,585,515</u>	<u>2,568,235</u>	<u>2,598,735</u>
Net cash assets at end of year	<u>\$ 1,200,556</u>	<u>\$ 1,929,944</u>	<u>\$ 975,390</u>	<u>\$ 1,592,845</u>	<u>\$ 3,130,500</u>	<u>\$ 2,568,235</u>

**Governmental Activities**

Governmental cash assets increased by \$225,166 in 2005 from 2004 and decreased \$37,830 in 2004 from 2003.

General government represents activities related to the governing body as well as activities that directly support Village programs. In 2005, general government cash disbursements totaled \$400,286, or 27.87% of total governmental cash disbursements. General government programs were supported by \$111,035 in direct charges to users for services. In 2004, general government cash disbursements totaled \$474,637, or 35.35% of total governmental cash disbursements. General government programs were supported by \$121,262 in direct charges to users for services.

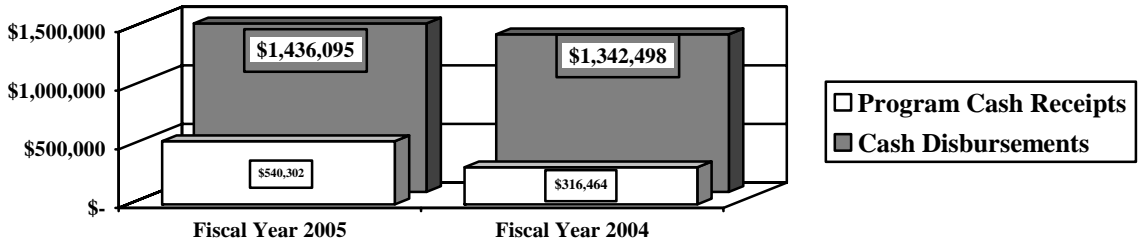
**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED**

In 2005 and 2004, the security of persons and property programs accounted for \$699,026 and \$517,665 of total governmental cash disbursements, respectively. These operations are primarily supported through user charges and taxes.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005 and 2004. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

**Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements**



**Governmental Activities**

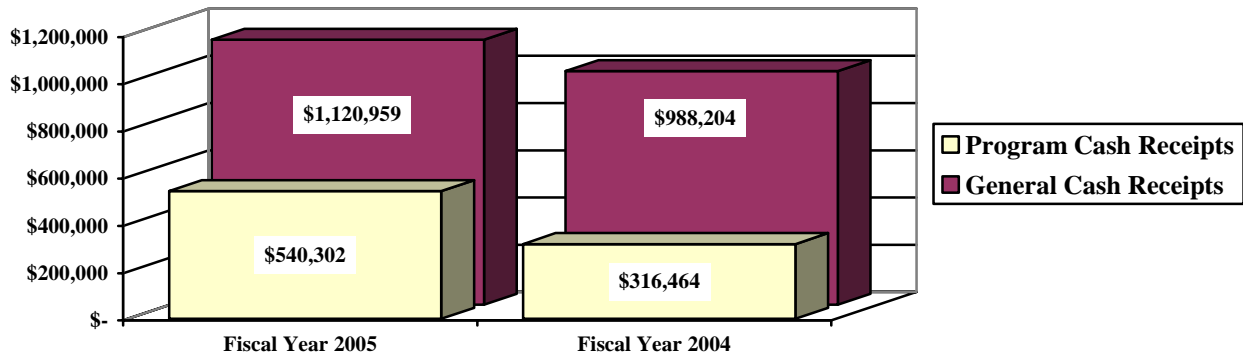
	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
Cash disbursements:				
Current:				
General government	\$ 400,286	\$ 289,251	\$ 474,637	\$ 353,375
Securities of persons and property	699,026	422,051	517,665	483,863
Public health services	2,977	2,977	2,324	2,324
Basic utility servies	1,463	1,463	6,583	6,583
Transportation	279,112	126,820	254,650	123,644
Capital outlay	53,231	53,231	86,639	56,245
<b>Total</b>	<b>\$ 1,436,095</b>	<b>\$ 895,793</b>	<b>\$ 1,342,498</b>	<b>\$ 1,026,034</b>

The dependence upon general cash receipts for governmental activities is apparent; with 62.37% and 76.43% of cash disbursements supported through taxes and other general cash receipts during 2005 and 2004, respectively. The following graph below presents the Village's governmental activities receipts for 2005 and 2004.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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UNAUDITED

**Governmental Activities - General and Program Cash Receipts**



**Business-Type Activities**

The water, sewer and waste compactor funds are the Village's three major enterprise funds. These programs had cash receipts of \$1,851,650 and cash disbursements of \$1,514,551 for fiscal year 2005. The net cash assets of the programs increased \$337,099 from 2004. During 2005, the Sewer fund received OWDA loans and grants in the amount of \$369,389.

**Financial Analysis of the Government's Funds**

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The Village's governmental funds are accounted for using the cash basis of accounting.

At December 31, 2005, the Village's governmental funds reported combined fund cash balances of \$1,200,556, which is \$225,166 above the 2004 totals. At December 31, 2004, the Village's governmental funds reported combined fund cash balances of \$975,390 which is \$37,830 less than the 2003 totals. The fund cash balances at December 31, 2003 have been restated as described in Note 3 to the financial statements. The schedule below indicates the fund cash balances and the total change in fund cash balances as of December 31, 2005, 2004 and 2003, for all major and nonmajor governmental funds:

	Fund Cash Balance <u>12/31/05</u>	Fund Cash Balance <u>12/31/04</u>	Restated Fund Cash Balance <u>12/31/03</u>	2005/2004 Increase (Decrease)	2004/2003 Increase (Decrease)
Major Funds:					
General	\$ 599,667	\$ 468,117	\$ 543,377	\$ 131,550	\$ (75,260)
SCM&R	85,081	49,945	27,992	35,136	21,953
Fire Equipment	43,780	94,764	72,612	(50,984)	22,152
Capital Improvement	176,283	150,003	156,032	26,280	(6,029)
Nonmajor funds	<u>295,745</u>	<u>212,561</u>	<u>213,207</u>	<u>83,184</u>	<u>(646)</u>
Total	<u>\$ 1,200,556</u>	<u>\$ 975,390</u>	<u>\$ 1,013,220</u>	<u>\$ 225,166</u>	<u>\$ (37,830)</u>

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED

The following is an analysis of the Village's major governmental funds:

**General Fund**

The general fund, the Village's largest major fund, had cash receipts \$1,171,005 and \$1,080,552 in 2005 and 2004, respectively. The cash disbursements of the general fund totaled \$1,039,455 and \$1,155,812 in 2005 and 2004, respectively. The amounts below exclude other financing receipts and disbursements. The general fund's cash balance increased \$131,550 from 2004 to 2005 and decreased \$75,260 from 2003 to 2004.

The table that follows assists in illustrating the cash receipts of the general fund.

	2005 <u>Amount</u>	2004 <u>Amount</u>	2003 <u>Amount</u>	2005/2004 Increase (Decrease)	2004/2003 Increase (Decrease)
<b><u>Cash Receipts:</u></b>					
Taxes	\$ 867,489	\$ 810,736	\$ 785,226	\$ 56,753	\$ 25,510
Intergovernmental	60,516	83,535	147,949	(23,019)	(64,414)
Charges for services	72,455	30,394	25,888	42,061	4,506
License, permits and fees	94,359	103,348	81,408	(8,989)	21,940
Interest	23,276	10,720	16,620	12,556	(5,900)
Rental income	14,100	14,700	15,575	(600)	(875)
Other	38,810	27,119	3,572	11,691	23,547
Total	<u>\$ 1,171,005</u>	<u>\$ 1,080,552</u>	<u>\$ 1,076,238</u>	<u>\$ 90,453</u>	<u>\$ 4,314</u>

Investment income cash receipts increased due to higher interest earning investments. All other revenue remained comparable to 2004. The decrease in intergovernmental receipts was due to the beginning of the part-time fire department which was previously strictly volunteer so the grants for the fire department were receipted into the fire fund in 2005. The increase in charges for services was due to an increase in fire department services since the fire department became part-time in 2005.

