

**VILLAGE OF ABERDEEN  
BROWN COUNTY, OHIO**

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2005 AND 2004**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Aberdeen  
P.O. Box 509  
99 Main Cross  
Aberdeen, Ohio 45101

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

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

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

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Mary Taylor, CPA  
Auditor of State

April 3, 2008

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VILLAGE OF ABERDEEN  
BROWN COUNTY, OHIO

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# Bastin & Company, LLC

*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

The Honorable Members of Village Council  
Village of Aberdeen  
99 Main Cross  
Aberdeen, OH 45121

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

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governmental units to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004, or their changes in financial position or cash flows, where applicable, for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2007, 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 of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
December 16, 2007

**VILLAGE OF ABERDEEN  
BROWN COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 76,192	\$ 18,040	\$ 94,232
Municipal Income Tax	112,959	994	113,953
Intergovernmental Receipts	25,494	66,353	91,847
Charges for Services	104,798	-	104,798
Fines, Licenses and Permits	28,609	-	28,609
Earnings on Investments	494	1,406	1,900
Miscellaneous	12,369	65	12,434
	<u>360,915</u>	<u>86,858</u>	<u>447,773</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	174,593	1,387	175,980
Basic Utility Services	90,229	-	90,229
Transportation	-	85,480	85,480
General Government	88,464	-	88,464
	<u>353,286</u>	<u>86,867</u>	<u>440,153</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over (Under) Disbursements	7,629	(9)	7,620
Fund Cash Balances, January 1	<u>48,848</u>	<u>48,653</u>	<u>97,501</u>
Fund Cash Balances, December 31	<u>\$ 56,477</u>	<u>\$ 48,644</u>	<u>\$ 105,121</u>
Reserve for Encumbrances, December 31	<u>\$ 4,093</u>	<u>\$ 779</u>	<u>\$ 4,872</u>

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



**VILLAGE OF ABERDEEN  
BROWN COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 473,341	\$ -	\$ 473,341
Total Operating Cash Receipts	<u>473,341</u>	<u>-</u>	<u>473,341</u>
<b>Operating Cash Disbursements:</b>			
Personnel Services	107,614	-	107,614
Fringe Benefits	38,770	-	38,770
Contractual Services	131,123	-	131,123
Supplies and Materials	53,967	-	53,967
Other	12,148	-	12,148
Total Operating Cash Disbursements	<u>343,622</u>	<u>-</u>	<u>343,622</u>
Operating Income	<u>129,719</u>	<u>-</u>	<u>129,719</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	-	30,770	30,770
Total Non-Operating Cash Receipts	<u>-</u>	<u>30,770</u>	<u>30,770</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	1,092	-	1,092
Debt Service-Principal	71,054	-	71,054
Debt Service-Interest	24,448	-	24,448
Other Non-Operating Cash Disbursements	-	30,536	30,536
Total Non-Operating Cash Disbursements	<u>96,594</u>	<u>30,536</u>	<u>127,130</u>
Net Receipts Over (Under) Disbursements	33,125	234	33,359
Fund Cash Balances, January 1	<u>446,771</u>	<u>3,456</u>	<u>450,227</u>
Fund Cash Balances, December 31	<u>\$ 479,896</u>	<u>\$ 3,690</u>	<u>\$ 483,586</u>
Reserve for Encumbrances, December 31	<u>\$ 8,393</u>	<u>\$ -</u>	<u>\$ 8,393</u>

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

**VILLAGE OF ABERDEEN  
BROWN COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 133,970	\$ 19,974	\$ 153,944
Municipal Income Tax	28,857	7,441	36,298
Intergovernmental Receipts	17,638	64,641	82,279
Charges for Services	108,385	-	108,385
Fines, Licenses and Permits	44,743	-	44,743
Earnings on Investments	2,355	634	2,989
Miscellaneous	12,413	2,287	14,700
	<u>348,361</u>	<u>94,977</u>	<u>443,338</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	161,046	2,340	163,386
Basic Utility Services	97,315	-	97,315
Transportation	-	87,183	87,183
General Government	80,181	2,414	82,595
	<u>338,542</u>	<u>91,937</u>	<u>430,479</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over (Under) Disbursements	9,819	3,040	12,859
Fund Cash Balances, January 1	<u>39,029</u>	<u>45,613</u>	<u>84,642</u>
Fund Cash Balances, December 31	<u>\$ 48,848</u>	<u>\$ 48,653</u>	<u>\$ 97,501</u>

