



**Auditor of State
Betty Montgomery**

**AYERSVILLE WATER AND SEWER DISTRICT
DEFIANCE COUNTY**

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**Auditor of State
Betty Montgomery**

Ayersville Water and Sewer District
Defiance County
13961 Fruit Ridge Road
Defiance, Ohio 43512-6985

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Betty Montgomery
Auditor of State

May 17, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Ayersville Water and Sewer District
Defiance County
13961 Fruit Ridge Road
Defiance, Ohio 43512-6985

To the Board of Trustees:

We have audited the accompanying financial statements of Ayersville Water and Sewer District, Defiance County, (the District) as of and for the year ended December 31, 2004. These financial statements are the responsibility of the District'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. The District processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Governmental Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the District 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 District to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements.

The District has elected not to reformat its statements. Since the District does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Ayersville Water and Sewer District, Defiance County, as of December 31, 2004, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the District to include Management's Discussion and Analysis for the year ended December 31, 2004. The District 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 May 17, 2005, on our consideration of the District'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.



Betty Montgomery
Auditor of State

May 17, 2005

**AYERSVILLE WATER AND SEWER DISTRICT
DEFIANCE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH BALANCES - ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	2004
Operating Cash Receipts:	
Charges for Services	\$ 586,272
Miscellaneous	2,177
	588,449
Operating Cash Disbursements:	
Personal Services	113,432
Employee Fringe Benefits	26,312
Other Contractual Services	458,862
Office Supplies and Materials	41,586
Capital Outlay	58,624
	698,816
Total Operating Cash Disbursements	698,816
Operating Loss	(110,367)
Non-Operating Cash Receipts:	
Special Assessments	325,511
Proceeds from Sale of Public Debt:	
Other Proceeds from Sale of Public Debt	180,040
Other Non-Operating Revenues	1,192
	506,743
Total Non-Operating Cash Receipts	506,743
Non-Operating Cash Disbursements:	
Debt Service	227,248
Other Non-Operating Cash Disbursements	1,875
	229,123
Total Non-Operating Cash Disbursements	229,123
Excess of Cash Receipts Over Cash Disbursements	167,254
Cash Balances, January 1	197,998
Cash Balances, December 31	\$ 365,252

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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**AYERSVILLE WATER AND SEWER DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Ayersville Water and Sewer District, Defiance County, (the District) as a body corporate and politic. The District is directed by a seven member Board of Trustees appointed by the Highland Township Board of Trustees. The District provides water and sewer services to residents of the District.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

Certificate of deposits are valued at cost.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its funds into the Enterprise Fund Type.

Enterprise 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 District 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.

Sewer Capital Projects Fund 1-02 – This fund receives loan proceeds from Ohio Water Development Authority to cover the design and engineering cost related to Phase B of the District's Sewer project.

E. Budgetary Process

The Ohio Revised Code requires the District to budget annually.

**AYERSVILLE WATER AND SEWER DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund function level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

3. Encumbrances

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The District did not encumber all commitments required by Ohio law.

A summary of 2004 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

The accounting basis records acquisitions of property, plant, and equipment as capital outlay disbursements when paid. The accompanying financial statements do not include these assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The District's accounting basis does not reflect a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The District invests in certificates of deposit.

The District maintains a cash and investments pool used by all funds. The carrying amount of cash and investments at December 31 follows:

	<u>2004</u>
Demand deposits	<u>\$ 307,752</u>
Certificates of deposit	<u>57,500</u>
Total deposits	<u><u>\$ 365,252</u></u>

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**AYERSVILLE WATER AND SEWER DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2004 follows:

Budgeted vs. Actual Receipts	
<u>Fund Type - Enterprise</u>	2004
Budgeted Receipts	\$ 727,282
Actual Receipts	1,095,192
Variance	\$ (367,910)

Budgeted vs. Actual Budgetary Basis Expenditures	
<u>Fund Type - Enterprise</u>	2004
Appropriation Authority	\$ 916,692
Budgetary Expenditures	927,939
Variance	\$ (11,247)

Contrary to Ohio law, the District did not properly certify ninety percent of their disbursements.