The table that follows assists in illustrating the cash disbursements of the general fund.

	2005 <u>Amount</u>	2004 <u>Amount</u>	2003 <u>Amount</u>	2005/2004 Increase (Decrease)	2004/2003 Increase (Decrease)
<b><u>Cash Disbursements</u></b>					
General government	\$ 400,172	\$ 474,337	\$ 334,307	\$ (74,165)	\$ 140,030
Securities of persons and property	387,384	465,945	424,117	(78,561)	41,828
Public health services	2,977	2,324	3,417	653	(1,093)
Basic utility services	1,463	1,368	-	95	1,368
Transportation	1,105	1,318	-	(213)	1,318
Capital outlay	1,354	520	-	834	520
Total	<u>\$ 794,455</u>	<u>\$ 945,812</u>	<u>\$ 761,841</u>	<u>\$ (151,357)</u>	<u>\$ 183,971</u>

The most significant decreases which occurred in the general fund during 2005 were caused by the creation of a part-time fire department, which includes part-time firefighters and a full-time fire chief, during 2005. The fire department was previously volunteer and related disbursements were made from the general fund, however, the disbursements were made from the fire fund during 2005.



**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED

***Street Construction, Maintenance and Repair Fund***

The street construction, maintenance and repair fund, a Village major fund, had cash receipts and other financing sources of \$342,196 and \$286,965 in 2005 and 2004, respectively. The street construction, maintenance and repair fund had cash disbursements of \$307,060 and \$265,012 in 2005 and 2004, respectively. The street construction, maintenance and repair fund cash balance increased \$35,136 from 2004 to 2005 and increased \$21,953 from 2003 to 2004.

***Fire Equipment Fund***

The fire equipment fund, a Village major fund, had cash receipts of \$273,107 and \$30,400 in 2005 and 2004, respectively. The fire equipment fund had cash disbursements and other financing disbursements of \$324,091 and \$8,248 in 2005 and 2004, respectively. The fire equipment fund cash balance decreased \$50,984 from 2004 to 2005 and increased \$22,152 from 2003 to 2004.

***Capital Improvement Fund***

The capital improvement fund, a Village major fund, had cash receipts and other financing receipts of \$42,910 and \$39,821 in 2005 and 2004, respectively. The capital improvement fund had cash disbursements of \$16,630 and \$45,850 in 2005 and 2004, respectively. The capital improvement fund cash balance increased \$26,280 from 2004 to 2005 and decreased \$6,029 from 2003 to 2004.

***Budgeting Highlights - General Fund***

The Village's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

For 2005, final budget basis receipts for the general fund were not amended from the original budget estimates of \$950,950. Actual cash receipts of \$1,171,005 were above the final budget estimates by \$220,055. The final budgetary basis disbursements and other financing disbursements of \$1,242,088 were not amended from the original budget estimates. The actual budgetary basis disbursements and other financing disbursements of \$1,056,597 were \$185,491 less than the final budget estimates.

***Enterprise Funds***

The Village's enterprise funds are accounted for using the cash basis of accounting.

At December 31, 2005, the Village's enterprise funds reported combined net cash assets of \$1,929,944, which is \$337,099 above the 2004 totals. At December 31, 2004, the Village's enterprise funds reported combined net cash assets of \$1,592,845 which is \$7,330 above the 2003 totals. The net cash assets at December 31, 2003 have been restated as described in Note 3 to the financial statements. The schedule below indicates the net cash assets and the total change in net cash assets as of December 31, 2005 and December 31, 2004, for all major and nonmajor enterprise funds:

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED

	<u>Net Cash Assets</u> <u>December 31, 2005</u>	<u>Net Cash Assets</u> <u>December 31, 2004</u>	<u>Restated</u> <u>Net Cash Assets</u> <u>December 31, 2003</u>	<u>2005/2004</u> <u>Increase</u> <u>(Decrease)</u>	<u>2004/2003</u> <u>Increase</u> <u>(Decrease)</u>
Major Funds:					
Water	\$ 927,844	\$ 846,379	\$ 902,989	\$ 81,465	\$ (56,610)
Sewer	814,512	611,444	599,981	203,068	11,463
Waste Compactor	128,529	84,892	39,955	43,637	44,937
Nonmajor fund	<u>59,059</u>	<u>50,130</u>	<u>42,590</u>	<u>8,929</u>	<u>7,540</u>
Total	<u>\$ 1,929,944</u>	<u>\$ 1,592,845</u>	<u>\$ 1,585,515</u>	<u>\$ 337,099</u>	<u>\$ 7,330</u>

The following is an analysis of the Village's major enterprise funds:

***Water Fund***

The water fund, a Village major fund, had operating and nonoperating cash receipts of \$731,749 and \$710,510 in 2005 and 2004, respectively. The water fund had operating and nonoperating cash disbursements of \$650,284 and \$767,120 in 2005 and 2004, respectively. The water fund cash net assets increased \$81,465 from 2004 to 2005 and decreased \$56,610 from 2003 to 2004.

***Sewer Fund***

The sewer fund, a Village major fund, had operating and nonoperating cash receipts of \$820,651 and \$536,033 in 2005 and 2004, respectively. The sewer fund had operating cash disbursements of \$617,583 and \$524,570 in 2005 and 2004, respectively. The sewer fund cash net assets increased \$203,068 from 2004 to 2005 and increased \$11,463 from 2003 to 2004.

***Waste Compactor Fund***

The waste compactor fund, a Village major fund, had operating cash receipts of \$211,129 and \$244,719 in 2005 and 2004, respectively. The waste compactor fund had operating cash disbursements of \$167,492 and \$199,782 in 2005 and 2004, respectively. The waste compactor fund cash net assets increased \$43,637 from 2004 to 2005 and increased \$44,937 from 2003 to 2004.

**Capital Assets and Debt Administration**

***Capital Assets***

The Village does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements in the governmental funds of \$53,231 and \$86,639 during fiscal year 2005 and 2004, respectively. The Village had capital outlay disbursements in the enterprise funds of \$445,481 and \$463,589 during fiscal year 2005 and 2004, respectively.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004  
UNAUDITED

***Debt Administration***

The Village had the following long-term obligations outstanding at December 31, 2005 and 2004:

	Business-Type Activities <u>2005</u>	Business-Type Activities <u>2004</u>
Mortgage Revenue Bonds	\$ 2,905,000	\$ 3,080,000
OWDA loans	346,237	-
Promissory note	<u>37,308</u>	<u>55,962</u>
Total long-term obligations	<u>\$ 3,288,545</u>	<u>\$ 3,135,962</u>

Detail regarding long-term obligations can be found in the notes to the financial statements in Note 6.

**Current Financial Related Activities**

The following economic factors were taken into consideration in preparing the budget for fiscal year 2005:

The Village of Mt. Gilead is the county seat of Morrow County located in central Ohio. Unemployment in Morrow County typically is slightly above the state and national levels.

State funding is uncertain due to budgetary shortfalls at the State level. Local government revenue and local government revenue assistance funds will be cut by 10% in the State budget. These funds represented 16% of the Village's general fund revenues in 2005. Sales and property tax revenues are expected to remain consistent as well as expenditures for fiscal year 2006.

Many of the Village's volunteer firefighters had to find work outside the Village when the main industry closed and that left us with very few to answer day time calls. In July 2005 our volunteer Fire Chief began full time duty and in January 2006 some of the Village's volunteer firefighters began working part-time. The fire department is funded by revenue generated from (1) interest, (2) our Fire Protection Tax levy, (3) Contracts with four Townships (Canaan, Edison, Franklin, and Gilead) outside the Village -- each pays a percentage of their fire protection tax levy to the Village to provide fire protection, and (4) grants. Expenses are primarily operational including wages, equipment, fuel and utilities.

