

***VILLAGE OF BELLVILLE***  
***RICHLAND COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2002 & 2003***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants**





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Bellville  
142 Park Place  
Bellville, Ohio 44813

We have reviewed the *Independent Auditor's Report* of the Village of Bellville, Richland County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2002 to December 31, 2003. 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.

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 Bellville is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

January 19, 2006

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**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2002 & 2003**

**TABLE OF CONTENTS**

<b><u>Title</u></b>	<b><u>Page</u></b>
Elected Officials	-ii-
Appointed Officials	-iii-
Independent Auditor's Report	1
Combined Statement of Cash, Investments and Fund Cash Balances - All Fund Types - As of December 31, 2002 and 2003	2
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Similar Fiduciary Fund - For the Years Ended December 31, 2002 and 2003	3-4
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances-Proprietary Fund Type and Fiduciary Fund - For the Years Ended December 31, 2002 and 2003	5-6
Combined Statement of Receipts-Budget And Actual - For the Years Ended December 31, 2002 and 2003	7-8
Combined Statement of Disbursements and Encumbrances Compared with Expenditure Authority - For the Years Ended December 31, 2003 and 2003	9-10
Notes to the Financial Statements	11-18
Report Compliance and 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>	19-20
Schedule of Findings	21
Schedule of Prior Audit Findings	23

**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**Audit Report**  
**For the Years Ended December 31, 2002 & 2003**

**ELECTED OFFICIALS**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Carolynn Studenmund	Mayor	1/1/00 to 12/31/03	A	Yearly
Ruth Ann Dearth	Council	1/1/00 to 12/31/04		
Ron Ernsberger	Council	1/1/00 to 12/31/04		
Everett McClarren	Council	1/1/00 to 12/31/04		
Leroy Sargent	Council	1/1/00 to 12/31/04		
Richard Shafer	Council	1/1/00 to 12/31/04		
William Sheriff	Council	1/1/00 to 12/31/04		
Larry Rose	Clerk/ Treasurer	4/1/00 to 3/31/04	A	Yearly

**Statutory Legal Council**

Jon Burton  
Village Solicitor  
Renwick, Welsh & Burton, LLP  
No.9 Mulberry St.  
Mansfield, OH 44902

(A) Rinehart-Walters-Danner & Associates, Insurance Agency Inc.

**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**Audit report**  
**For Years Ended December 31, 2002 and 2003**

**APPOINTED OFFICIALS**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Charles O. Pfoutz	Village Administrator	Continuous	A	Yearly
Ron Willey	Police Chief	Continuous	A	Yearly

(A) Rinehart-Walters-Danner & Associates, Insurance Agency Inc.

*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

Rockefeller Building  
614 W Superior Ave Ste1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
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**INDEPENDENT AUDITOR'S REPORT**

**The Village Council  
Village of Bellville  
Bellville, Ohio**

We have audited the accompanying financial statements of the Village of Bellville (the Village), as of and for the years ended December 31, 2002 & 2003, as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash, investments and fund cash balances of the Village as of December 31, 2002 & 2003 and the receipts, disbursements, and changes in fund balances, its combined statement of receipts-budget and actual and combined statement of disbursements and encumbrances compared with expenditure authority for the years then ended in conformity with the basis of accounting stated in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 29, 2004 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, 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 assessing the results of our audit.

This report is intended solely for the information and use of the management, Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

*Charles E. Harris & Associates, Inc.*  
September 29, 2004



**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND CASH**  
**BALANCES - ALL FUND TYPES**  
**As of December 31, 2002 and 2003**

	<u>2003</u> <u>Balances</u>	<u>2002</u> <u>Balances</u>
Cash and Cash Equivalents	\$ 1,067,658	\$ 502,465
Investments	<u>81,939</u>	<u>81,939</u>
	<u>\$ 1,149,597</u>	<u>\$ 584,404</u>

Cash Balances By Fund Class

Governmental Fund Types:

General Fund	\$ 262,351	\$ 217,765
Special Revenue Funds	255,796	218,949
Capital Projects Funds	405,012	507

Proprietary Fund Type:

Enterprise Funds	177,898	98,709
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Fiduciary Fund Type:

Expendable Trust	8,516	8,450
Nonexpendable Trust	<u>40,024</u>	<u>40,024</u>

Total	\$ <u>1,149,597</u>	\$ <u>584,404</u>
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See accompanying Notes to the Financial Statements.

