

VILLAGE OF ANSONIA

DARKE COUNTY

REGULAR AUDIT

JANUARY 1, 2008 THROUGH DECEMBER 31, 2009

YEARS AUDITED UNDER GAGAS: 2009 AND 2008

Caudill & Associates, CPAs

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Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Ansonia, Darke County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 30, 2010

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VILLAGE OF ANSONIA
DARKE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2009	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type For the Year Ended December 31, 2009	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2008	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type For the Year Ended December 31, 2008	6
Notes to the Financial Statements	7
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	16
Schedule of Findings and Responses.....	18
Schedule of Prior Audit Findings	19



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Independent Auditor's Report

Village of Ansonia
Darke County
202 North Main Street
Ansonia, OH 45303

To the Village Council:

We have audited the accompanying financial statements of Village of Ansonia, Darke County, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position or cash flows of its proprietary funds of the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Village of Ansonia, Darke County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Village of Ansonia
Darke County

Independent Auditor's Report (Continued)

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 June 25, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Caudill & Associates, CPAs

Caudill & Associates, CPA's

June 25, 2010

**VILLAGE OF ANSONIA
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Funds Types</u>				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Debt Service	
<u>Cash Receipts:</u>					
Property and Other Taxes	\$ 207,071	\$ -	\$ -	\$ -	\$ 207,071
Intergovernmental Receipts	94,467	60,780	-	-	155,247
Special Assessments	32,519	-	-	-	32,519
Charges for Services	10,295	59,485	-	-	69,780
Fines Licenses & Permits	10,439	226	-	-	10,665
Earnings on Investments	806	4	-	-	810
Miscellaneous	18,943	691	-	-	19,634
Total Cash Receipts	374,540	121,186	-	-	495,726
<u>Cash Disbursements:</u>					
Security of Persons and Property	100,785	26,574	-	-	127,359
Public Health Services	10,713	-	-	-	10,713
Leisure Time Activities	8,959	-	-	-	8,959
Community Environment	285	-	-	-	285
Transportation	-	44,369	-	-	44,369
General Government	140,490	-	-	-	140,490
Capital Outlay	5,893	9,461	11,800	-	27,154
Debt Service:					
Principal Payments	-	9,000	-	38,800	47,800
Interest & Fiscal Charges	-	1,486	-	21,149	22,635
Total Cash Disbursements	267,125	90,890	11,800	59,949	429,764
Total Receipts Over (Under) Disbursements	107,415	30,296	(11,800)	(59,949)	65,962
<u>Other Financing Sources / (Uses):</u>					
Sale of Fixed Assets	1,230	-	-	-	1,230
Advances-In	-	-	11,800	-	11,800
Transfers-In	-	10,411	-	59,949	70,360
Transfers-Out	(60,519)	(10,000)	-	-	(70,519)
Other Financing Uses	(3,221)	-	-	-	(3,221)
Total Other Financing Sources / (Disbursements)	(62,510)	411	11,800	59,949	9,650
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	44,905	30,707	-	-	75,612
Fund Cash Balance, January 1	58,999	120,108	-	-	179,107
Fund Cash Balance December 31	<u>\$ 103,904</u>	<u>\$ 150,815</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254,719</u>

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

**VILLAGE OF ANSONIA
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	PROPRIETARY FUND TYPE
	Enterprise
<i>Operating Cash Receipts</i>	
Charges for Services	\$ 330,979
Total Operating Cash Receipts	330,979
<i>Operating Cash Disbursements</i>	
Personal Services	79,363
Fringe Benefits	93
Contractual Services	69,116
Supplies and Materials	25,531
Total Operating Cash Disbursements	174,103
Operating Income / (Loss)	156,876
Non-Operating Cash Receipts	
Intergovernmental	29,800
Miscellaneous	24
Total Non-Operating Cash Receipts	29,824
Non-Operating Cash Disbursements:	
Capital Outlay	88,218
Debt Service - Principal	85,900
Debt Service - Interest	8,528
Total Non-Operating Cash Disbursements	182,646
Excess of Receipts Over/ (Under) Disbursements Before Interfun Transfers and Advances	4,054
Transfers-In	56,060
Transfers-Out	(11,800)
Advances-Out	(55,901)
Net Receipts Over/(Under) Disbursements	(7,587)
Fund Cash Balances, January 1	190,415
Fund Cash Balances, December 31	\$ 182,828

