

Village of Vinton

Gallia County

Single Audit (Fiscal Year 2004)

January 1, 2003 Through December 31, 2004

Fiscal Years Audited Under GAGAS: 2004 and 2003

BALESTRA, HARR & SCHERER, CPAs, INC.
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**Auditor of State
Betty Montgomery**

Members of Council
Village of Vinton
Vinton, Ohio

We have reviewed the *Independent Auditor's Report* of the Village of Vinton, Gallia County, prepared by Balestra, Harr & Scherer, CPAs, 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 Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

BETTY MONTGOMERY
Auditor of State

January 10, 2006

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VILLAGE OF VINTON
GALLIA COUNTY

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INDEPENDENT AUDITOR'S REPORT

Members of Council
Village of Vinton
P.O. Box 8
Vinton, Ohio 45684

We have audited the accompanying financial statements of the Village of Vinton, Gallia 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 of Vinton'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 reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed 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 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.

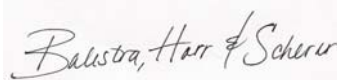
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Vinton as of December 31, 2004 and 2003, and its combined cash receipts and 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 October 14, 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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine 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*. You should read it in conjunction with this report in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Village, taken as a whole. The schedule of federal awards expenditures is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the Village's financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in cursive script, reading "Balestra, Harr & Scherer", is displayed within a light-colored rectangular box.

Balestra, Harr & Scherer, CPAs, Inc.

October 14, 2005

**VILLAGE OF VINTON
GALLIA 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 18,291	\$ -	\$ 18,291
Intergovernmental Receipts	81,076	14,305	95,381
Special Assessments	2,220	-	2,220
Charges for Services	7,485	-	7,485
Fines, Licenses, and Permits	512	198	710
Earnings on Investments	89	79	168
Miscellaneous	4,121	-	4,121
Total Cash Receipts	<u>113,794</u>	<u>14,582</u>	<u>128,376</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	31,306	-	31,306
Public Health Services	4,160	-	4,160
Leisure Time Activities	50,348	512	50,860
Community Environment	-	9,456	9,456
Basic Utility Services	1,640	-	1,640
Transportation	-	17,791	17,791
General Government	49,007	-	49,007
Debt Service:			
Principal Payments	2,424	-	2,424
Interest Payments	240	-	240
Capital Outlay	-	2,664	2,664
Total Cash Disbursements	<u>139,125</u>	<u>30,423</u>	<u>169,548</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(25,331)</u>	<u>(15,841)</u>	<u>(41,172)</u>
Fund Cash Balances, January 1	<u>36,861</u>	<u>23,601</u>	<u>60,462</u>
Fund Cash Balances, December 31	<u>\$ 11,530</u>	<u>\$ 7,760</u>	<u>\$ 19,290</u>

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

**VILLAGE OF VINTON
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 8,088	\$ -	\$ 8,088
Total Operating Cash Receipts	<u>8,088</u>	<u>-</u>	<u>8,088</u>
Operating Cash Disbursements:			
Contractual Services	126	-	126
Capital Outlay	2,081,849	-	2,081,849
Total Operating Cash Disbursements	<u>2,081,975</u>	<u>-</u>	<u>2,081,975</u>
Operating Cash Receipts Over/(Under)			
Operating Cash Disbursements	<u>(2,073,887)</u>	<u>-</u>	<u>(2,073,887)</u>
Non-Operating Cash Receipts (Disbursements):			
Intergovernmental Receipts	1,590,700	-	1,590,700
Other Financing Sources	-	5	5
Proceeds from the Sale of Debt	704,447	-	704,447
Interest Earnings	600	-	600
Debt Service:			
Principal Payment	<u>(211,685)</u>	<u>-</u>	<u>(211,685)</u>
Total Non-Operating Cash Receipts (Disbursements)	<u>2,084,062</u>	<u>5</u>	<u>2,084,067</u>
Net Cash Receipts Over/(Under) Cash Disbursements	<u>10,175</u>	<u>5</u>	<u>10,180</u>
Fund Cash Balances, January 1	<u>17,335</u>	<u>-</u>	<u>17,335</u>
Fund Cash Balances, December 31	<u>\$ 27,510</u>	<u>\$ 5</u>	<u>\$ 27,515</u>