These economic factors were considered in preparing the Village's budget for fiscal year 2005. The Village has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sue Mermann, Fiscal Officer, Village of Mount Gilead, 72 West High Street, Mt. Gilead, Ohio 43338.

**CASH BASIS  
FINANCIAL STATEMENTS**

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2005

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 1,199,901	\$ 1,929,944	\$ 3,129,845
Cash in segregated accounts. . . . .	655	-	655
<b>Total assets.</b> . . . . .	<b>1,200,556</b>	<b>1,929,944</b>	<b>3,130,500</b>
<b>Net cash assets:</b>			
Restricted for:			
Public safety. . . . .	60,000	-	60,000
Equipment. . . . .	187,405	-	187,405
Street maintenance and construction . . . . .	116,064	-	116,064
Police and fire services . . . . .	47,378	-	47,378
Debt service. . . . .	264	-	264
Capital projects . . . . .	181,651	-	181,651
Other purposes . . . . .	8,127	-	8,127
Unrestricted . . . . .	599,667	1,929,944	2,529,611
<b>Total net cash assets</b> . . . . .	<b>\$ 1,200,556</b>	<b>\$ 1,929,944</b>	<b>\$ 3,130,500</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**  
STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<b>Program Cash Receipts</b>			
	<b>Cash Disbursements</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Governmental activities:</b>				
Current:				
General government . . . . .	\$ 400,286	\$ 111,035	\$ -	\$ -
Security of persons and property. . . . .	699,026	148,421	128,554	-
Public health services . . . . .	2,977	-	-	-
Basic utility services . . . . .	1,463	-	-	-
Transportation . . . . .	279,112	-	152,292	-
Capital outlay. . . . .	53,231	-	-	-
Total governmental activities . . . . .	<u>\$ 1,436,095</u>	<u>\$ 259,456</u>	<u>\$ 280,846</u>	<u>\$ -</u>
<b>Business-Type activities:</b>				
Water . . . . .	\$ 650,284	\$ 703,222	\$ -	\$ -
Sewer . . . . .	617,583	444,359	-	369,389
Waste compactor . . . . .	167,492	211,129	-	-
Other enterprise funds:				
Recreation . . . . .	79,192	50,744	-	-
Total business-type activities . . . . .	<u>1,514,551</u>	<u>1,409,454</u>	<u>-</u>	<u>369,389</u>
Totals . . . . .	<u>\$ 2,950,646</u>	<u>\$ 1,668,910</u>	<u>\$ 280,846</u>	<u>\$ 369,389</u>

**General Cash Receipts:**

Property and other taxes levied for:
General purposes . . . . .
Fire equipment . . . . .
Police pension . . . . .
Recreation . . . . .
Income taxes levied for:
General purposes. . . . .
Capital projects . . . . .
Grants and entitlements not restricted
to specific programs . . . . .
Investment receipts . . . . .
Miscellaneous. . . . .
Total general cash receipts. . . . .
Change in net cash assets . . . . .
<b>Net cash assets at beginning of year . . . . .</b>
<b>Net cash assets at end of year . . . . .</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**Net (Cash Disbursements) Cash Receipts and  
Changes in Net Cash Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (289,251)	\$ -	\$ (289,251)
(422,051)	-	(422,051)
(2,977)	-	(2,977)
(1,463)	-	(1,463)
(126,820)	-	(126,820)
(53,231)	-	(53,231)
<u>(895,793)</u>	<u>-</u>	<u>(895,793)</u>
-	52,938	52,938
-	196,165	196,165
-	43,637	43,637
<u>-</u>	<u>(28,448)</u>	<u>(28,448)</u>
<u>-</u>	<u>264,292</u>	<u>264,292</u>
<u>(895,793)</u>	<u>264,292</u>	<u>(631,501)</u>
84,936	-	84,936
64,275	-	64,275
12,971	-	12,971
-	32,957	32,957
782,553	-	782,553
41,187	-	41,187
69,885	3,685	73,570
26,342	36,165	62,507
38,810	-	38,810
<u>1,120,959</u>	<u>72,807</u>	<u>1,193,766</u>
225,166	337,099	562,265
975,390	1,592,845	2,568,235
<u>\$ 1,200,556</u>	<u>\$ 1,929,944</u>	<u>\$ 3,130,500</u>

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Fire Equipment</u>	<u>Capital Improvement</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 599,012	\$ 85,081	\$ 43,780	\$ 176,283
Cash in segregated account . . . . .	655	-	-	-
Total assets . . . . .	<u>\$ 599,667</u>	<u>\$ 85,081</u>	<u>\$ 43,780</u>	<u>\$ 176,283</u>
<b>Fund cash balances:</b>				
Reserved for encumbrances. . . . .	\$ 17,142	\$ 9,466	\$ 31,364	\$ -
Unreserved, undesignated, reported in:				
General fund. . . . .	582,525	-	-	-
Special revenue funds . . . . .	-	75,615	12,416	-
Debt service funds. . . . .	-	-	-	-
Capital projects funds . . . . .	-	-	-	176,283
Total fund cash balances . . . . .	<u>\$ 599,667</u>	<u>\$ 85,081</u>	<u>\$ 43,780</u>	<u>\$ 176,283</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 295,745	\$ 1,199,901
-	655
<u>\$ 295,745</u>	<u>\$ 1,200,556</u>
\$ 45,438	\$ 103,410
-	582,525
244,675	332,706
264	264
5,368	181,651
<u>\$ 295,745</u>	<u>\$ 1,200,556</u>

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Fire Equipment</u>	<u>Capital Improvement</u>
<b>Cash receipts:</b>				
Taxes . . . . .	\$ 867,489	\$ -	\$ 64,275	\$ 41,187
Intergovernmental . . . . .	60,516	131,784	136,362	-
Charges for services . . . . .	72,455	-	72,454	-
Fines, licenses and permits. . . . .	94,359	-	-	-
Interest. . . . .	23,276	912	16	1,723
Rental income . . . . .	14,100	-	-	-
Miscellaneous . . . . .	38,810	-	-	-
Total cash receipts . . . . .	<u>1,171,005</u>	<u>132,696</u>	<u>273,107</u>	<u>42,910</u>
<b>Cash disbursements:</b>				
Current:				
General government. . . . .	400,172	-	-	-
Security of persons and property . . . . .	387,384	-	264,091	-
Public health services . . . . .	2,977	-	-	-
Basic utility services. . . . .	1,463	-	-	-
Transportation. . . . .	1,105	271,813	-	-
Capital outlay . . . . .	1,354	35,247	-	16,630
Total cash disbursements . . . . .	<u>794,455</u>	<u>307,060</u>	<u>264,091</u>	<u>16,630</u>
Excess of cash receipts over (under) cash disbursements . . . . .	<u>376,550</u>	<u>(174,364)</u>	<u>9,016</u>	<u>26,280</u>
<b>Other financing receipts (disbursements):</b>				
Transfers in. . . . .	-	209,500	-	-
Transfers out . . . . .	<u>(245,000)</u>	<u>-</u>	<u>(60,000)</u>	<u>-</u>
Total other financing receipts (disbursements) . . . . .	<u>(245,000)</u>	<u>209,500</u>	<u>(60,000)</u>	<u>-</u>
Net change in fund cash balances . . . . .	131,550	35,136	(50,984)	26,280
<b>Fund cash balances at beginning</b>				
of year . . . . .	<u>468,117</u>	<u>49,945</u>	<u>94,764</u>	<u>150,003</u>
<b>Fund cash balances at end of year . . . . .</b>	<u>\$ 599,667</u>	<u>\$ 85,081</u>	<u>\$ 43,780</u>	<u>\$ 176,283</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 12,971	\$ 985,922
22,069	350,731
-	144,909
6,088	100,447
415	26,342
-	14,100
-	38,810
41,543	1,661,261
114	400,286
47,551	699,026
-	2,977
-	1,463
6,194	279,112
-	53,231
53,859	1,436,095
(12,316)	225,166
105,000	314,500
(9,500)	(314,500)
95,500	-
83,184	225,166
212,561	975,390
\$ 295,745	\$ 1,200,556