VILLAGE OF BELLVILLE  
 RICHLAND COUNTY, OHIO  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
 CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
 For the Year Ended December 31, 2002

	Governmental Fund Types			Fiduciary	(Memorandum
	General	Special Revenue	Capital Projects	Expendable Trust	Only)
					Total
<b>Receipts:</b>					
Taxes	\$ 191,216	\$ 522,384	-	-	\$ 713,600
Intergovernmental	100,709	71,533	-	-	172,242
Charges for Services	4,209	50,106	-	-	54,315
Fines, Licenses, and Permits	65,163	-	-	-	65,163
Investment Income	4,450	917	-	\$ 115	5,482
Miscellaneous	23,424	3,008	-	-	26,432
<b>Total Receipts</b>	<b>389,171</b>	<b>647,948</b>	<b>-</b>	<b>115</b>	<b>1,037,234</b>
<b>Disbursements:</b>					
Security of Persons & Property	226,010	39,291	-	-	265,301
Public Health Services	-	72,167	-	432	72,599
Leisure Time Activities	-	11,853	-	-	11,853
Transportation	-	244,797	-	-	244,797
General Government	163,743	21,603	-	-	185,346
Capital Outlay	12,684	7,226	\$ 205	-	20,115
<b>Debt Service:</b>					
Principal Payments	840,000	-	-	-	840,000
Interest Payments	16,632	-	-	-	16,632
<b>Total Disbursements</b>	<b>1,259,069</b>	<b>396,937</b>	<b>205</b>	<b>432</b>	<b>1,656,643</b>
<b>Excess of Receipts Over/(Under) Disbursements</b>	<b>(869,898)</b>	<b>251,011</b>	<b>(205)</b>	<b>(317)</b>	<b>(619,409)</b>
<b>Other Financing Sources/(Uses):</b>					
Proceeds of Notes	780,000	-	-	-	780,000
Transfers-In	278,825	111,737	-	-	390,562
Transfers-Out	(102,995)	(360,562)	-	-	(463,557)
Advances-In	6,491	6,491	-	-	-
Advances-Out	(6,491)	(6,491)	-	-	-
Other Uses	(600)	(12,238)	-	-	(12,838)
<b>Total Other Financing Sources/(Uses)</b>	<b>955,230</b>	<b>(261,063)</b>	<b>-</b>	<b>-</b>	<b>694,167</b>
<b>Excess of Receipts &amp; Other Financing Sources Over/(Under) Disbursements and Other Financing Uses</b>	<b>85,332</b>	<b>(10,052)</b>	<b>(205)</b>	<b>(317)</b>	<b>74,758</b>
<b>Fund Balance January 1, 2002</b>	<b>132,433</b>	<b>229,001</b>	<b>712</b>	<b>8,767</b>	<b>370,913</b>
<b>Fund Balance December 31, 2002</b>	<b>\$ 217,765</b>	<b>\$ 218,949</b>	<b>\$ 507</b>	<b>\$ 8,450</b>	<b>\$ 445,671</b>

See accompanying Notes to the Financial Statements.

VILLAGE OF BELLVILLE  
 RICHLAND COUNTY, OHIO  
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
 CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
 For the Year Ended December 31, 2003