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

**VILLAGE OF VINTON
GALLIA 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 11,052	\$ -	\$ 11,052
Special Assessments	28,916	-	28,916
Intergovernmental Receipts	83,516	243,665	327,181
Charges for Services	10,725	500	11,225
Fines, Licenses, and Permits	435	68	503
Earnings on Investments	400	-	400
Miscellaneous	3,923	225	4,148
	<u>138,967</u>	<u>244,458</u>	<u>383,425</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	32,485	-	32,485
Public Health Services	5,544	-	5,544
Leisure Time Activities	40,400	7,960	48,360
Community Environment	-	228,449	228,449
Transportation	-	9,663	9,663
General Government	52,532	6,235	58,767
Debt Service:			
Principal Payments	1,170	-	1,170
Interest Payments	162	-	162
Capital Outlay	7,437	-	7,437
	<u>139,730</u>	<u>252,307</u>	<u>392,037</u>
Total Cash Disbursements			
Cash Receipts Over/(Under) Cash Disbursements			
Before Transfers	<u>(763)</u>	<u>(7,849)</u>	<u>(8,612)</u>
Other Financing Sources (Uses):			
Proceeds from the Sale of Debt	7,437	-	7,437
Transfers In	-	1,500	1,500
Transfers-Out	<u>(1,500)</u>	<u>(500)</u>	<u>(2,000)</u>
	<u>5,937</u>	<u>1,000</u>	<u>6,937</u>
Total Other Financing Sources (Uses)			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>5,174</u>	<u>(6,849)</u>	<u>(1,675)</u>
Fund Cash Balances, January 1	<u>31,687</u>	<u>30,450</u>	<u>62,137</u>
Fund Cash Balances, December 31	<u><u>\$ 36,861</u></u>	<u><u>\$ 23,601</u></u>	<u><u>\$ 60,462</u></u>

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

**VILLAGE OF VINTON
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 2,335
Total Operating Cash Receipts	2,335
Operating Cash Disbursements:	
Contractual Services	10,000
Capital Outlay	36,004
Total Operating Cash Disbursements	46,004
Operating Cash Receipts Over/(Under) Operating Cash Disbursements	(43,669)
Non-Operating Cash Receipts (Disbursements):	
Proceeds from the Sale of Debt	36,004
Intergovernmental	10,000
Total Non-Operating Cash Receipts (Disbursements)	46,004
Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	2,335
Transfers-In	500
Net Cash Receipts Over/(Under) Cash Disbursements	2,835
Fund Cash Balance, January 1	14,500
Fund Cash Balance, December 31	\$ 17,335

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

**VILLAGE OF VINTON
GALLIA 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 Vinton, Gallia County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including maintenance of streets, recreation services, and security of persons and property. The Village is in the process of constructing a sewer system and has begun collecting tap fees. 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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash

The Village maintains all available monies of the Village in an interest-bearing checking account. Interest earned is recognized and recorded when received.

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 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:

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

Flood Mitigation Fund - This fund received state and federal grant monies for the cleanup of flood damaged properties within the Village.

**VILLAGE OF VINTON
GALLIA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Enterprise Funds

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

Sewer Operating Fund - This fund is used for the operation of the Village's sewer system.

Tap Fees Fund – This fund received monies from citizens for the installation of sewer taps.

Sewer Construction Fund - This fund received loan proceeds from the Ohio Water Development Authority to finance a sewer plant project.

4. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the government under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the government's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village's only fiduciary fund is an agency fund which accounts for unclaimed monies.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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.

**VILLAGE OF VINTON
GALLIA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$46,805	\$77,797

Deposits: All deposits were insured by the Federal Depository Insurance Corporation as of December 31, 2004 and 2003.

3. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
General	\$ 298,710	\$ 113,794	\$ (184,916)
Total Special Revenue	\$ 33,145	\$ 14,582	\$ (18,563)
Total Enterprise Fund	\$ 982,444	\$ 2,303,835	\$ 1,321,391
Total	\$ 1,314,299	\$ 2,432,211	\$ 1,117,912

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Current Year		Variance
	Approp	Actual Disb	
General	\$ 278,989	\$ 139,125	\$ 139,864
Special Revenue	\$ 33,355	\$ 30,423	\$ 2,932
Enterprise	\$ 2,506,243	\$ 2,293,660	\$ 212,583
Total all funds	\$ 2,818,587	\$ 2,463,208	\$ 355,379

2003 Budgeted vs. Actual Receipts			
Fund	Budgeted Receipts	Actual Receipts	Variance
General	\$ 98,242	\$ 146,404	\$ 48,162
Special Revenue	\$ 234,345	\$ 245,958	\$ 11,613
Total Enterprise Fund	\$ 46,004	\$ 48,839	\$ 2,835
Total	\$ 378,591	\$ 441,201	\$ 62,610

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund	Current Year		Variance
	Approp	Actual Disb	
General	\$ 157,423	\$ 133,793	\$ 23,630
Special Revenue	\$ 355,797	\$ 252,807	\$ 102,990
Enterprise Fund	\$ 46,004	\$ 46,004	\$ -
Total	\$ 559,224	\$ 432,604	\$ 126,620

Contrary to Ohio Law, the Village had the following:

- Appropriations were greater than actual resources (actual receipts plus January unencumbered cash balance) at December 31, 2004 in the General Fund and the Special Revenue Funds.
- Estimated resources exceeded actual resources at December 31, 2004 in the General Fund and the Special Revenue Funds.

**VILLAGE OF VINTON
GALLIA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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 payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

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

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

<u>Loan</u>	<u>Interest Rate</u>	<u>Balance 12/31/2004</u>
OWDA-4048	2.01%	\$ 700,622
OVB-Mower	4.65%	3,843
Total Outstanding Debt		<u>\$ 704,465</u>

The OVB-Mower loan is a general obligation loan of \$7,437 for a zero turn mower purchased in 2003 with monthly payments of \$222 for the remaining 18 months.

In fiscal year 2004 the Ohio Water Development Authority (OWDA) approved a loan totaling \$693,000 to finance additional expenditures of a sewage treatment project and to pay off the existing OWDA planning loan for the project. The loan is for interim financing of a waste water collection system. The loan will be repaid by financing approved by the USDA- Rural Development upon completion of the project. The Village has agreed to set utility rates sufficient to cover debt service payments. The loan balance was greater than the approved loan amount due to capitalized interest which was added to the original loan balance. No loan amortization schedule has been shown for this project as the loan had not been finalized as of December 31, 2004. As of December 31, 2002 the Village had borrowed \$171,856 on an OWDA planning loan. During fiscal year 2003, the Village borrowed an additional \$36,004 on this OWDA planning loan. During fiscal year 2004, the District paid off the OWDA planning loan with proceeds from the 2004 OWDA loan.

The following is a debt payment schedule for the OVB-Mower loan including interest payments of \$153:

2005	\$	2,664
2006		<u>1,332</u>
	<u>\$</u>	<u>3,996</u>

**VILLAGE OF VINTON
GALLIA COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

6. RETIREMENT SYSTEMS

Officials and employees, other than law enforcement officers, belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2004 and 2003.

Law enforcement officers pay into social security.

7. 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 insurance for its members. PEP is a member of the American Public Entities 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 \$1,000,000 per claim, including loss adjustment expenses. Claims exceeding \$1,000,000 are reinsured with APEEP up to \$2,000,000 in the aggregate per year.

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.

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$250,000 on any specific loss with an annual aggregate of \$1,000,000 for the year. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed 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 government.

8. OUTSTANDING CONTRACTS

The Village had the following outstanding contracts at December 31, 2004 for the sanitary sewer system project:

<u>Contractor</u>	<u>Purpose</u>	<u>Amount Outstanding</u>
Bill Enyart & Sons, Inc.	Collection Service	\$221,088
Ameritcon, Inc.	Treatment Plant	69,676

9. CONTINGENT LIABILITIES

The Village has received federal grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the Village believes such disallowances, if any, will be immaterial.