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

**VILLAGE OF ANSONIA
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Funds Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
<u>Cash Receipts:</u>					
Property and Other Taxes	\$ 236,837	\$ -	\$ -	\$ -	\$ 236,837
Intergovernmental Receipts	159,871	65,951	46,091	-	271,913
Special Assessments	86,504	-	-	-	86,504
Charges for Services	14,252	37,904	-	-	52,156
Fines Licences & Permit	5,454	1,009	-	-	6,463
Earnings on Investments	3,205	38	-	-	3,243
Miscellaneous	16,233	6,125	-	-	22,358
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Total Cash Receipts	522,356	111,027	46,091	-	679,474
<u>Cash Disbursements:</u>					
Security of Persons and Property	140,417	28,986	-	-	169,403
Public Health Services	14,284	-	-	-	14,284
Leisure Time Activities	6,975	-	-	-	6,975
Community Environment	229	-	-	-	229
Transportation	46,354	47,343	-	-	93,697
General Government	189,408	-	-	-	189,408
Capital Outlay	50,129	18,842	130,944	-	199,915
Debt Service:					
Principal Payments	150,000	10,907	-	23,100	184,007
Interest & Fiscal Charges	7,105	2,096	-	15,699	24,900
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Total Cash Disbursements	604,901	108,174	130,944	38,799	882,818
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Total Receipts Over (Under) Disbursements	(82,545)	2,853	(84,853)	(38,799)	(203,344)
<u>Other Financing Sources / (Uses):</u>					
Sale of Bonds	150,000	-	-	-	150,000
Sale of Fixed Assets	1,108	-	-	-	1,108
Transfers-In	-	13,204	-	38,799	52,003
Transfers-Out	(46,785)	(10,000)	-	-	(56,785)
Other Financing Uses	(2,333)	-	-	-	(2,333)
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Total Other Financing Receipts / (Uses)	101,990	3,204	-	38,799	143,993
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Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	19,445	6,057	(84,853)	-	(59,351)
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Fund Cash Balance, January 1	39,554	114,051	84,853	-	238,458
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Fund Cash Balance December 31	\$ 58,999	\$ 120,108	\$ -	\$ -	\$ 179,107
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The notes to the financial statements are an integral part of this statement

**VILLAGE OF ANSONIA
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	PROPRIETARY FUND TYPE
	Enterprise
<i>Operating Cash Receipts</i>	
Charges for Services	\$ 333,293
Total Operating Cash Receipts	333,293
<i>Operating Cash Disbursements</i>	
Personal Services	82,357
Fringe Benefits	793
Contractual Services	74,748
Supplies and Materials	36,985
Total Operating Cash Disbursements	194,883
Operating Income / (Loss)	138,410
Non-Operating Cash Receipts	
Intergovernmental	525,000
Other Debt Proceeds	574,134
Miscellaneous	44,016
Total Non-Operating Cash Receipts	1,143,150
Non-Operating Cash Disbursements:	
Capital Outlay	1,103,317
Debt Services - Principal	65,511
Debt Service - Interest	9,397
Total Non-Operating Cash Disbursements	1,178,225
Excess Receipts Over/ (Under) Disbursements Before Interfund Transfers and Advances	103,335
Transfers-In	61,333
Transfers-Out	(56,551)
Net Receipts Over/(Under) Disbursements	108,117
Fund Cash Balances, January 1	82,298
Fund Cash Balances, December 31	\$ 190,415

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

**VILLAGE OF ANSONIA
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Ansonia, Darke County, (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six member Council. The Village provides general governmental services, including water and sewer utilities, refuse services, park operations (leisure time activities), police and fire services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when 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

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

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

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

**VILLAGE OF ANSONIA
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2. Special Revenue Funds (Continued)

Fire Fund - This fund receives the proceeds of contractual services for providing fire protection to Brown, Richmond and York Townships.

Education/ Enforcement Fund - This fund receives the monies collected from DUI/Drug fines, which is used for education enforcement.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following capital project fund:

Issue II Fund - This fund accounts for construction projects for the Village' Main Street. The Fund recognizes the Village's Issue II funds as revenues and expenses the same amount as capital outlay. The fund also accounts for grants monies received and the Village's local share.

4. Debt Service Funds:

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

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

5. Enterprise Funds

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

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

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

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

Sewer Improvement Fund - This fund receives surcharges on the utility billings, which is used for sewer improvement.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function 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. Appropriations lapse at year end.

