



**Auditor of State  
Betty Montgomery**



VILLAGE OF HUNTSVILLE  
LOGAN COUNTY

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**Auditor of State  
Betty Montgomery**

Village of Huntsville  
Logan County  
P.O. Box 107  
Huntsville, Ohio 43357

To the Village Council:

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 Village 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 black ink that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

June 13, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Village of Huntsville  
Logan County  
P.O. Box 107  
Huntsville, Ohio 43324

To the Village Council:

We have audited the accompanying financial statements of Village of Huntsville, Logan County, (the "Village"), as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to 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 Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village 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 our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

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, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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

June 13, 2005

**VILLAGE OF HUNTSVILLE  
LOGAN 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>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$9,768	\$74,760		\$84,528
Intergovernmental Receipts	19,027	35,132	135,371	189,530
Charges for Services	33,750	21,091		54,841
Fines, Licenses, and Permits	344			344
Earnings on Investments	1,209	24		1,233
Miscellaneous	2,859			2,859
	<u>66,957</u>	<u>131,007</u>	<u>135,371</u>	<u>333,335</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	46,867	12,355		59,222
Leisure Time Activities	2,379			2,379
Community Environment	699			699
Transportation	6,557	23,291		29,848
General Government	41,395	14,613		56,008
Capital Outlay	11,823	5,918	135,631	153,372
	<u>109,720</u>	<u>56,177</u>	<u>135,631</u>	<u>301,528</u>
Total Receipts Over/(Under) Disbursements	<u>(42,763)</u>	<u>74,830</u>	<u>(260)</u>	<u>31,807</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	64,138			64,138
Transfers-Out		(59,922)		(59,922)
Other Financing uses	(3,000)			(3,000)
	<u>61,138</u>	<u>(59,922)</u>		<u>1,216</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	18,375	14,908	(260)	33,023
Fund Cash Balances, January 1	<u>35,678</u>	<u>32,030</u>	<u>16,298</u>	<u>84,006</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$54,053</u></u>	<u><u>\$46,938</u></u>	<u><u>\$16,038</u></u>	<u><u>\$117,029</u></u>
Reserves for Encumbrances, December 31	<u><u>\$1,271</u></u>	<u><u>\$6,113</u></u>	<u><u>\$0</u></u>	<u><u>\$7,384</u></u>

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

VILLAGE OF HUNTSVILLE  
LOGAN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004

<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$4,309
<b>Operating Cash Disbursements</b>	<u>0</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	4,309
Transfers-Out	<u>(4,216)</u>
Net Receipts Over Disbursements	93
Fund Cash Balance, January 1	<u>272,000</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$272,093</u></u>

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

**VILLAGE OF HUNTSVILLE  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$10,000	\$74,447			\$84,447
Special Assessments	441	420			861
Intergovernmental Receipts	16,729	26,126		13,298	56,153
Charges for Services	23,750	12,329			36,079
Fines, Licenses, and Permits	164				164
Earnings on Investments	855	32			887
Miscellaneous	2,995			3,000	5,995
	<u>54,934</u>	<u>113,354</u>		<u>16,298</u>	<u>184,586</u>
<b>Total Cash Receipts</b>					
	<u>54,934</u>	<u>113,354</u>		<u>16,298</u>	<u>184,586</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	45,964	9,570			55,534
Leisure Time Activities	5,737				5,737
Community Environment	999				999
Transportation	7,216	26,358			33,574
General Government	45,886	15,343			61,229
Capital Outlay	6,320	6,619		22,660	35,599
	<u>112,122</u>	<u>57,890</u>		<u>22,660</u>	<u>192,672</u>
<b>Total Cash Disbursements</b>					
	<u>112,122</u>	<u>57,890</u>		<u>22,660</u>	<u>192,672</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(57,188)</u>	<u>55,464</u>		<u>(6,362)</u>	<u>(8,086)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In	70,251				70,251
Other Financing Uses	(1,960)				(1,960)
Transfers-Out		(59,325)	(12)		(59,337)
	<u>68,291</u>	<u>(59,325)</u>	<u>(12)</u>		<u>8,954</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
	<u>68,291</u>	<u>(59,325)</u>	<u>(12)</u>		<u>8,954</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	11,103	(3,861)	(12)	(6,362)	868
<b>Fund Cash Balances, January 1</b>	24,575	35,891	12	22,660	83,138
	<u>24,575</u>	<u>35,891</u>	<u>12</u>	<u>22,660</u>	<u>83,138</u>
<b>Fund Cash Balances, December 31</b>	<u>\$35,678</u>	<u>\$32,030</u>	<u>\$0</u>	<u>\$16,298</u>	<u>\$84,006</u>