The District credited proceeds from debt into a fund that was not specified by Ohio law to receive debt proceeds.

4. DEBT

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
USDA Rural Development Bonds	\$ 1,637,283	4.75 %
Ohio Water Development Authority Loans	816,899	2% to 7%
Total	\$ 2,454,182	

The Ohio Water Development Authority, (OWDA) loans relate to waterline extension projects, a water system construction project, the District office building project, equipment purchases, and engineering and technical services for the wastewater planning project.

The United States Department of Agricultural Rural Development bonds are related to the construction of phase A of the District's sanitary sewer project. Phase A of the sanitary sewer project was completed in 2002. The District started remitting payments for this loan on June 1, 2003.

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

**AYERSVILLE WATER AND SEWER DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

Year ending December 31:	USDA Rural Development Bonds	OWDA Loans
2005	\$ 139,946	\$ 101,209
2006	139,947	95,317
2007	139,902	95,348
2008	139,613	95,381
2009	139,874	90,272
Subsequent	1,734,813	732,171
Total	\$ 2,434,095	\$ 1,209,698

In addition to the debt above, the District currently has two ongoing loans with the Ohio Water Development Authority.

The first loan is for costs relating to the design of Phase B of the District's Sanitary Sewer Project. The design cost related to this project was not completed at December 31, 2004, and therefore, this loan has not been finalized at December 31, 2004. The balance in this loan was \$312,870 at December 31, 2004. The District anticipates drawing additional funds from this loan in the future if the design and engineering cost of Phase B of the sanitary sewer is completed.

The second loan is for costs relating to the design of Phase C of the District's Sanitary Sewer Project. The design cost related to this project was not completed at December 31, 2004, and therefore, this loan has not been finalized at December 31, 2004. The balance in this loan was \$23,114 at December 31, 2004. The District anticipates drawing additional funds from this loan in the future if the design and engineering cost of Phase C of the sanitary sewer is completed.

5. RETIREMENT SYSTEMS

The District's full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as the Ohio Revised Code prescribes.

The Ohio Revised Code also prescribes contribution rates. For 2004, OPERS members contributed 8.5 percent of their gross salaries. The District contributed an amount equal to 13.55 percent of participants' gross salaries through. The District has paid all contributions required through December 31, 2004.

6. RISK MANAGEMENT

Commercial Insurance

The District has obtained commercial insurance for the following risks:

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

**AYERSVILLE WATER AND SEWER DISTRICT
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004
(Continued)**

The District is uninsured for the following risks:

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

7. SUBSEQUENT EVENTS

The District is in the final planning stages for a Phase B sewer project, the scope and cost of which has not yet been determined.

On February 17, 2004, the District Board of Trustees approved to refund the Sewer Phase B Capacity Charge of \$1,463.87 paid in 2004 by District residents that owned property in the Sewer Phase B project area. The total amount of District funds that was refunded to Sewer Phase B Project area residents was \$185,911.49.

On March 1, 2005, the Board approved resolution 0503-03 to disburse \$126,884.39 of the Sewer Phase B Capacity Charge refund from the Sewer Capital Projects Fund 4-02, and the remaining refund amount of \$59,027.10 from the Sewer Operating Fund.

8. CONTINGENCIES

A former employee has filed a charge of discrimination with the Ohio Civil Rights Commission alleging sexual harassment and retaliation while employed at the District. The District denies such charge and has instructed counsel to vigorously defend. At this time the District is unable to state that an outcome unfavorable to the District is either probable or remote. In addition, the District is unable to provide an estimate of the amount or range of potential loss in the event of an unfavorable outcome.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Ayersville Water and Sewer District
Defiance County
13961 Fruit Ridge Road
Defiance, Ohio 43512-6985

To the Board of Trustees:

We have audited the financial statements of Ayersville Water and Sewer District, Defiance County, (the District) as of and for the year ended December 31, 2004, and have issued our report thereon dated May 17, 2005, wherein we noted the District prepared its financial statements using accounting practices the Auditor of State established rather than accounting principles generally accepted in the United States of America. We also noted the District uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the District because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 Government's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-003.