**VILLAGE OF ANSONIA
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled and reappropriated. The village did not encumber any of the commitments outstanding at year end.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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:

	2009	2008
Demand deposits	\$336,041	\$268,269
Certificates of deposit	10,000	10,000
Total Deposits	346,041	278,269
STAR Ohio	91,506	91,253
Total deposits and investments	\$437,547	\$369,522

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village.

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

**VILLAGE OF ANSONIA
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$375,529	\$375,770	\$241
Special Revenue	132,244	131,597	(647)
Capital Projects	12,000	11,800	(200)
Debt Service	59,950	59,949	(1)
Enterprise	423,154	416,863	(6,291)
Total	\$1,002,877	\$995,979	\$(6,898)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$381,460	\$330,865	\$50,595
Special Revenue	131,813	100,890	30,923
Capital Projects	12,000	11,800	200
Debt Service	59,950	59,949	1
Enterprise	540,031	424,450	115,581
Total	\$1,125,254	\$927,954	\$197,300

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$665,708	\$673,464	\$7,756
Special Revenue	125,125	124,231	(894)
Capital Projects	46,094	46,091	(3)
Debt Service	38,800	38,799	(1)
Enterprise	1,539,588	1,537,776	(1,812)
Total	\$2,415,315	\$2,420,361	\$5,046

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$696,218	\$654,019	42,199
Special Revenue	212,052	118,174	93,878
Capital Projects	130,946	130,944	2
Debt Service	38,800	38,799	1
Enterprise	1,557,624	1,429,659	127,965
Total	\$2,635,640	\$2,371,595	\$264,045

**VILLAGE OF ANSONIA
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

5. DEBT

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	\$298,800	0.00%
Ohio Water Development Authority #3476	56,420	4.65%
Various Purpose Bond, series 2003	11,000	4.05%
Osgood Bank, Land Acquisition	60,400	5.00%
Greenville National Bank, Fire	19,300	5.25%
Second National Bank, Land Acquisition	46,900	5.38%
Peoples Bank	73,000	5.00%
Ohio Water Development Authority #4202	119,214	4.60%
Ohio Water Development Authority #4701	314,615	0.00%
Ohio Water Development Authority #4805	641,108	0.00%
Peoples Bank Bond Series 2008	<u>135,000</u>	4.25%
Total	<u>\$1,775,757</u>	

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

The Ohio Water Development Authority (OWDA) has authorized a loan (#3476) for the water plant lagoon improvement project in the amount of \$102,159. The loans principal and interest will be repaid in semi-annual payments over a 15 year period with an interest rate of 4.65%, commencing July 2002. Final payment is due January 1, 2017. The loan is collateralized by water and sewer receipts.

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

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

**VILLAGE OF ANSONIA
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. DEBT (Continued)

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

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

Peoples National Bank, Street improvement note series 2005, in the principal amount of \$110,000 for the purpose of improving West Canal Street, in anticipation of the levy and collection of special assessments. Interest rate is 5.0%, maturing December 1, 2015.

The Ohio Water Development Authority (OWDA) loan #4202 relates to a water project. The OWDA has approved a loan in the amount of \$144,000 at 4.6% interest. The loan will be repaid in semi-annual installments of \$5,545 over 20 years, commencing July 1, 2005 with final payment due on January 1, 2025. The loan is collateralized by water and sewer receipts.

The Ohio Water Development Authority (OWDA) loan #4701 relates to the sewer separation project. The OWDA has approved a loan in the amount of \$380,254 at 0% interest of which \$362,146 has been disbursed to the Village. The loan will be repaid in semi-annual installments of \$9,506 over 20 years, commencing January 1, 2008 with final payment due on July 1, 2027. The loan is collateralized by water and sewer receipts.

The Ohio Water Development Authority (OWDA) loan #4805 relates to the sewer separation project. The OWDA has approved a loan in the amount of \$697,641 at 0% interest of which \$658,549 has been disbursed to the Village. The loan will be repaid in semi-annual installments over 20 years, commencing January 1, 2010 with final payment due on July 1, 2029. The loan is collateralized by water and sewer receipts.

The Village issued a street improvement note, series 2008 for the purpose of paying the costs of reconstructing Main Street in the amount of \$150,000. Debt payments are to be paid from property tax receipts. The note will be repaid in semi-annual installments over 20 years, commencing on December 1, 2009 with final payment due on December 1, 2018. Interest rate is 4.25%.