	Governmental Fund Types			Fiduciary	(Memorandum
	General	Special Revenue	Capital Projects	Expendable Trust	Only)
					Total
<b>Receipts:</b>					
Taxes	\$ 183,561	\$ 529,475	-	-	\$ 713,036
Intergovernmental	79,073	78,085	-	-	157,158
Charges for Services	-	49,139	-	-	49,139
Fines, Licenses, and Permits	55,923	-	-	-	55,923
Investment Income	2,919	457	-	\$ 66	3,442
Miscellaneous	25,257	30,800	-	-	56,057
<b>Total Receipts</b>	<b>346,733</b>	<b>687,956</b>	<b>-</b>	<b>66</b>	<b>1,034,755</b>
<b>Disbursements:</b>					
Security of Persons & Property	212,834	61,159	-	-	273,993
Public Health Services	-	79,154	-	-	79,154
Leisure Time Activities	-	3,855	-	-	3,855
Transportation	-	231,299	-	-	231,299
General Government	183,707	16,675	-	-	200,382
Capital Outlay	1,750	6,905	\$ 507	-	9,162
<b>Debt Service:</b>					
Principal Payments	780,000	-	-	-	780,000
Interest Payments	15,600	-	-	-	15,600
<b>Total Disbursements</b>	<b>1,193,891</b>	<b>399,047</b>	<b>507</b>	<b>-</b>	<b>1,593,445</b>
<b>Excess of Receipts Over/(Under) Disbursements</b>	<b>(847,158)</b>	<b>288,909</b>	<b>(507)</b>	<b>66</b>	<b>(558,690)</b>
<b>Other Financing Sources/(Uses):</b>					
Proceeds of Notes	720,000	-	405,012	-	1,125,012
Transfers-In	269,949	112,368	-	-	382,317
Transfers-Out	(96,500)	(357,317)	-	-	(453,817)
Advances-In	25,000	25,000	-	-	-
Advances-Out	(25,000)	(25,000)	-	-	-
Other Uses	(1,705)	(7,113)	-	-	(8,818)
<b>Total Other Financing Sources/(Uses)</b>	<b>891,744</b>	<b>(252,062)</b>	<b>405,012</b>	<b>-</b>	<b>1,044,694</b>
<b>Excess of Receipts &amp; Other Financing Sources Over/(Under) Disbursements and Other Financing Uses</b>	<b>44,586</b>	<b>36,847</b>	<b>404,505</b>	<b>66</b>	<b>486,004</b>
<b>Fund Balance January 1, 2003</b>	<b>217,765</b>	<b>218,949</b>	<b>507</b>	<b>8,450</b>	<b>445,671</b>
<b>Fund Balance December 31, 2003</b>	<b>\$ 262,351</b>	<b>\$ 255,796</b>	<b>\$ 405,012</b>	<b>\$ 8,516</b>	<b>\$ 931,675</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES**  
**IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2002**

	Proprietary Fund Type	Fiduciary Fund Types		Total- Memorandum Only
	Enterprise	Nonexpendable Trust	Agency	
<b>Receipts:</b>				
Charges for Services	\$ 245,930	-	-	\$ 245,930
<b>Total Receipts</b>	<b>245,930</b>	<b>-</b>	<b>-</b>	<b>245,930</b>
<b>Disbursements:</b>				
Personal Services	80,282	-	-	80,282
Employee Fringe Benefits	41,437	-	-	41,437
Contractual Services	36,991	-	-	36,991
Materials and Supplies	35,911	-	-	35,911
Capital Outlay	59,235	-	-	59,235
<b>Total Disbursements</b>	<b>253,856</b>	<b>-</b>	<b>-</b>	<b>253,856</b>
<b>Excess Receipts Over/(Under) Disbursements</b>	<b>(7,926)</b>	<b>-</b>	<b>-</b>	<b>(7,926)</b>
<b>Non-Operating Revenues:</b>				
Bed Tax	-	-	\$ 58,021	58,021
Fines, Licenses, and Permits	-	-	91,074	91,074
Intergovernmental Revenue	1,047	-	-	1,047
Interest Income	1,357	-	-	1,357
<b>Total Non-Operating Revenues</b>	<b>2,404</b>	<b>-</b>	<b>149,095</b>	<b>151,499</b>
<b>Non-Operating Expenses:</b>				
<b>Debt Service:</b>				
Principal	32,946	-	-	32,946
Interest	25,598	-	-	25,598
Distribution of Bed Tax	-	-	58,021	58,021
Distribution of Fines	-	-	91,074	91,074
Other Non-Operating Expenses	1,700	-	-	1,700
<b>Total Non-Operating Expenses</b>	<b>60,244</b>	<b>-</b>	<b>149,095</b>	<b>209,339</b>
<b>Excess of Receipts Over/(Under)</b>				
Disbursements Before Interfund Transfers	(65,766)	-	-	(65,766)
Transfer-In	72,995	-	-	72,995
<b>Net Receipts Over/(Under) Disbursements</b>	<b>7,229</b>	<b>-</b>	<b>-</b>	<b>7,229</b>
Fund Balance January 1, 2002	91,480	\$ 40,024	-	131,504
<b>Fund Balance December 31, 2002</b>	<b>\$ 98,709</b>	<b>\$ 40,024</b>	<b>\$ -</b>	<b>\$ 138,733</b>