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

**VILLAGE OF ABERDEEN  
BROWN COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 496,965	\$ -	\$ 496,965
Total Operating Cash Receipts	<u>496,965</u>	<u>-</u>	<u>496,965</u>
<b>Operating Cash Disbursements:</b>			
Personnel Services	123,479	-	123,479
Fringe Benefits	44,370	-	44,370
Contractual Services	115,021	-	115,021
Supplies and Materials	59,391	-	59,391
Total Operating Cash Disbursements	<u>342,261</u>	<u>-</u>	<u>342,261</u>
Operating Income	<u>154,704</u>	<u>-</u>	<u>154,704</u>
<b>Non-Operating Cash Receipts:</b>			
Other Non-Operating Receipts	44,494	49,179	93,673
Total Non-Operating Cash Receipts	<u>44,494</u>	<u>49,179</u>	<u>93,673</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	900	-	900
Debt Service-Principal	209,814	-	209,814
Debt Service-Interest	33,770	-	33,770
Other Non-Operating Cash Disbursements	-	48,286	48,286
Total Non-Operating Cash Disbursements	<u>244,484</u>	<u>48,286</u>	<u>292,770</u>
Net Receipts Over (Under) Disbursements	(45,286)	893	(44,393)
Fund Cash Balances, January 1	<u>492,057</u>	<u>2,563</u>	<u>494,620</u>
Fund Cash Balances, December 31	<u>\$ 446,771</u>	<u>\$ 3,456</u>	<u>\$ 450,227</u>

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

**VILLAGE OF ABERDEEN  
BROWN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Aberdeen, Brown County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected, six-member Council directs the Village. The Village provides water and sewer utilities and police protection.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

Investments in STAR Ohio (the State Treasurer's investment pool) are recorded at share values reported by the State Treasurer.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF ABERDEEN  
BROWN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

**3. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

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

*Water Fund* – This fund receives charges for services from residents to cover the cost of providing this utility.

**4. Fiduciary Fund (Agency Fund)**

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following Fiduciary Fund:

*Agency Fund* – This fund receives fines collected by Mayor’s Court which are distributed to the Village and State.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**VILLAGE OF ABERDEEN  
BROWN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**H. Total Columns on Financial Statements**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2005	2004
Demand deposits	\$366,995	\$332,707
Total deposits	366,995	332,707
Investments in STAR Ohio	221,712	215,021
Total Investments	221,712	215,021
Total deposits and investments	\$588,707	\$547,728

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF ABERDEEN  
BROWN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 350,000	\$ 360,915	\$ 10,915
Special Revenue	92,000	86,858	(5,142)
Enterprise	516,000	473,341	(42,659)
Total	\$ 958,000	\$ 921,114	\$ (36,886)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 392,100	\$ 357,379	\$ 34,721
Special Revenue	117,101	87,646	29,455
Enterprise	721,679	448,609	273,070
Total	\$ 1,230,880	\$ 893,634	\$ 337,246

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 227,272	\$ 348,361	\$ 121,089
Special Revenue	84,141	94,977	10,836
Enterprise	540,938	541,459	521
Total	\$ 852,351	\$ 984,797	\$ 132,446

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 269,190	\$ 338,542	\$ (69,352)
Special Revenue	122,689	91,937	30,752
Enterprise	1,026,389	586,745	439,644
Total	\$ 1,418,268	\$ 1,017,224	\$ 401,044

**VILLAGE OF ABERDEEN  
BROWN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**4. NONCOMPLIANCE**

- Contrary to Ohio Revised Code, Section 5705.39, the Village's total appropriations exceeded the total of estimated resources during 2004 as follows:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General Fund	\$266,301	\$269,190	\$(2,889)

- Contrary to Ohio Revised Code, Section 5705.41(B) the Village expended money in excess of amounts appropriated during 2004 as follows.

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund	\$269,190	\$338,542	\$(69,352)

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

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

**6. LOCAL EARNINGS TAX**

The Village levies an earnings tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. The tax rate was reduced starting in 2006 to 0.5 percent..

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Proceeds of the tax during 2004 and part of 2005 were allocated 80 percent to the General Fund and 20 percent to the Street Construction, Maintenance and Repair Fund. During 2005, the Village approved a change to allocate 100 percent to the General Fund.



**VILLAGE OF ABERDEEN  
BROWN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**7. DEBT**

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 941,222	2.20%
Ohio Public Works Commission Loan	<u>220,630</u>	0.00%
Total	<u>\$1,161,852</u>	

During 2000, the Village obtained a loan from the Ohio Water Development Authority loan for a sewer plant expansion project. The loan will be repaid in semiannual installments of \$40,856, including interest, over 20 years.

During 2001, the Village obtained a loan from the Ohio Public Works Commission for a sewer plant expansion project. This loan will be repaid in semi-annual installments of \$6,895 over 20 years.