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 758,172	\$ 758,172	\$ 867,489	\$ 109,317
Intergovernmental . . . . .	45,148	45,148	60,516	15,368
Charges for services . . . . .	-	-	72,455	72,455
Fines, licenses and permits. . . . .	81,681	81,681	94,359	12,678
Interest. . . . .	20,149	20,149	23,276	3,127
Rental income . . . . .	12,205	12,205	14,100	1,895
Miscellaneous . . . . .	33,595	33,595	38,810	5,215
Total budgetary basis receipts . . . . .	<u>950,950</u>	<u>950,950</u>	<u>1,171,005</u>	<u>220,055</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	502,161	502,161	408,743	93,418
Security of persons and property . . . . .	486,451	486,451	395,955	90,496
Public health services. . . . .	3,657	3,657	2,977	680
Basic utility services . . . . .	1,797	1,797	1,463	334
Transportation. . . . .	1,358	1,358	1,105	253
Capital outlay . . . . .	1,664	1,664	1,354	310
Total budgetary basis disbursements. . . . .	<u>997,088</u>	<u>997,088</u>	<u>811,597</u>	<u>185,491</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements. . . . .	<u>(46,138)</u>	<u>(46,138)</u>	<u>359,408</u>	<u>405,546</u>
<b>Other financing disbursements:</b>				
Transfers out . . . . .	<u>(245,000)</u>	<u>(245,000)</u>	<u>(245,000)</u>	<u>-</u>
Total other financing disbursements . . . . .	<u>(245,000)</u>	<u>(245,000)</u>	<u>(245,000)</u>	<u>-</u>
Net change in fund cash balance. . . . .	(291,138)	(291,138)	114,408	405,546
<b>Fund cash balance at beginning of year . . . . .</b>	443,430	443,430	443,430	-
<b>Prior year encumbrances appropriated . . . . .</b>	24,687	24,687	24,687	-
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 176,979</u>	<u>\$ 176,979</u>	<u>\$ 582,525</u>	<u>\$ 405,546</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
STREET CONSTRUCTION, MAINTENANCE AND REPAIR  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Intergovernmental . . . . .	\$ 125,333	\$ 125,333	\$ 131,784	\$ 6,451
Interest . . . . .	867	867	912	45
Total budgetary basis receipts . . . . .	<u>126,200</u>	<u>126,200</u>	<u>132,696</u>	<u>6,496</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Transportation . . . . .	296,447	296,447	281,279	15,168
Capital outlay . . . . .	37,148	37,148	35,247	1,901
Total budgetary basis disbursements. . . . .	<u>333,595</u>	<u>333,595</u>	<u>316,526</u>	<u>17,069</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements. . . . .	<u>(207,395)</u>	<u>(207,395)</u>	<u>(183,830)</u>	<u>23,565</u>
<b>Other financing receipts:</b>				
Transfers in . . . . .	209,500	209,500	209,500	-
Total other financing receipts . . . . .	<u>209,500</u>	<u>209,500</u>	<u>209,500</u>	<u>-</u>
Net change in fund cash balance . . . . .	2,105	2,105	25,670	23,565
<b>Fund cash balance at beginning of year . . . . .</b>	43,814	43,814	43,814	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>6,131</u>	<u>6,131</u>	<u>6,131</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 52,050</u>	<u>\$ 52,050</u>	<u>\$ 75,615</u>	<u>\$ 23,565</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
FIRE EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 35,480	\$ 82,372	\$ 64,275	\$ (18,097)
Intergovernmental . . . . .	75,271	174,755	136,362	(38,393)
Charges for services . . . . .	39,995	92,852	72,454	(20,398)
Interest . . . . .	9	21	16	(5)
Total budgetary basis receipts . . . . .	<u>150,755</u>	<u>350,000</u>	<u>273,107</u>	<u>(76,893)</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Security of persons and property . . . . .	<u>77,063</u>	<u>280,600</u>	<u>295,455</u>	<u>(14,855)</u>
Total budgetary basis disbursements. . . . .	<u>77,063</u>	<u>280,600</u>	<u>295,455</u>	<u>(14,855)</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements . . . . .	<u>73,692</u>	<u>69,400</u>	<u>(22,348)</u>	<u>(91,748)</u>
<b>Other financing disbursements:</b>				
Transfers out. . . . .	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Total other financing disbursements . . . . .	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Net change in fund cash balance . . . . .	13,692	9,400	(82,348)	(91,748)
<b>Fund cash balance at beginning of year . . . . .</b>	91,116	91,116	91,116	-
<b>Prior year encumbrances appropriated . . . . .</b>	<u>3,648</u>	<u>3,648</u>	<u>3,648</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 108,456</u>	<u>\$ 104,164</u>	<u>\$ 12,416</u>	<u>\$ (91,748)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS  
ENTERPRISE FUNDS  
DECEMBER 31, 2005

**Business-type Activities - Enterprise Funds**

	<u>Water</u>	<u>Sewer</u>	<u>Waste Compactor</u>	<u>Other Enterprise</u>	<u>Total</u>
<b>Assets:</b>					
Current assets:					
Equity in pooled cash and cash equivalents. . .	\$ 927,844	\$ 814,512	\$ 128,529	\$ 59,059	\$ 1,929,944
Total assets. . . . .	<u>927,844</u>	<u>814,512</u>	<u>128,529</u>	<u>59,059</u>	<u>1,929,944</u>
<b>Net cash assets:</b>					
Unrestricted. . . . .	<u>927,844</u>	<u>814,512</u>	<u>128,529</u>	<u>59,059</u>	<u>1,929,944</u>
Total net cash assets. . . . .	<u>\$ 927,844</u>	<u>\$ 814,512</u>	<u>\$ 128,529</u>	<u>\$ 59,059</u>	<u>\$ 1,929,944</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH ASSETS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Waste Compactor</b>	<b>Other Enterprise</b>	
<b>Operating cash receipts:</b>					
Charges for services . . . . .	\$ 703,222	\$ 444,359	\$ 211,129	\$ 50,744	\$ 1,409,454
Total operating cash receipts . . . . .	<u>703,222</u>	<u>444,359</u>	<u>211,129</u>	<u>50,744</u>	<u>1,409,454</u>
<b>Operating cash disbursements:</b>					
Personal services . . . . .	160,096	118,506	52,323	48,481	379,406
Contractual services . . . . .	78,766	58,966	83,119	5,994	226,845
Materials and supplies . . . . .	42,723	25,441	11,187	24,717	104,068
Capital outlay . . . . .	9,948	414,670	20,863	-	445,481
Total operating cash disbursements . . . . .	<u>291,533</u>	<u>617,583</u>	<u>167,492</u>	<u>79,192</u>	<u>1,155,800</u>
Operating cash receipts over (under) operating cash disbursements . . . . .	<u>411,689</u>	<u>(173,224)</u>	<u>43,637</u>	<u>(28,448)</u>	<u>253,654</u>
<b>Nonoperating cash receipts (disbursements):</b>					
Taxes . . . . .	-	-	-	32,957	32,957
Intergovernmental . . . . .	-	23,152	-	3,685	26,837
Proceeds of notes . . . . .	-	346,237	-	-	346,237
Interest . . . . .	28,527	6,903	-	735	36,165
Debt Service:					
Principal . . . . .	(193,654)	-	-	-	(193,654)
Interest and other fiscal charges . . . . .	(165,097)	-	-	-	(165,097)
Total nonoperating cash receipts (disbursements). . . . .	<u>(330,224)</u>	<u>376,292</u>	<u>-</u>	<u>37,377</u>	<u>83,445</u>
Changes in net cash assets. . . . .	81,465	203,068	43,637	8,929	337,099
<b>Net cash assets at beginning of year . . . . .</b>	<u>846,379</u>	<u>611,444</u>	<u>84,892</u>	<u>50,130</u>	<u>1,592,845</u>
<b>Net cash assets at end of year . . . . .</b>	<u>\$ 927,844</u>	<u>\$ 814,512</u>	<u>\$ 128,529</u>	<u>\$ 59,059</u>	<u>\$ 1,929,944</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2004