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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal

control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the District's management dated May 17, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the District'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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 and 2004-002. In a separate letter to the District's management dated May 17, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

May 17, 2005

**AYERSVILLE WATER AND SEWER DISTRICT
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that 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 District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 District.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Ninety percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2004-001
(Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District funds exceeding budgetary spending limitations, we recommend that the Secretary-Treasurer certify that the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the District certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the District incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2004-002

Noncompliance Citation

Ohio Revised Code § 5705.10 provides that all money paid into any fund shall be used only for the purpose for which such fund is established.

Furthermore, this code section requires that all revenue derived from a source other than general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

The Secretary-Treasurer recorded \$15,471 in debt proceeds from the Ohio Water Development Authority Phase C Sewer System Design Loan into the Sewer Capital Projects Fund 1-02. According to Board Resolution No. 0402-05, these proceeds should have been recorded in the Sewer Capital Projects Fund No. 04-01.

The Secretary-Treasurer recorded \$2,310 in debt proceeds from the Ohio Water Development Authority Phase B Sewer Design Loan into the Sewer Capital Projects Fund No. 1-02. According to Board Resolution No. 0203-02, these loan proceeds should have been recorded in the Sewer Capital Projects Fund No. 01-02.

The financial statements were adjusted to properly record the proceeds of the Ohio Water Development Loans according to the Board resolutions.

There was a negative fund balance in the Sewer Capital Projects Fund No. 01-02 of \$13,161 at December 31, 2004 in the adjusted financial statements.

Allowing cash from another fund to pay the obligations of deficit funds and improper reporting of revenue could cause management to draw incorrect conclusions regarding its fiscal position. Financial activity should be properly reported in the accounting ledgers so that the Board of Trustees can better assess whether financial goals are being met on an ongoing basis. As part of the monitoring process District officials should review financial records to make sure that amounts are reflected in the appropriate funds and that there are sufficient funds to pay obligations.

FINDING NUMBER 2004-003

Reportable Condition - Amended Certificates of Estimated Resources

Sound accounting practices provide that budgeted revenues posted to the District's ledgers be based on amounts formally reviewed and approved by the Budget Commission. The legally adopted estimated resources varied with the estimated resources modifications posted by the Clerk in the following amounts in the following funds:

Fund	Approved Estimated Resources	Posted Estimated Resources	Variances
Enterprise:			
Water Fund	\$ 214,809.88	\$ 370,700.00	\$ (155,890.12)
Sewer Fund	273,405.27	391,049.31	(117,644.04)
Sewer Capital Project Fund 1-02	157,418.50	200,000.00	(42,581.50)
Sewer Capital Project Fund 4-01	81,648.50	400,000.00	(318,351.50)
Security Deposits Fund	0.00	200.00	(200.00)
Total Estimated Resources	\$ 727,282.15	\$ 1,361,949.31	\$ (634,667.16)

This could have caused appropriations to exceed estimated resources, and possibly contribute to financial instability.

We recommend that estimated revenue amounts posted to the District's ledgers be reconciled with the amounts officially approved on the Amended Certificates of Estimated Resources with periodic monitoring being done by the District's Trustees to assure the amounts posted are the correct amounts.

**AYERSVILLE WATER AND SEWER DISTRICT
DEFIANCE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Revised Code § 5705.41(D), failure to properly certify funds	No	Not corrected. Reissued as Finding 2004-001.
2003-002	Ohio Revised Code § 5705.40, financial statement appropriations did not agree with Board approved appropriations,	No	Partially corrected. Reported as a management letter comment.
2003-003	Ohio Revised Code § 5705.41(B), disbursements exceeding appropriations.	No	Partially corrected. Reported as a management letter comment.
2003-004	Budgetary financial statements amendments, ledgers did not agree with Board approved estimated resources.	No	Not corrected. Reissued as Finding 2004-003.



**Auditor of State
Betty Montgomery**

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**AYERSVILLE WATER AND SEWER DISTRICT
DEFIANCE 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
JULY 14, 2005**