See accompanying Notes to the Financial Statements.

VILLAGE OF BELLVILLE  
 RICHLAND COUNTY, OHIO  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
 IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS  
 For the Year Ended December 31, 2003

	Proprietary Fund Type	Fiduciary Fund Types		Total- Memorandum Only
	Enterprise	Nonexpendable Trust	Agency	
<b>Receipts:</b>				
Charges for Services	\$ 270,075	-	-	\$ 270,075
<b>Total Receipts</b>	<b>270,075</b>	<b>-</b>	<b>-</b>	<b>270,075</b>
<b>Disbursements:</b>				
Personal Services	76,386	-	-	76,386
Employee Fringe Benefits	37,407	-	-	37,407
Contractual Services	49,571	-	-	49,571
Materials and Supplies	31,218	-	-	31,218
Capital Outlay	37,622	-	-	37,622
<b>Total Disbursements</b>	<b>232,204</b>	<b>-</b>	<b>-</b>	<b>232,204</b>
<b>Excess Receipts Over/(Under) Disbursements</b>	<b>37,871</b>	<b>-</b>	<b>-</b>	<b>37,871</b>
<b>Non-Operating Revenues:</b>				
Bed Tax	-	-	\$ 55,494	55,494
Fines, Licenses, and Permits	-	-	59,057	59,057
Investment Income	1,444	-	-	1,444
<b>Total Non-Operating Revenues</b>	<b>1,444</b>	<b>-</b>	<b>114,551</b>	<b>115,995</b>
<b>Non-Operating Expenses</b>				
<b>Debt Service:</b>				
Principal	14,983	-	-	14,983
Interest	16,643	-	-	16,643
Distribution of Bed Tax	-	-	55,494	55,494
Distribution of Fines	-	-	59,057	59,057
<b>Total Other Financing Sources</b>	<b>31,626</b>	<b>-</b>	<b>114,551</b>	<b>146,177</b>
<b>Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers</b>	<b>7,689</b>	<b>-</b>	<b>-</b>	<b>7,689</b>
Transfers-In	71,500	-	-	71,500
<b>Net Receipts Over/(Under) Disbursements</b>	<b>79,189</b>	<b>-</b>	<b>-</b>	<b>79,189</b>
Fund Balance January 1, 2003	98,709	\$ 40,024	-	138,733
<b>Fund Balance December 31, 2003</b>	<b>\$ 177,898</b>	<b>\$ 40,024</b>	<b>\$ -</b>	<b>\$ 217,922</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2002**

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b><u>Governmental Fund Types:</u></b>			
General Fund	\$ 1,412,171	\$ 1,454,487	\$ 42,316
Special Revenue	818,270	766,176	(52,094)
Capital Projects	712	-	(712)
<b><u>Fiduciary Fund Types:</u></b>			
Expendable Trust Funds	466	115	(351)
Non-Expendable Trust Funds	40,025	-	(40,025)
<b><u>Proprietary Fund Types:</u></b>			
Enterprise Funds	<u>372,461</u>	<u>321,329</u>	<u>(51,132)</u>
<b>Total (Memorandum Only)</b>	<b>\$ <u>2,644,105</u></b>	<b>\$ <u>2,542,107</u></b>	<b>\$ <u>(101,998)</u></b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2003**