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

**VILLAGE OF HUNTSVILLE  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Fiduciary Fund Type</b>
	<b>Nonexpendable Trust</b>
<b>Operating Cash Receipts:</b>	
Earnings on Investments	\$10,914
<b>Operating Cash Disbursements</b>	0
Excess of Receipts Over Disbursements Before Interfund Transfers	10,914
Transfers-Out	(10,914)
Net Receipts Over/(Under) Disbursements	0
Fund Cash Balance, January 1	272,000
<b>Fund Cash Balance, December 31</b>	<b>\$272,000</b>

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

**VILLAGE OF HUNTSVILLE  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**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 of the Village of Huntsville, Logan County, (the "Village"), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides park operations, street maintenance and ambulance services. The Village contracts with the Logan County Sheriff's department to provide security of persons and property. The Village appropriates general fund money to support a volunteer fire department.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificate of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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

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

**VILLAGE OF HUNTSVILLE  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Tax Fund** – The fund receives income tax receipts which are then transferred to the General Fund to be used for Village operations.

**Ambulance Fund** -This fund receives charges for services and assistance from the county to pay for the operation and maintenance of the Village EMS department.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

**Construction Fund** - This fund is used to account for funds received on behalf of the Village for the reconstruction of streets and highways that run through the Village.

**Park Fund** - This fund is to account for grants received to upgrade the Village park.

**4. Fiduciary Funds (Trust Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classified the fund as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following Fiduciary Fund:

**Utilities Trust Fund** – This fund was established when the Village sold its utilities. The interest earned is transferred to the General Fund to be used for the general operations of the Village per Ordinance #330.

**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. Village 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 HUNTSVILLE  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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

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

	<b>2004</b>	<b>2003</b>
Demand deposits	\$117,122	\$84,006
Certificates of deposit	272,000	272,000
Total deposits	\$389,122	\$356,006

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

**3. BUDGETARY ACTIVITY**

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

<b>2004 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$132,000	\$131,095	(\$905)
Special Revenue	127,378	131,007	3,629
Capital Projects	135,373	135,371	(2)
Fiduciary	4,216	4,309	93
Total	\$398,967	\$401,782	\$2,815

**VILLAGE OF HUNTSVILLE  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

**2004 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$135,895	\$113,991	\$21,904
Special Revenue	123,454	122,212	1,242
Capital Projects	139,528	135,631	3,897
Fiduciary	4,216	4,216	0
Total	<u>\$403,093</u>	<u>\$376,050</u>	<u>\$27,043</u>

**2003 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$126,654	\$125,185	(\$1,469)
Special Revenue	109,500	113,354	3,854
Capital Projects	16,299	16,298	(1)
Fiduciary	11,000	10,914	(86)
Total	<u>\$263,453</u>	<u>\$265,751</u>	<u>\$2,298</u>

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$153,114	\$114,082	\$39,032
Special Revenue	133,315	117,215	16,100
Debt Service	12	12	0
Capital Projects	22,660	22,660	0
Fiduciary	11,000	10,914	86
Total	<u>\$320,101</u>	<u>\$264,883</u>	<u>\$55,218</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**VILLAGE OF HUNTSVILLE  
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of one (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.

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.

**6. RETIREMENT SYSTEMS**

**Ohio Public Employees Retirement System**

Employees of the Village belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. With the exception of \$661, the Village has paid all contributions required through December 31, 2004.

One Council member has elected to pay into Social Security instead of OPERS. The Village's liability is 6.2 percent of wages paid.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

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**

PEP retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

VILLAGE OF HUNTSVILLE  
LOGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)

7. RISK MANAGEMENT (Continued)

**Property Coverage**

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

**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, 2003 and 2002 (the latest information available):

<b>Casualty Coverage</b>	<b>2003</b>	<b>2002</b>
Assets	\$25,288,098	\$20,174,977
Liabilities	(12,872,985)	(8,550,749)
Retained earnings	\$12,415,113	\$11,624,228

  

<b>Property Coverage</b>	<b>2003</b>	<b>2002</b>
Assets	\$3,158,813	\$2,565,408
Liabilities	(792,061)	(655,318)
Retained earnings	\$2,366,752	\$1,910,090



## 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*

Village of Huntsville  
Logan County  
P.O. Box 107  
Huntsville, Ohio 43324

To the Village Council:

We have audited the financial statements of the Village of Huntsville, Logan County (the "Village"), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 13, 2005, 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 also noted the Government 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 Village 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 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated June 13, 2005, we reported matters involving internal control over financial reporting we did not deem to be reportable conditions.

#### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated June 13, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Village of Huntsville  
Logan County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 13, 2005

**VILLAGE OF HUNTSVILLE  
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2002-001	ORC Sec. 5705.10 - Proceeds from sale of property are to paid into the fund in which property was acquired.	Yes	
2002-002	ORC Sec. 5705.39 - Total appropriations from each fund should not exceed the total estimated resources.	Yes	
2002-003	Council was not monitoring budget versus actual activity	Yes	





**Auditor of State  
Betty Montgomery**

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**VILLAGE OF HUNTSVILLE**

**LOGAN 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 7, 2005**