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 972,328	\$ 1,592,845	\$ 2,565,173
Cash in segregated accounts. . . . .	3,062	-	3,062
<b>Total assets. . . . .</b>	<b>975,390</b>	<b>1,592,845</b>	<b>2,568,235</b>
<b>Net cash assets:</b>			
Restricted for:			
Equipment . . . . .	210,235	-	210,235
Street maintenance and construction . . . . .	76,081	-	76,081
Police and fire services . . . . .	31,152	-	31,152
Debt service. . . . .	205	-	205
Capital projects . . . . .	155,371	-	155,371
Other purposes . . . . .	34,229	-	34,229
Unrestricted . . . . .	468,117	1,592,845	2,060,962
<b>Total net cash assets . . . . .</b>	<b>\$ 975,390</b>	<b>\$ 1,592,845</b>	<b>\$ 2,568,235</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Program Cash Receipts</u>			
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
Current:				
General government . . . . .	\$ 474,637	\$ 121,262	\$ -	\$ -
Security of persons and property . . . . .	517,665	33,802	-	-
Public health services . . . . .	2,324	-	-	-
Basic utility services . . . . .	6,583	-	-	-
Transportation . . . . .	254,650	-	131,006	-
Capital outlay . . . . .	86,639	30,394	-	-
Total governmental activities . . . . .	<u>\$ 1,342,498</u>	<u>\$ 185,458</u>	<u>\$ 131,006</u>	<u>\$ -</u>
<b>Business-Type activities:</b>				
Water . . . . .	\$ 767,120	\$ 698,341	\$ -	\$ -
Sewer . . . . .	524,570	390,168	-	140,833
Waste compactor . . . . .	199,782	244,719	-	-
Other enterprise funds:				
Recreation . . . . .	80,057	48,694	-	-
Total business-type activities . . . . .	<u>1,571,529</u>	<u>1,381,922</u>	<u>-</u>	<u>140,833</u>
Totals . . . . .	<u>\$ 2,914,027</u>	<u>\$ 1,567,380</u>	<u>\$ 131,006</u>	<u>\$ 140,833</u>

**General Cash Receipts:**

Property and other taxes levied for:
General purposes . . . . .
Police pension . . . . .
Recreation . . . . .
Income taxes levied for:
General purposes . . . . .
Capital projects . . . . .
Grants and entitlements not restricted to specific programs . . . . .
Investment receipts . . . . .
Miscellaneous . . . . .
Total general cash receipts . . . . .
Change in net cash assets . . . . .
<b>Net cash assets at beginning of year (restated) . . . . .</b>
<b>Net cash assets at end of year . . . . .</b>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**Net (Cash Disbursements) Cash Receipts and  
Changes in Net Cash Assets**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (353,375)	\$ -	\$ (353,375)
(483,863)	-	(483,863)
(2,324)	-	(2,324)
(6,583)	-	(6,583)
(123,644)	-	(123,644)
(56,245)	-	(56,245)
<u>(1,026,034)</u>	<u>-</u>	<u>(1,026,034)</u>
-	(68,779)	(68,779)
-	6,431	6,431
-	44,937	44,937
<u>-</u>	<u>(31,363)</u>	<u>(31,363)</u>
<u>-</u>	<u>(48,774)</u>	<u>(48,774)</u>
<u>(1,026,034)</u>	<u>(48,774)</u>	<u>(1,074,808)</u>
96,141	-	96,141
15,092	-	15,092
-	38,313	38,313
714,595	-	714,595
37,610	-	37,610
83,535	-	83,535
14,112	17,791	31,903
27,119	-	27,119
<u>988,204</u>	<u>56,104</u>	<u>1,044,308</u>
(37,830)	7,330	(30,500)
<u>1,013,220</u>	<u>1,585,515</u>	<u>2,598,735</u>
<u>\$ 975,390</u>	<u>\$ 1,592,845</u>	<u>\$ 2,568,235</u>

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**  
STATEMENT OF ASSETS AND FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Fire Equipment</u>	<u>Capital Improvement</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 465,055	\$ 49,945	\$ 94,764	\$ 150,003
Cash in segregated accounts . . . . .	3,062	-	-	-
Total assets . . . . .	<u>\$ 468,117</u>	<u>\$ 49,945</u>	<u>\$ 94,764</u>	<u>\$ 150,003</u>
<b>Fund cash balances:</b>				
Reserved for encumbrances. . . . .	\$ 24,637	\$ 6,131	\$ 3,648	\$ -
Unreserved, undesignated, reported in:				
General fund. . . . .	443,480	-	-	-
Special revenue funds . . . . .	-	43,814	91,116	-
Debt service funds. . . . .	-	-	-	-
Capital projects funds . . . . .	-	-	-	150,003
Total fund cash balances . . . . .	<u>\$ 468,117</u>	<u>\$ 49,945</u>	<u>\$ 94,764</u>	<u>\$ 150,003</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 212,561	\$ 972,328
-	3,062
<u>\$ 212,561</u>	<u>\$ 975,390</u>
\$ -	\$ 34,416
-	443,480
206,988	341,918
205	205
5,368	155,371
<u>\$ 212,561</u>	<u>\$ 975,390</u>

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>General</b>	<b>Street Construction, Maintenance and Repair</b>	<b>Fire Equipment</b>	<b>Capital Improvement</b>
<b>Cash receipts:</b>				
Taxes . . . . .	\$ 810,736	\$ -	\$ -	\$ 37,610
Intergovernmental . . . . .	83,535	121,180	-	-
Charges for services . . . . .	30,394	-	30,394	-
Fines, licenses and permits . . . . .	103,348	-	-	-
Interest . . . . .	10,720	785	6	2,211
Rental income . . . . .	14,700	-	-	-
Miscellaneous . . . . .	27,119	-	-	-
Total cash receipts . . . . .	<u>1,080,552</u>	<u>121,965</u>	<u>30,400</u>	<u>39,821</u>
<b>Cash disbursements:</b>				
Current:				
General government . . . . .	474,337	-	-	-
Security of persons and property. . . . .	465,945	-	8,248	-
Public health services . . . . .	2,324	-	-	-
Basic utility services . . . . .	1,368	-	-	-
Transportation . . . . .	1,318	253,332	-	-
Capital outlay. . . . .	520	11,680	-	45,850
Total cash disbursements. . . . .	<u>945,812</u>	<u>265,012</u>	<u>8,248</u>	<u>45,850</u>
Excess of cash receipts over (under) cash disbursements . . . . .	<u>134,740</u>	<u>(143,047)</u>	<u>22,152</u>	<u>(6,029)</u>
<b>Other financing receipts (disbursements):</b>				
Transfers in . . . . .	-	165,000	-	-
Transfers out . . . . .	<u>(210,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing receipts (disbursements) . . . . .	<u>(210,000)</u>	<u>165,000</u>	<u>-</u>	<u>-</u>
Net change in fund cash balances . . . . .	(75,260)	21,953	22,152	(6,029)
<b>Fund cash balances at beginning of year (restated) . . . . .</b>	<u>543,377</u>	<u>27,992</u>	<u>72,612</u>	<u>156,032</u>
<b>Fund cash balances at end of year . . . . .</b>	<u>\$ 468,117</u>	<u>\$ 49,945</u>	<u>\$ 94,764</u>	<u>\$ 150,003</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 15,092	\$ 863,438
9,826	214,541
-	60,788
6,622	109,970
390	14,112
-	14,700
-	27,119
<u>31,930</u>	<u>1,304,668</u>
300	474,637
43,472	517,665
-	2,324
5,215	6,583
-	254,650
28,589	86,639
<u>77,576</u>	<u>1,342,498</u>
<u>(45,646)</u>	<u>(37,830)</u>
45,000	210,000
-	(210,000)
<u>45,000</u>	<u>-</u>
(646)	(37,830)
213,207	1,013,220
<u>\$ 212,561</u>	<u>\$ 975,390</u>