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<b><u>Governmental Fund Types:</u></b>			
General Fund	\$ 1,257,504	\$ 1,361,682	\$ 104,178
Special Revenue	725,792	825,324	99,532
Capital Projects	405,000	405,012	12
<b><u>Fiduciary Fund Types:</u></b>			
Expendable Trust Funds	120	66	(54)
Non-Expendable Trust Funds	40,025	-	(40,025)
<b><u>Proprietary Fund Types:</u></b>			
Enterprise Funds	<u>229,979</u>	<u>343,019</u>	<u>113,040</u>
<b>Total (Memorandum Only)</b>	<b>\$ <u>2,658,420</u></b>	<b>\$ <u>2,935,103</u></b>	<b>\$ <u>276,683</u></b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**COMBINED STATEMENT OF DISBURSEMENTS AND**  
**ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY**  
**For the Year Ended December 31, 2002**

<u>Fund Types/Funds</u>	<u>Carryover</u> <u>Appropriations</u>	<u>Year Ending</u> <u>2002</u> <u>Appropriations</u>	<u>Total</u>	<u>Actual</u> <u>2002</u> <u>Disbursements</u>	<u>Encumbrances</u> <u>as of</u> <u>12/31/02</u>	<u>Total</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
<b>Governmental Funds:</b>							
General Fund	\$ 0	\$ 1,520,996	\$ 1,520,996	\$ 1,369,155	\$ 0	\$ 1,369,155	\$ 151,841
Special Revenue Funds	0	953,300	953,300	776,228	0	776,228	177,072
Capital Projects Funds	0	712	712	205	0	205	507
<b>Proprietary Funds:</b>							
⊕ Enterprise Funds	0	463,661	463,661	314,100	0	314,100	149,561
<b>Fiduciary Funds:</b>							
Expendable Trust Funds	0	650	650	432	0	432	218
<b>Total (Memorandum Only)</b>	<b>\$ 0</b>	<b>\$ 2,939,319</b>	<b>\$ 2,939,319</b>	<b>\$ 2,460,120</b>	<b>\$ 0</b>	<b>\$ 2,460,120</b>	<b>\$ 479,199</b>

See Accompanying Notes to the Financial Statements.



**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**COMBINED STATEMENT OF DISBURSEMENTS AND**  
**ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY**  
**For the Year Ended December 31, 2003**

<u>Fund Types/Funds</u>	<u>Carryover</u> <u>Appropriations</u>	<u>Year Ending</u> <u>2003</u> <u>Appropriations</u>	<u>Total</u>	<u>Actual</u> <u>2003</u> <u>Disbursements</u>	<u>Encumbrances</u> <u>as of</u> <u>12/31/03</u>	<u>Total</u>	<u>Variance</u> <u>Favorable/</u> <u>(Unfavorable)</u>
<b>Governmental Funds:</b>							
General Fund	\$ 0	\$ 1,468,496	\$ 1,468,496	\$ 1,317,096	\$ 0	\$ 1,317,096	\$ 151,400
Special Revenue Funds	0	910,500	910,500	788,477	0	788,477	122,023
Capital Projects Funds	0	1,507	1,507	507	0	507	1,000
<b>Proprietary Funds:</b>							
Enterprise Funds	0	266,324	266,324	263,830	0	263,830	2,494
<b>Fiduciary Funds:</b>							
Expendable Trust Funds	0	350	350	0	0	0	350
<b>Total (Memorandum Only)</b>	<b>\$ 0</b>	<b>\$ 2,647,177</b>	<b>\$ 2,647,177</b>	<b>\$ 2,369,910</b>	<b>\$ 0</b>	<b>\$ 2,369,910</b>	<b>\$ 277,267</b>

See Accompanying Notes to the Financial Statements.

**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2002 and 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Village of Bellville, (the Village) is a body corporate and politic established for the purpose of exercising 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, sewer utilities, park operations (leisure time activities), police services and a mayor's court.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

**B. REPORTING ENTITY**

In evaluating how to define the Village for financial reporting purposes, management has considered all agencies, departments and organizations making up the Village of Bellville (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Village, as the primary government, is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and 1) the Village is able to significantly influence the programs or services performed or provided by the organization; or 2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Village has determined that there were no component units required to be included the financial statements.

