

**VILLAGE OF OWENSVILLE**

**Regular Audit**

**Years Ended December 31, 2004 and 2003**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Owensville  
115 West Main Street  
P.O. Box 490  
Owensville, Ohio 45160

We have reviewed the *Independent Accountants' Report* of the Village of Owensville, Clermont County, prepared by Cassady Schiller & Associates, Inc., for the audit period January 1, 2003 through December 31, 2004. 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 Accountants' 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 Accountants' 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 Owensville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 2, 2005

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**VILLAGE OF OWENSVILLE**  
**REGULAR AUDIT**  
**YEARS ENDED DECEMBER 31, 2004 AND 2003**

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## INDEPENDENT ACCOUNTANTS' REPORT

To the Village Council  
Village of Owensville  
Clermont County



We have audited the accompanying financial statements of the Village of Owensville, Clermont County, Ohio (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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Revisions to generally accepted accounting principles 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 generally accepted accounting principles, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new generally accepted accounting principles presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use generally accepted accounting principles 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-generally accepted accounting principles basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, 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

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States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above presents 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 cash disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the 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 September 27, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, consisting of the letters 'CSA' in a stylized, cursive font.

September 27, 2005

**VILLAGE OF OWENSVILLE  
CLERMONT 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>General</u>	<u>Special Revenue</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property tax and other local taxes	\$ 46,321	\$ 65,441	\$ -	\$ 111,762
Intergovernmental receipts	106,317	16,710	-	123,027
Charges for services	-	437,616	-	437,616
Licenses, permits, fees and other	59,056	7,946	-	67,002
Earnings on investments	2,394	127	-	2,521
Miscellaneous	<u>5,820</u>	<u>3,837</u>	<u>-</u>	<u>9,657</u>
Total cash receipts	219,908	531,677	-	751,585
<b>Cash Disbursements:</b>				
Current:				
Security of persons and property	83,159	612,252	-	695,411
Public health services	2,658	-	-	2,658
Leisure time activities	6,322	-	-	6,322
Transportation	-	54,584	-	54,584
General government	<u>148,112</u>	<u>3,655</u>	<u>-</u>	<u>151,767</u>
Total cash disbursements	<u>240,251</u>	<u>670,491</u>	<u>-</u>	<u>910,742</u>
Total cash disbursements over cash receipts	(20,343)	(138,814)	-	(159,157)
<b>Other Financing Receipts (Disbursements):</b>				
Other non-operating receipts	-	-	66,952	66,952
Other non-operating disbursements	<u>(1,830)</u>	<u>-</u>	<u>(66,952)</u>	<u>(68,782)</u>
Total other financing disbursements	<u>(1,830)</u>	<u>-</u>	<u>-</u>	<u>(1,830)</u>
Excess of cash disbursements and other financing disbursements over cash receipts and other financing receipts	(22,173)	(138,814)	-	(160,987)
Fund cash balances, January 1	<u>123,086</u>	<u>341,743</u>	<u>-</u>	<u>464,829</u>
Fund cash balances, December 31	<u>\$ 100,913</u>	<u>\$ 202,929</u>	<u>\$ -</u>	<u>\$ 303,842</u>
Reserves for encumbrances, December 31	<u>\$ 9,965</u>	<u>\$ 17,419</u>	<u>\$ -</u>	<u>\$ 27,384</u>



**VILLAGE OF OWENSVILLE  
CLERMONT 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>General</u>	<u>Special Revenue</u>	<u>Agency</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property tax and other local taxes	\$ 41,836	\$ 57,655	\$ -	\$ 99,491
Intergovernmental receipts	126,774	13,014	-	139,788
Charges for services	-	445,241	-	445,241
Licenses, permits, fees and other	64,913	10,197	-	75,110
Earnings on investments	2,082	465	-	2,547
Miscellaneous	8,072	8,754	-	16,826
<b>Total cash receipts</b>	<u>243,677</u>	<u>535,326</u>	<u>-</u>	<u>779,003</u>
<b>Cash Disbursements:</b>				
Current:				
Security of persons and property	124,292	568,589	-	692,881
Public health services	2,162	-	-	2,162
Leisure time activities	8,298	-	-	8,298
Transportation	-	25,536	-	25,536
General government	129,757	12,754	-	142,511
<b>Total cash disbursements</b>	<u>264,509</u>	<u>606,879</u>	<u>-</u>	<u>871,388</u>
<b>Total cash disbursements over cash receipts</b>	(20,832)	(71,553)	-	(92,385)
<b>Other Financing Receipts (Disbursements):</b>				
Other non-operating receipts	-	-	73,825	73,825
Other non-operating disbursements	(2,658)	-	(73,825)	(76,483)
<b>Total other financing disbursements</b>	<u>(2,658)</u>	<u>-</u>	<u>-</u>	<u>(2,658)</u>
<b>Excess of cash disbursements and other financing disbursements over cash receipts and other financing receipts</b>	(23,490)	(71,553)	-	(95,043)
<b>Fund cash balances, January 1</b>	<u>146,576</u>	<u>413,296</u>	<u>-</u>	<u>559,872</u>
<b>Fund cash balances, December 31</b>	<u>\$ 123,086</u>	<u>\$ 341,743</u>	<u>\$ -</u>	<u>\$ 464,829</u>
<b>Reserves for encumbrances, December 31</b>	<u>\$ 6,227</u>	<u>\$ 23,765</u>	<u>\$ -</u>	<u>\$ 29,992</u>

See accompanying notes and report of independent accountants'.