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Taxes . . . . .	\$ 648,684	\$ 772,152	\$ 810,736	\$ 38,584
Intergovernmental . . . . .	60,492	72,005	83,535	11,530
Charges for services . . . . .	24,103	28,691	30,394	1,703
Fines, licenses and permits . . . . .	81,957	97,557	103,348	5,791
Rental income. . . . .	11,657	13,876	14,700	824
Interest . . . . .	8,501	10,119	10,720	601
Miscellaneous. . . . .	21,506	25,600	27,119	1,519
Total budgetary basis receipts . . . . .	<u>856,900</u>	<u>1,020,000</u>	<u>1,080,552</u>	<u>60,552</u>
<b>Budgetary basis disbursements:</b>				
Current:				
General government . . . . .	525,544	525,544	486,681	38,863
Security of persons and property . . . . .	516,481	516,481	478,288	38,193
Public health services . . . . .	2,510	2,510	2,324	186
Basic utility services. . . . .	1,477	1,477	1,368	109
Transportation. . . . .	1,423	1,423	1,318	105
Capital outlay . . . . .	562	562	520	42
Total budgetary basis disbursements. . . . .	<u>1,047,997</u>	<u>1,047,997</u>	<u>970,499</u>	<u>77,498</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements. . . . .	<u>(191,097)</u>	<u>(27,997)</u>	<u>110,053</u>	<u>138,050</u>
<b>Other financing disbursements:</b>				
Transfers in. . . . .	45,000	45,000	45,000	-
Transfers out . . . . .	<u>(255,000)</u>	<u>(255,000)</u>	<u>(255,000)</u>	<u>-</u>
Total other financing disbursements . . . . .	<u>(210,000)</u>	<u>(210,000)</u>	<u>(210,000)</u>	<u>-</u>
Net change in fund cash balance . . . . .	(401,097)	(237,997)	(99,947)	138,050
<b>Fund cash balance at beginning of year . . . . .</b>	488,512	488,512	488,512	-
<b>Prior year encumbrances appropriated (restated) . . . . .</b>	<u>54,865</u>	<u>54,865</u>	<u>54,865</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 142,280</u>	<u>\$ 305,380</u>	<u>\$ 443,430</u>	<u>\$ 138,050</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
STREET CONSTRUCTION, MAINTENANCE AND REPAIR  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Intergovernmental . . . . .	\$ 197,831	\$ 197,831	\$ 121,180	\$ (76,651)
Interest . . . . .	1,282	1,282	785	(497)
Total budgetary basis receipts . . . . .	<u>199,113</u>	<u>199,113</u>	<u>121,965</u>	<u>(77,148)</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Transportation . . . . .	290,502	290,502	259,463	31,039
Capital outlay . . . . .	13,077	13,077	11,680	1,397
Total budgetary basis disbursements . . . . .	<u>303,579</u>	<u>303,579</u>	<u>271,143</u>	<u>32,436</u>
Excess of budgetary basis receipts over (under) budgetary basis disbursements. . . . .	<u>(104,466)</u>	<u>(104,466)</u>	<u>(149,178)</u>	<u>(44,712)</u>
<b>Other financing receipts:</b>				
Transfers in . . . . .	165,000	165,000	165,000	-
Total other financing receipts . . . . .	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>
Net change in fund cash balance . . . . .	60,534	60,534	15,822	(44,712)
<b>Fund cash balance at beginning of year . . . . .</b>	<u>27,992</u>	<u>27,992</u>	<u>27,992</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 88,526</u>	<u>\$ 88,526</u>	<u>\$ 43,814</u>	<u>\$ (44,712)</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH  
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
FIRE EQUIPMENT  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Budgetary basis receipts:</b>				
Charges for services . . . . .	\$ 25,000	\$ 25,000	\$ 30,394	\$ 5,394
Interest . . . . .	5	5	6	1
Total budgetary basis receipts . . . . .	<u>25,005</u>	<u>25,005</u>	<u>30,400</u>	<u>5,395</u>
<b>Budgetary basis disbursements:</b>				
Current:				
Security of persons and property. . . . .	17,842	17,842	11,896	5,946
Total budgetary basis disbursements . . . . .	<u>17,842</u>	<u>17,842</u>	<u>11,896</u>	<u>5,946</u>
Net change in fund cash balance . . . . .	7,163	7,163	18,504	11,341
<b>Fund cash balance at beginning of year . . . . .</b>	<u>72,612</u>	<u>72,612</u>	<u>72,612</u>	<u>-</u>
<b>Fund cash balance at end of year. . . . .</b>	<u>\$ 79,775</u>	<u>\$ 79,775</u>	<u>\$ 91,116</u>	<u>\$ 11,341</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS  
ENTERPRISE FUNDS  
DECEMBER 31, 2004

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Water</b>	<b>Sewer</b>	<b>Waste Compactor</b>	<b>Other Enterprise</b>	<b>Total</b>
<b>Assets:</b>					
Current assets:					
Equity in pooled cash and cash equivalents. . .	\$ 846,379	\$ 611,444	\$ 84,892	\$ 50,130	\$ 1,592,845
Total assets. . . . .	846,379	611,444	84,892	50,130	1,592,845
<b>Net cash assets:</b>					
Unrestricted. . . . .	846,379	611,444	84,892	50,130	1,592,845
Total net cash assets. . . . .	\$ 846,379	\$ 611,444	\$ 84,892	\$ 50,130	\$ 1,592,845

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF MT. GILEAD**  
**MORROW COUNTY, OHIO**  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH ASSETS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Waste Compactor</b>	<b>Other Enterprise</b>	
<b>Operating cash receipts:</b>					
Charges for services . . . . .	\$ 698,341	\$ 390,168	\$ 244,719	\$ 48,694	\$ 1,381,922
Total operating cash receipts . . . . .	<u>698,341</u>	<u>390,168</u>	<u>244,719</u>	<u>48,694</u>	<u>1,381,922</u>
<b>Operating cash disbursements:</b>					
Personal services . . . . .	140,706	156,502	51,459	52,460	401,127
Contractual services . . . . .	65,939	73,873	117,116	6,743	263,671
Materials and supplies . . . . .	40,930	19,606	9,594	20,854	90,984
Capital outlay . . . . .	167,387	274,589	21,613	-	463,589
Total operating cash disbursements . . . . .	<u>414,962</u>	<u>524,570</u>	<u>199,782</u>	<u>80,057</u>	<u>1,219,371</u>
Operating cash receipts over (under) operating cash disbursements . . . . .	<u>283,379</u>	<u>(134,402)</u>	<u>44,937</u>	<u>(31,363)</u>	<u>162,551</u>
<b>Nonoperating cash receipts (disbursements):</b>					
Taxes . . . . .	-	-	-	38,313	38,313
Intergovernmental . . . . .	-	140,833	-	-	140,833
Interest . . . . .	12,169	5,032	-	590	17,791
Debt Service:					
Principal . . . . .	(188,654)	-	-	-	(188,654)
Interest and other fiscal charges . . . . .	(163,504)	-	-	-	(163,504)
Total nonoperating cash receipts (disbursements) . . . . .	<u>(339,989)</u>	<u>145,865</u>	<u>-</u>	<u>38,903</u>	<u>(155,221)</u>
Changes in net cash assets . . . . .	(56,610)	11,463	44,937	7,540	7,330
<b>Net cash assets at beginning of year (restated) . . . . .</b>	<u>902,989</u>	<u>599,981</u>	<u>39,955</u>	<u>42,590</u>	<u>1,585,515</u>
<b>Net cash assets at end of year . . . . .</b>	<u>\$ 846,379</u>	<u>\$ 611,444</u>	<u>\$ 84,892</u>	<u>\$ 50,130</u>	<u>\$ 1,592,845</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

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**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE ENTITY**

The Village of Mt. Gilead (the "Village"), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: water and sewer utilities, street construction, maintenance and repair, park operations, police protection, Mayor's Court, as well as other general governmental services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officers are financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The Village prepares its financial statements and notes on the basis of cash receipts and disbursements. The cash receipts and disbursements basis of accounting is a comprehensive basis of accounting other than GAAP. 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, in accordance with the basis of accounting described in the preceding paragraph.