**C. 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 disbursement 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.)

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

**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2002 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

D. INVESTMENTS AND INACTIVE FUNDS

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at purchase cost. Interest earned is recognized and recorded when received. See Note 2 for further description.

E. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: To account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes. The village has 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.

Street Levy Fund- This fund receives tax revenue for constructing, maintaining and repairing Village streets.

Capital Projects Funds: This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village has the following significant Capital Projects Fund:

Capital Improvement Fund- This fund provides monies for the purchase of large equipment, vehicles, and buildings for the Village.

Proprietary Fund Types:

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

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

Sewer Fund- This fund receives charges for service from residents to cover the cost of providing sewer service.

**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**Notes to the Financial Statements**  
**For the Years Ended December 31, 2002 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

E. FUND ACCOUNTING - (continued)

Fiduciary Fund Types:

These funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the Village's fiduciary fund types:

Expendable Trust Fund: Trust funds are used to account for resources restricted by legally binding trust agreements.

Non-Expendable Trust Fund: Trust funds are used to account for resources restricted by legally binding endowment agreements for cemetery operation.

Agency Funds:

Mayor's Court- This fund receives monies from the collection of fines and costs from police tickets to cover the operation of the Police Department.

Bed Tax Fund- This fund receives monies from local hotels and motels from occupancy collections. These funds are used for general Village operations. In addition, the Village collects these monies on behalf of Washington Township and remits their portion to them monthly.

F. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is prepared by the Clerk/Treasurer, approved by Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Treasurer.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk/Treasurer sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Clerk/Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 2002 and 2003.

**VILLAGE OF BELLVILLE  
 RICHLAND COUNTY, OHIO  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2002 and 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. BUDGETARY PROCESS - (continued)

3. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. Appropriation lapse at year end.

The legal level of budgetary control is at the fund level in all funds. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

4. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered appropriations lapse at year end.

G. PROPERTY, PLANT AND EQUIPMENT

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

H. UNPAID VACATION AND SICK LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment pool used by all funds. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, As of December 31, 2002 and 2003."

	<u>2002</u>	<u>2003</u>
Deposits:		
Demand deposits	<u>\$ 502,465</u>	<u>\$1,067,658</u>
Total deposits	<u>\$ 502,465</u>	<u>\$1,067,658</u>

**VILLAGE OF BELLVILLE  
 RICHLAND COUNTY, OHIO  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2002 and 2003**

**2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (continued)**

<b>Investments:</b>		
Star Ohio	\$ 46,537	\$ 46,537
Certificates of deposits	<u>35,401</u>	<u>35,401</u>
Total deposits	<u>\$ 81,939</u>	<u>\$ 81,939</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the Financial Institution's public entity deposit pool.

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

**3. PROPERTY TAX**

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

Tangible personal property tax is assessed by the property owners, who must file a list if 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.

**4. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1% 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.

**5. DEBT**

Debt activity for the year ended December 31, 2002 was as follows:

	<u>Balance</u> 1/01/02	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 12/31/02
<b>Bond Anticipation Notes-Water System</b>				
Interest Rate 1.98%, 10/16/03 Maturity	\$ 840,000	\$ 780,000	\$ (840,000)	\$ 780,000
<b>OWDA Loan – Utility Construction Projects</b>				
Interest Rate 6.4%, 12/31/03 maturity	10,254	-	(6,765)	3,489

**VILLAGE OF BELLVILLE  
RICHLAND COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2002 and 2003**

5. **DEBT** (continued)

Debt activity for the year ended December 31, 2002 was as follows: (Continued)