**VILLAGE OF ANSONIA
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. DEBT (Continued)

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

Year Ending <u>December 31:</u>	OPWC <u>Loan</u>	OWDA <u>Loans</u>	Fire Truck <u>Bond</u>	Other Notes <u>and Bonds</u>
2010	\$37,350	\$74,520	\$10,413	\$ 41,194
2011	37,350	74,520	10,420	41,112
2012	37,350	74,520	0	40,475
2013	37,350	74,520	0	39,837
2014	37,350	74,520	0	39,200
2015-2019	130,725	348,761	0	105,829
2020-2024	0	324,922	0	58,010
2025-2029	0	152,849	0	46,408
Total	<u>\$317,475</u>	<u>\$1,199,132</u>	<u>\$20,833</u>	<u>\$412,065</u>

6. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System (OPERS), and Ohio Police and Fire (OP&F)

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other 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 these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP. If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

**VILLAGE OF ANSONIA
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. RISK MANAGEMENT (Continued)

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned reinsurance agreements do not discharge PEP's primary liability for payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

9. COMPLIANCE

Contrary to Ohio Rev. Code Section 5705.41(D), 100% of the expenditures tested were not properly certified in 2008 and 2009.

**VILLAGE OF ANSONIA
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

10. TRANSFERS

Following is a summary of all transfers in and out for all funds for 2009 and 2008

Fund	<u>Transfers In</u>	<u>Transfers Out</u>
<u>2008</u>		
<u>Governmental Funds:</u>		
General Fund		\$46,785
Debt Service Fund	\$38,799	
Fire Fund	462	10,000
Fire Truck Fund	12,742	
Total Governmental Funds	<u>52,003</u>	<u>56,785</u>
<u>Proprietary Funds:</u>		
Water Fund	2,722	56,551
Sewer Fund	1,473	
Water Improvement Fund	57,138	
Total Proprietary Fund	<u>61,333</u>	<u>56,551</u>
Total Governmental & Proprietary Funds	<u>\$113,336</u>	<u>\$113,336</u>
 <u>2009:</u>		
<u>Governmental Funds:</u>		
General Fund		\$ 60,519
Debt Service Fund	\$ 59,949	
Fire Fund	17	10,000
Fire Truck Fund	10,394	
Total Governmental Funds	<u>70,360</u>	<u>70,519</u>
<u>Proprietary Funds:</u>		
Water Fund		55,901
Water Improvement Fund	55,901	
Sewer Fund	159	
Total Proprietary Funds	<u>56,060</u>	<u>55,901</u>
Total Governmental and Proprietary Funds	<u>\$ 126,420</u>	<u>\$126,420</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital project; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed.



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

Village of Ansonia
Darke County
202 North Main Street
Ansonia, Ohio 45303

To the Village Council:

We have audited the financial statements of Village of Ansonia, Darke County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 25, 2010, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weakness. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness

Village of Ansonia
Darke County

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 (Continued)

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under Government Auditing Standards which is described in the accompanying Schedule of Findings and Responses as item No. 2009-001.

We also noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 25, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and Village Council. We intend it for no one other than these specified parties.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

June 25, 2010

**VILLAGE OF ANSONIA
DARKE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation/Material Weakness – Ohio Rev. Code 5705.41(D)

Ohio Rev. Code Section 5705.41 (D)(1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D)(1):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

100% of the expenditures tested were not properly certified in 2008 and 2009.

We recommend the Village implement policies to ensure that all purchases first have monies certified by the Fiscal Officer before purchasing or ordering an item. We also recommend the use of a “then and now” certificate in instances of emergency or absence of proper authority.

Village Response:

Village officials will monitor the proper certifying of expenditures more closely.

**VILLAGE OF ANSONIA
DARKE COUNTY**

*Schedule of Prior Audit Findings
For the Fiscal Years Ended December 31, 2009 and 2008*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Non-Compliance with 117.38	Yes	N/A
2007-002	Non-Compliance with 5705.36	No	Partially corrected. See management letter
2007-003	Non-compliance with 731.14	Yes	N/A
2007-004	Non-Compliance with 5705.41 (D) (1)	No	Reissued as Finding # 2009-001
2007-005	Computer System Controls	Yes	N/A
2007-006	Bank Reconciliations	Yes	N/A
2007-007	Creation of Capital Projects Fund	Yes	N/A
2007-008	Misclassification of lease payments	Yes	N/A
2007-009	Insufficient and /or inexistent bonding amount	Yes	N/A



Mary Taylor, CPA
Auditor of State

VILLAGE OF ANSONIA

DARKE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 14, 2010**