**B. Fund Accounting**

The Village uses funds to maintain its financial records during the year. Fund accounting is a concept development to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The Village classifies each fund as either governmental, proprietary or fiduciary.

**Governmental Funds** - The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the Village's major governmental funds:

General Fund - This fund is used to account for all financial resources of the Village except those required to be accounted for in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Construction, Maintenance and Repair - This fund accounts for tax and grant receipts and their use as they pertain to the Village's roads.

Fire Equipment - This fund accounts for grants and fees and their use as they pertain to fire equipment purchases.

Capital Improvement - This fund accounts for the tax receipts and their use as they pertain to the Village's capital improvements.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

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

Other governmental funds (nonmajor funds) of the Village are used to account for grants and other resources, and capital projects whose use is restricted to a particular purpose.

***Proprietary Funds*** - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the Village's major enterprise funds:

*Water Fund* - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the Village.

*Sewer Fund* - This fund accounts for the user charges and expenses of maintaining the sewer lines and facilities of the Village.

*Waste Compactor* - This fund accounts for the user charges and expenses associated with the Village's waste compactor.

Other enterprise funds (nonmajor funds) of the Village are used to account for recreation operations.

***Fiduciary Funds*** - Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village does not maintain any private-purpose trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village has no fiduciary funds.

**C. Basis of Presentation and Measurement Focus**

*Government-wide Statement of Activities - Cash Basis* - This statement displays information about the Village as a whole, except for fiduciary funds. The statement distinguishes between those activities of the Village that are governmental and those that are considered business-type activities.

The government-wide statement of activities cash basis compares disbursements with program receipts for each segment of the business-type activities of the Village and for each function or program of the Village's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Village. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the Village.

*Fund Financial Statements* - Fund financial statements report detailed information about the Village. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

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

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the Village's proprietary funds are charges for sales and services, and include personnel and other disbursements related to the operations of the enterprise activity. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

**D. Budgetary Process**

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

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

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

*Appropriations* - A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village adopted supplemental appropriations during 2005 and 2004.

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



**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

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

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need to be re-appropriated. The Village had outstanding encumbrances at December 31, 2005 and 2004.

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Village's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Interest earnings are collected as authorized by the State statute.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005 and 2004, the Village invested in State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2005 and December 31, 2004.

The Village has funds deposited separate from the internal investment pool to account for Mayor's Court operations. The carrying value of this account is reported as "cash in segregated accounts" on the financial statements.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2005 was \$23,276 which includes \$12,359 assigned from other Village funds. Interest receipts credited to the general fund during 2004 was \$10,720 which includes \$4,475 assigned from other Village funds.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted assets at December 31, 2005 or 2004.

**G. Inventory and Prepaid Items**

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

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

**H. Capital Assets**

Acquisition of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**I. Interfund Receivables/Payables**

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease payments are reported when paid.

**M. Net Assets**

Net cash assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net cash assets restricted for other purposes include resources restricted for public safety, equipment, street maintenance and construction, police and fire services, debt service and capital projects.

The Village first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net cash assets are available.

**N. Fund Cash Balance Reserves**

The Village reserves any portion of fund cash balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund cash balance indicates that portion of fund balance which is available for appropriation in future periods. Fund cash balance reserves have been established for encumbrances.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

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

**O. Interfund Activity**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing receipt (disbursement) in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Village had neither extraordinary nor special items during 2005 or 2004.

**NOTE 3 - ACCOUNTABILITY & COMPLIANCE**

**A. Change in Presentation/Fund Reclassifications**

Beginning in 2004, the Village has presented, for the first time, Financial Statements prepared in a format consistent with GASB Statement No. 34 (See Note 2.A.). In conjunction with this presentation change, the Village has reported certain fund reclassifications to properly present the funds consistent with GASB Statement No. 34. These reclassifications had the following affect on the fund balances previously reported by the governmental funds:

	<u>General</u>	<u>Street CMR</u>	<u>Fire Equipment</u>	<u>Capital Improvement</u>	<u>Nonmajor</u>	<u>Total</u>
Cash Balances 12/31/03	\$ 536,093	\$ 27,992	\$ 72,612	\$ 156,032	\$ 646,822	\$ 1,439,551
Reclassification of funds	<u>7,284</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(433,615)</u>	<u>(426,331)</u>
Restated cash balances 1/1/04	<u>\$ 543,377</u>	<u>\$ 27,992</u>	<u>\$ 72,612</u>	<u>\$ 156,032</u>	<u>\$ 213,207</u>	<u>\$ 1,013,220</u>

The total restated cash balances at January 1, 2004 equals the net cash assets at beginning of year for the governmental activities as reported on the Statement of Activities for the year ended December 31, 2004.

The fund reclassifications had the following affect on the net assets of the enterprise funds as previously reported:

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

**NOTE 3 - ACCOUNTABILITY & COMPLIANCE - (Continued)**

	<u>Water</u>	<u>Sewer</u>	<u>Waste Compactor</u>	<u>Nonmajor</u>	<u>Total</u>
Cash basis net assets at December 31, 2003	\$ 599,271	\$ 470,084	\$ 39,955	\$ 42,590	\$ 1,151,900
Reclassification of funds	<u>303,718</u>	<u>129,897</u>	-	-	<u>433,615</u>
Restated cash basis net assets at January 1, 2004	<u>\$ 902,989</u>	<u>\$ 599,981</u>	<u>\$ 39,955</u>	<u>\$ 42,590</u>	<u>\$ 1,585,515</u>

The total restated cash basis net assets at January 1, 2004 equals the net cash assets at beginning of year for the business-type activities as reported on the statement of activities for the year ended December 31, 2004.

**B. Change in Accounting Principles**

For fiscal years 2004 and 2005, the Village has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the Village.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Village has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim moneys are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Village by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At December 31, 2004 and 2005, the Village had \$400 in undeposited cash on hand which is included on the financial statements of the Village as part of "Equity in Pooled Cash and Cash Equivalents." This amount is not included in the deposits shown below.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Cash in Segregated Account**

The Village had \$655 and \$3,062 on deposit with a financial institution at December 31, 2005 and 2004, respectively, for Mayor's Court. These balances are reported on the Financial Statements as "Cash in segregated account" since they are maintained separate from the Villages internal investment pool. The amounts are included in "Deposits with Financial Institutions" below.

**C. Deposits with Financial Institutions**

At December 31, 2005, the carrying amount of the Village's deposits was \$1,542,807. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2005, \$1,458,015 of the Village's bank balance of \$1,571,798 was exposed to custodial risk as discussed below, while \$113,783 was covered by Federal Deposit Insurance Corporation.