OWDA Loan – Utility Construction Projects				
Interest Rate 7.05%, 12/31/03 maturity	2,991	-	(1,960)	1,031
OWDA Loan – Utility Construction Projects				
Interest Rate 9.94%, 12/31/03 maturity	1,483	-	(966)	517
OWDA Loan – Utility Construction Projects				
Interest Rate 12.00%, 12/31/03 maturity	882	-	(572)	310
OWDA Loan – Utility Construction Projects				
Interest Rate 7.6%, 12/31/03 maturity	27,884	-	(18,248)	9,636
OWDA Loan – Utility Construction Projects				
Interest Rate 6.61%, 12/31/02 maturity	4,435	-	(4,435)	-
Police Car Lease				
Interest Rate 5.55%, 10/30/2003 maturity	13,330	-	(6,485)	6,845
Police Car Lease				
Interest Rate 5.55%, 06/03/2004 maturity	-	20,950	(7,364)	13,586
<b>Total Debt</b>	<u>\$ 901,259</u>	<u>\$ 800,950</u>	<u>\$ (886,795)</u>	<u>\$ 815,414</u>

Debt Activity for the year ended December 31, 2003 was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>1/01/03</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/03</u>
<b>Bond Anticipation Note-Water System</b>				
Interest Rate 2.00%, 10/16/03 Maturity	\$ 780,000	\$ 720,000	\$ (780,000)	\$ 720,000
<b>Bond Anticipation Note- Capital Facility</b>				
Interest Rate 1.89%, 12/22/04 Maturity	-	405,000	-	405,000
<b>OWDA Loan – Utility Construction Projects</b>				
Interest Rate 6.4%, 12/31/03 Maturity	3,489	-	(3,489)	-
<b>OWDA Loan – Utility Construction Projects</b>				
Interest Rate 7.05%, 12/31/03 Maturity	1,031	-	(1,031)	-
<b>OWDA Loan – Utility Construction Projects</b>				
Interest Rate 9.94%, 12/31/03 Maturity	517	-	(517)	-
<b>OWDA Loan – Utility Construction Projects</b>				
Interest Rate 12.00%, 12/31/03 Maturity	310	-	(310)	-
<b>OWDA Loan – Utility Construction Projects</b>				
Interest Rate 7.6%, 12/31/03 Maturity	9,636	-	(9,636)	-
<b>Police Car Lease</b>				
Interest Rate 5.55%, 10/30/2003 Maturity	6,845	-	(6,845)	-

**VILLAGE OF BELLVILLE  
 RICHLAND COUNTY, OHIO  
 Notes to the Financial Statements  
 For the Years Ended December 31, 2002 and 2003**

5. **DEBT** (continued)

Debt activity for the year ended December 31, 2003 was as follows: (Continued)

Police Car Lease				
Interest Rate 5.55%, 06/03/2004 Maturity	13,586	-	(6,610)	6,976
Police Car Lease				
Interest Rate 6.25%, 03/27/2005 Maturity	-	21,630	(7,651)	13,979
<b>Total Debt</b>	<b><u>\$ 815,414</u></b>	<b><u>\$ 1,146,630</u></b>	<b><u>\$ (816,089)</u></b>	<b><u>\$ 1,145,955</u></b>

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

<u>Year Ending December 31</u>	<u>Bond Anticipation Notes</u>	<u>Police Car Leases</u>
2004	\$ 1,147,801	\$ 15,015
2005	-	7,651
<b>Total</b>	<b><u>\$ 1,147,801</u></b>	<b><u>\$ 22,666</u></b>

6. **RISK MANAGEMENT**

The Village of Bellville has obtained commercial insurance for the following risks:

- Comprehensive property and general Liability
- Public Officials Liability
- Employee Benefits Liability
- Law Enforcement Liability
- Vehicles

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Also, the Village did not reduce its insurance coverages significantly during the year.

7. **RETIREMENT SYSTEMS**

The Ohio Public Employees Retirement System (OPERS) is a state operated, cost sharing, multiple employer public employee retirement system. OPERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. OPERS also provides survivor and disability benefits to vested employees.

Contributions rates are prescribed by the Ohio Revised Code. The Village's OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% for 2002 and 2003 of participant's gross salaries. The Village has paid all contributions required through December 31, 2003.



**VILLAGE OF BELLVILLE  
RICHLAND COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2002 and 2003**

7. **RETIREMENT SYSTEMS** (continued)

Police officers of the Village are members of the Ohio Police and Fire Pension Fund (OP&F), a state operated, cost sharing, multiple-employer defined benefit pension plan. OP &F provides retirement and disability benefits to plan members and beneficiaries.