**VILLAGE OF OWENSVILLE  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2004 AND 2003**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Village of Owensville, Clermont County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides street maintenance and repair, fire and rescue 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 (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 Deposits**

During the fiscal years 2004 and 2003, the Village funds were in an interest bearing checking account.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted 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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

### Fire and Rescue Fund

This fund receives money from other governmental entities for providing fire and rescue services.

### Police Fund

This fund receives money to provide police protection for Village residents.

### Street Construction, Maintenance and Repair Fund

This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

## 3. Fiduciary Funds (Agency Fund)

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

### Mayor's Court

This fund collects and distributes court fines to the Village and the State. The open items at the end of the period make up the fund balance.

## E. Budgetary Process

The Ohio Revised Code requires the Village to budget annually.

### a. Appropriations

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

**b. 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.

**c. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. There are no material unrecorded encumbrances at December 31, 2004 and 2003.

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

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

**2. Equity in Pooled Cash and Investments**

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

	<u>2004</u>	<u>2003</u>
Total deposits	\$ <u>303,842</u>	\$ <u>464,829</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) 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:

#### 2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 220,204	\$ 219,908	\$ (296)
Special revenue	<u>553,301</u>	<u>531,677</u>	<u>(21,624)</u>
Total	\$ <u>773,505</u>	\$ <u>751,585</u>	\$ <u>(21,920)</u>

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

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 306,227	\$ 252,046	\$ 54,181
Special Revenue	<u>767,265</u>	<u>687,910</u>	<u>79,355</u>
Total	\$ <u>1,073,492</u>	\$ <u>939,956</u>	\$ <u>133,536</u>

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 250,309	\$ 243,677	\$ (6,632)
Special revenue	<u>524,025</u>	<u>535,326</u>	<u>11,301</u>
Total	\$ <u>774,334</u>	\$ <u>779,003</u>	\$ <u>4,669</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 381,052	\$ 273,394	\$ 107,658
Special Revenue	<u>953,153</u>	<u>630,644</u>	<u>322,509</u>
Total	\$ <u>1,334,205</u>	\$ <u>904,038</u>	\$ <u>430,167</u>

**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. 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. Retirement Systems**

Some Village Council members have elected to 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 prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OPERS member employees contributed 8.50% of their gross salaries. The

Village contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2004. The Village has paid all contributions required through December 31, 2004.

All full-time Village police officers and full-time firefighters participate in the Ohio Police and Fire Pension Fund (OP&F Fund), a cost-sharing multiple employer defined benefit pension plan. The OP&F fund provides retirement benefits, including postretirement healthcare, and survivor and disability benefits as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, OP&F member employees were required to contribute 10.00% of their gross salaries, while employers were required to contribute an amount equal to 19.50% and 24.00% respectively for police officers and firefighter. The Village has paid all contributions required through December 31, 2004.

## 6. Risk Pool Membership

The Government belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the member deductibles.

Casualty excess-of-loss contracts at December 31, 2004 and 2003 generally protect against individual losses exceeding \$125,000.

Property coverage contracts protect against losses, subject to a deductible of \$50,000, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool cedes reinsures or excess reinsures. The Pool is contingently liable should any reinsure become unable to meet its obligations under the reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Assets	\$ <u>2,390,150</u>	\$ <u>1,811,340</u>
Liabilities	\$ 3,424,271	\$ 3,653,152
Retained Deficit	<u>(1,034,121)</u>	<u>(1,841,812)</u>
	\$ <u>2,390,150</u>	\$ <u>1,811,340</u>

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND 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**

To the Village Council  
Village of Owensville  
Clermont County

We have audited the accompanying financial statements of the Village of Owensville, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September, 27, 2005, wherein we noted that the Village prepared its financial statements using accounting principles the Auditor of State established rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operations that we consider to material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Audit Standards*.

We also noted certain additional matters that we reported to management of the Village in a separate letter dated September 27, 2005.



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

CSA

September 27, 2005

**VILLAGE OF OWENSVILLE  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2004 AND 2003**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None noted for the years ended December 31, 2004 and December 31, 2003

VILLAGE OF OWENSVILLE  
CLERMONT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid</u>
2002-001	Noncompliance – failure to properly certify availability of funds.	Yes	





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**VILLAGE OF OWENSVILLE**

**CLERMONT 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  
DECEMBER 15, 2005**