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

<u>Year Ending December 31:</u>	<u>Ohio Water Development Authority Loan</u>	<u>Ohio Public Works Commission Loan</u>
2006	\$ 81,712	\$ 13,790
2007	81,712	13,790
2008	81,712	13,790
2009	81,712	13,790
2010	81,712	13,790
2011-2015	408,560	68,948
2016-2020	408,560	68,948
2021	81,706	13,784
Total	<u>\$1,307,386</u>	<u>\$220,630</u>

During 2004, the Village retired a general obligation note with a principal balance of \$140,000 related to the sewer plant expansion project.

**8. RETIREMENT SYSTEMS**

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

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

**VILLAGE OF ABERDEEN  
BROWN COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**9. RISK POOL MANAGEMENT**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool (the "Pool"), an unincorporated, non-profit association available to municipal corporations and their instrumentalities. The plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the member's deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31:

	<u>2005</u>	<u>2004</u>
Assets	\$ 2,241,661	\$ 2,309,178
Liabilities	<u>(3,457,720)</u>	<u>(3,343,299)</u>
Retained deficit	<u>(\$1,216,059)</u>	<u>(\$1,034,121)</u>

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

**10. RECEIPT OF TRUSTED FUNDS**

As of December 31, 2003 a custodian bank held \$44,494 in Village assets representing excess funds from a 1963 sewer bond issue that had been paid in full. These funds had not been reflected as a Village asset as of December 31, 2003 and have been recorded as a receipt during 2004 in the Sewer Fund.

**11. CONTINGENT LIABILITIES**

The Village is defendant in a lawsuit. Although the outcome of the suit is not presently determinable, management believes that the resolution of the matter will not materially adversely affect the Village's financial condition.

# Bastin & Company, LLC

*Certified Public Accountants*

## **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***

The Honorable Members of Village Council  
Village of Aberdeen  
99 Main Cross Street  
Aberdeen, Ohio 45101

We have audited the accompanying financial statements of the Village of Aberdeen, Brown County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated December 16, 2007, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 internal control over financial reporting that we have reported to management in a separate letter dated December 16, 2007.

### **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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings as items 2005-01 through 2005-02.

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

*Bastin & Company, LLC*

Cincinnati, Ohio  
December 16, 2007

**VILLAGE OF ABERDEEN  
BROWN COUNTY, OHIO**

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

**Finding Number 2005-01**

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, states that the total appropriations from each fund should not exceed the total of estimated resources available (cash available at the beginning of the year plus estimated receipts for the year).

Appropriations exceeded estimated resources in the following fund during 2004:

<u>Year/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
General Fund	\$266,301	\$269,190	\$(2,889)

**Village's Response**

During November 2004, the Village converted to the State's UAN accounting system which greatly increased the Village's ability to monitor its activities. It appears that revisions to estimated resources were not properly made for 2004.

**Finding Number 2005-02**

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that, no subdivision or taxing unit is to expend money unless it has been appropriated.

The following fund had expenditures which exceeded appropriations during 2004:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund	\$269,190	\$338,542	\$(69,352)

**Village's Response**

During November 2004, the Village converted to the State's UAN accounting system which greatly increased the Village's ability to monitor its activities. It appears that revisions to appropriation ordinances were not properly made for 2004 along with a revision to estimated resources.

**VILLAGE OF ABERDEEN  
BROWN COUNTY, OHIO**

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Status Explanation</b>
2003-001	Material Noncompliance/Reportable Condition. ORC, Section 5705.41D Failure to certify the availability of funds.	Yes	The Village implemented procedures during the audit period to comply with ORC requirements.
2003-002	Material Noncompliance/Reportable Condition. ORC, Section 733.28. Failure to maintain books.	Yes	The Village implemented procedures during the audit period to comply with ORC requirements.
2003-003	Material Noncompliance/Reportable Condition. ORC, Section 5705.41B. Expenditures exceeded appropriations.	No	The General Fund during 2004 had expenditures that exceeded appropriations. See finding 2005-02.
2003-004	Material Noncompliance ORC, Section 5705.39. Appropriations in excess of estimated resources.	No	The General Fund during 2004 had appropriations in excess of estimated resources. See finding 2005-01.
2003-005	Material Noncompliance ORC, Section 5705.09F. Failure to establish proper funds.	No	A management letter comment has been made regarding the recording of these funds.
2003-006	Material Noncompliance ORC, Section 731.14. Failure to implement competitive bids process.	Yes	Conditions reported in prior audit report were not noted during current audit period
2003-007	Material Noncompliance ORC, Section 4115.04 & 4115.05. Failure to abide by prevailing wage requirements with liability for back wages.	Yes	Conditions reported in prior audit report were not noted during current audit period
2003-008	Finding Repaid Under Audit – Payroll overpayment.	Yes	Conditions reported in prior audit report were not noted during current audit period



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF ABERDEEN**

**BROWN 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  
APRIL 15, 2008**