The Ohio Revised Code prescribes contributions. The Village's OP&F members contributed 10% of their gross salaries. The Village contributed an amount equal to 19.5% of the participant's gross salaries through December 31, 2002 and 2003 for police officers. The Village has paid all contributions required through December 31, 2003.

The Village does not have a fire department.

8. **CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the State of Ohio. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor can not be determined at this time although the government expects the amount to be immaterial.

The Village may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village Solicitor, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Village Council  
Village of Bellville  
Bellville, Ohio

We have audited the financial statements of the Village of Bellville, (the Village) as of and for the year ended December 31, 2002 & 2003, and have issued our report thereon dated September 29, 2004. 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 Controls Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involving 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 Village to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2003-Bell-02.

A material weakness is a 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 errors 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, we believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated September 29, 2004.

**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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2003-Bell-01.

We also noted certain other additional matters that we have reported to management of the Village in a separate letter dated September 29, 2004.

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

*Charles E. Harris & Associates, Inc.*  
September 29, 2004

**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**Schedule of Findings**  
**For the Years Ending December 31, 2003 and 2002**

<b>Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS</b>
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**Noncompliance Citations**

**2003-Bell-01**

Ohio Constitution, Article XII, Section 5a, state that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal. In addition, Ohio Rev. Code Section 135.21 states in part that all investment earnings, except as otherwise expressly provided by law, shall be credited to the General Fund of the Village.

The Clerk/Treasurer utilized general checking account money from various funds, including the Street Construction Maintenance and Repair Fund and the State Highway Improvement Fund and did not distribute the interest earned in accordance with the above requirements. As a result, revenues were overstated in the General Fund and understated in the Street Construction Maintenance and Repair Fund and State Highway Improvement Fund. However, as the amount of interest required to be distributed to said funds was determined to be immaterial. No audit adjustment was made. The Village should apportion interest earnings to these funds based on a reasonable determination of its share of the investment pool.

In addition, we noted that interest was posted to the Enterprise Fund. The Village should transfer interest earnings from the General Fund, by resolution, to the Enterprise Fund, if the Village determines that a portion of the interest earnings should be recorded in the Enterprise Fund.

The Village did not allocate interest to the Nonexpendable Trust Fund, as required.

**Material Weakness**

**2003-Bell-02**

**Bank Reconciliation**

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. A bank reconciliation means accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the entity's records. This process involves reconciling the bank balance to the cash and investment balance. For January 1, 2002 through December 31, 2003, the Village did not resolve various differences between the adjusted bank balance and the balance reflected within the Village's accounting records. The annual report for this fiscal year was filed with the Auditor of State with this unresolved difference.

**VILLAGE OF BELLVILLE**  
**RICHLAND COUNTY, OHIO**  
**Schedule of Findings – (continued)**  
**For the Years Ending December 31, 2003 and 2002**

**Material Weakness** – (continued)

Without complete and accurate monthly bank reconciliations, the Village's internal control is weakened, which could hinder the detection of errors or irregularities by the Village's management in a timely manner.

The Village should perform and complete monthly bank reconciliations in a timely manner. Also, a copy of each monthly bank reconciliation and the listing of outstanding checks should be filed in the bank activity folder along with the bank statements and supporting documents for the applicable month, and the Village Council should sign and date the bank reconciliations to indicate that they have been reviewed.

**VILLAGE OF BELLVILLE  
 RICHLAND COUNTY, OHIO  
 Schedule of Prior Audit Findings  
 For the years ending December 31, 2003 and 2002**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2001-30570-001	Ohio Constitution, Article XII, Section 5a & ORC Section 135.21:Interest income not allocated correctly.	No	Not collected. Reissued as 2003-Bell-01.
2001-30570-002	ORC section 5705.41 (D): Certification of Availability of funds for expenditure	Yes	Finding no longer Valid.
2001-30570-003	Bank Reconciliation	No	Partially Corrected. Reissued as 2003-Bell-02.



**Auditor of State  
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**VILLAGE OF BELLVILLE**

**RICHLAND 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  
FEBRUARY 9, 2006**