At December 31, 2004, the carrying amount of the Village's deposits was \$1,027,855. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2004, \$917,988 of the Village's bank balance of \$1,028,620 was exposed to custodial risk as discussed below, while \$110,632 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Village's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

**D. Investments**

As of December 31, 2005, the Village had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	<u>\$ 1,587,293</u>	<u>\$ 1,587,293</u>

As of December 31, 2004, the Village had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	<u>\$ 1,539,980</u>	<u>\$ 1,539,980</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Village's investment policy limits investment portfolio maturities to five years or less.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

*Concentration of Credit Risk:* The Village places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Village at December 31, 2005:

<u>Investment type</u>	<u>December 31, 2005</u>		<u>December 31, 2004</u>	
	<u>Fair Value</u>	<u>% of Total</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 1,587,293</u>	<u>100.00%</u>	<u>\$ 1,539,980</u>	<u>100.00%</u>

**E. Reconciliation of Deposits and Investments to the Statement of Net Assets**

The following is a reconciliation of deposits and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2005 and 2004:

<u>Deposits and Investments per footnote</u>	<u>12/31/2005</u>	<u>12/31/2004</u>
Carrying amount of deposits	\$ 1,542,807	\$ 1,027,855
Investments	1,587,293	1,539,980
Cash on hand	400	400
Total	<u>\$ 3,130,500</u>	<u>\$ 2,568,235</u>
 <u>Cash and Investments per Statement of Net Assets</u>	 <u>12/31/05</u>	 <u>12/31/04</u>
Governmental activities	\$ 1,200,556	\$ 975,390
Business-type activities	1,929,944	1,592,845
Total	<u>\$ 3,130,500</u>	<u>\$ 2,568,235</u>

**NOTE 5 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

**NOTE 5 - TAXES - (Continued)**

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values of real and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

	2005	2004
Real property tax	\$ 50,756,390	\$ 42,967,000
Public utility tangible personal property	1,451,730	1,462,960
Tangible personal property	4,274,340	6,678,660
Total assessed valuation	\$ 56,482,460	\$ 51,108,620

**B. Income Taxes**

The Regional Income Tax Agency (RITA) administers and collects income taxes for the Village of Mt. Gilead. Payments less a 3% administration fee for RITA, are remitted to the Village monthly for tax receipts received in the prior month. Income tax receipts are credited to the General fund at 95% and the Capital Improvements Fund at 5%. Income tax receipts totaled \$823,740 and \$752,205 in 2005 and 2004, respectively.

**NOTE 6 - DEBT OBLIGATIONS**

Transactions for the years ended December 31, 2005 and 2004 are summarized as follows:

	Balance at 12/31/04	Proceeds	Payments	Balance at 12/31/05
<u>2005</u>				
<u>Description</u>				
Mortgage Revenue Refunding Bonds	\$ 3,080,000	\$ -	\$ (175,000)	\$ 2,905,000
OWDA Loan	-	346,237	-	346,237
Promissory Note	55,962	-	(18,654)	37,308
Total	\$ 3,135,962	\$ 346,237	\$ (193,654)	\$ 3,288,545
<u>2004</u>				
<u>Description</u>				
Mortgage Revenue Refunding Bonds	\$ 3,250,000	\$ -	\$ (170,000)	\$ 3,080,000
Promissory Note	74,616	-	(18,654)	55,962
Total	\$ 3,324,616	\$ -	\$ (188,654)	\$ 3,135,962



**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

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

The OWDA loan will be repaid starting in 2006 fiscal year, and currently there is no amortization schedule available. The principal and interest requirements to retire the other debt obligations outstanding at December 31, 2005, are as follows:

Year Ending December 31	Promissory Note		Mortgage Revenue Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 18,654	\$ 1,455	\$ 185,000	\$ 146,445	\$ 203,654	\$ 147,900
2007	18,654	728	190,000	138,213	208,654	138,941
2008	-	-	200,000	129,568	200,000	129,568
2009	-	-	210,000	120,267	210,000	120,267
2010	-	-	220,000	110,293	220,000	110,293
2011 - 2015	-	-	1,285,000	374,738	1,285,000	374,738
2016 - 2017	-	-	615,000	49,755	615,000	49,755
Total	<u>\$ 37,308</u>	<u>\$ 2,183</u>	<u>\$ 2,905,000</u>	<u>\$ 1,069,279</u>	<u>\$ 2,942,308</u>	<u>\$ 1,071,462</u>

The Mortgage Revenue Refunding Bonds were issued in 1999 bearing a varying interest rate and mature in 2017.

The Promissory Notes was issued in 2002 at an interest rate of 3.9% and matures on December 12, 2007.

Under the cash basis of accounting, debt obligations at year-end are not reported on the financial statements.

**NOTE 7 - PENSION PLANS**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to established and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

**NOTE 7 - PENSION PLANS - (Continued)**

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The Village's contribution rate for pension benefits for 2005 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's contributions to OPERS for the years ended December 31, 2005, 2004, and 2003 were \$76,447, \$88,901, and \$97,760, respectively; these contributions were sufficient to fulfill the requirements.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary to fund pension obligations while the Village is required to contribute 11.75% for police officers and 16.25% for firefighters. Contributions are authorized by state statute. The Village's contributions to the OP&F for the years ended December 31, 2005, 2004, and 2003 were \$50,011, \$43,472, and \$41,908, respectively; these contributions were sufficient to fulfill the requirements.

**NOTE 8 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

**NOTE 8 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPER's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase 1.00% and 6.00% annually for the next eight years and 4.00% annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109 as of December 31, 2005. The number of active participants for both plans used in the December 31, 2004 actuarial valuation was 355,287. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$22,567. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

**NOTE 8 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2004. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2005 that were used to fund postemployment benefits was \$17,897 for police and \$1,592 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004 (the latest information available), was 13,812 for police and 10,528 for firefighters.

**NOTE 9 - RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Electronic Data Processing
- Vehicles
- Errors and omissions

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from 2003.

**NOTE 10 - CONTINGENCIES**

There was no pending material litigation involving the Village as of December 31, 2005 or 2004.

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

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

**NOTE 11 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2005 and 2004, consisted of the following, as reported on the fund financial statements:

	2005	2004
<u>Transfers from General Fund to:</u>		
Street Construction, Maintenance and Repair	\$ 200,000	\$ 165,000
Nonmajor Governmental Funds	45,000	45,000
<u>Transfers from Fire Equipment fund to:</u>		
Nonmajor Governmental Funds	60,000	-
<u>Transfers from Non-major Governmental Funds to:</u>		
Street Construction, Maintenance and Repair	9,500	-
Total Transfers	\$ 314,500	\$ 210,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.15.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**NOTE 12 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance - Budget and Actual (Budgetary Basis) presented for the general fund, Street Construction, Maintenance and Repair fund, Fire Equipment fund and Capital Improvement fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). At December 31, 2005, the encumbrances outstanding at year end (budgetary basis) amounted to \$17,142 for the general fund, \$9,466 for the Street Construction, Maintenance and Repair Fund and \$31,364 for the Fire Equipment fund. At December 31, 2004, the encumbrances outstanding at year end (budgetary basis) amounted to \$24,637 for the general fund and \$6,131 for the Street Construction Maintenance and Repair fund, and \$3,648, for the Fire Equipment fund.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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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***

Members of Council and Mayor  
Village of Mt. Gilead  
72 West High Street  
Mt. Gilead, Ohio 43338

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Village of Mt. Gilead (the "Village"), Morrow County, Ohio as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 19, 2006, wherein we noted the Village of Mt. Gilead prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. As disclosed in Note 2 to the basic financial statements, the Village has presented a prior period adjustment to restate net assets at January 1, 2004 due to fund reclassifications which is described in more detail in Note 2. 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 our auditing procedures for the purpose of expressing our opinions 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. However we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the Village in a separate letter dated May 19, 2006.

Members of Council and Mayor  
Village of Mt. Gilead

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Members of Council and management of the Village of Mt. Gilead, 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 "Julian & Grube, Inc.".

Julian & Grube, Inc.  
May 19, 2006

**VILLAGE OF MT. GILEAD  
MORROW COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected ?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2003-VOMG-001	Ohio Revised Code Section 5705.39 requires that no fund should have appropriations in excess of estimated resources.	Yes	N/A
2003-VOMG-002	Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.	Yes	N/A





**Auditor of State  
Betty Montgomery**

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**VILLAGE OF MT. GILEAD**

**MORROW 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  
AUGUST 29, 2006**