Village of Vinton
Gallia County
Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2004

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U. S. Department of Housing & Urban Development			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grants	C-W-01-224-1	14.228	\$ 490,000
Total U.S. Department of Housing & Urban Development			<u>\$ 490,000</u>
U. S. Department of Agriculture			
<i>Water and Waste Disposal Systems for Rural Communities</i>			
Rural Development Grant	N/A	10.760	828,800
<i>Water and Waste Disposal Systems for Rural Communities</i>			
Rural Development Loan	N/A	10.760	<u>492,767</u>
Total U. S. Department of Agriculture			1,321,567
U.S. Department of Homeland Security			
<i>Passed through the Ohio Emergency Management Agency</i>			
Public Assistance Grants	FEMA-OH-DR1556	97.036	\$ 4,198
Total U.S. Department of Homeland Security			<u>4,198</u>
Total Federal Financial Assistance			<u><u>\$ 1,815,765</u></u>

See accompanying notes to the schedule of federal awards expenditures.

**Village of Vinton
Gallia County**

*Notes to the Schedule of Federal Awards Expenditures
For the Year Ended December 31, 2004*

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the Village's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditures of non-Federal matching funds is not included on the Schedule.

BALESTRA, HARR & SCHERER, CPAs, INC.
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of Council
Village of Vinton
P.O. Box 8
Vinton, Ohio 45686

We have audited the financial statements of the Village of Vinton, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 14, 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 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 the internal control over financial reporting and its operation that we consider to be 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2004-001 and 2004-002.

We noted certain matters that we reported to the management of the Village in a separate letter dated October 14, 2005.

Members of Council
Village of Vinton
Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance with *Governmental Auditing Standards*
Page 2

This report is intended for the information and use of the Mayor, management, the Village Council and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored, slightly textured background.

Balestra, Harr & Scherer, CPAs, Inc.

October 14, 2005

BALESTRA, HARR & SCHERER, CPAs, INC.
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**Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance With OMB Circular A-133**

Members of Council
Village of Vinton
P.O. Box 8
Vinton, Ohio 45686

Compliance

We have audited the compliance of the Village of Vinton, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2004. The Village of Vinton's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village of Vinton's management. Our responsibility is to express an opinion on the Village of Vinton's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Vinton's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village of Vinton's compliance with those requirements.

In our opinion, the Village of Vinton complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the Village of Vinton is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Vinton's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program 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 the internal control over compliance and its operation that we consider to be material weaknesses.

Members of Council

Village of Vinton

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A - 133

Page 2

This report is intended solely for the information and use of the Mayor, management, the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

October 14, 2005

VILLAGE OF VINTON
GALLIA COUNTY
DECEMBER 31, 2004

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Water and Waste Disposal Systems for Rural Communities, CFDA#10.760, Community Development Block Grant-State's Program, CFDA#14.228
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

VILLAGE OF VINTON
GALLIA COUNTY
DECEMBER 31, 2004

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased and reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue collected will be greater or less than the amount in the official certificate of estimated resources.

Budgeted receipts exceeded actual receipts in the General Fund by 163% and in the Special Revenue Fund by 127% in 2004. The Village did not request amended certificates when it became apparent that estimated resources would be less than the amount in the official certificate of estimated resources for the funds listed above. This could result in expenditures being made for which resources are not available or appropriations being made when revenues have not been certified.

We recommend the Village Clerk and Council monitor estimated and actual revenue for all funds on a regular basis. Furthermore, when it becomes evident that actual receipts will be greater or less than budgeted receipts, an amended certificate should be requested from the County Auditor and appropriations should be adjusted accordingly.

The Village stated that they will monitor estimated and actual revenue more closely and take appropriate action as required.

FINDING NUMBER 2004-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate. If a local government is participating in a grant or loan program whereby proceeds will be received after the expenditures are incurred, it is possible that if properly budgeted, appropriations for one fiscal year will exceed the available amount on the certificate of estimated resources. However, an advance should be used to prevent a negative fund balance.

Appropriations exceeded the total estimated resources in the Enterprise Fund by 305% in 2004. In 2003, appropriations exceeded the total estimated resources in the General Fund by 21% and in the Special Revenue Funds by 34%. This could result in deficit spending.

We recommend the Village Clerk and Council monitor revenues compared to appropriations for all funds on a regular basis.

The Village stated that they will monitor appropriations and estimated resources more closely and take appropriate action as required.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

VILLAGE OF VINTON
GALLIA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED 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; Explain:
2002-001	Noncompliance Citation for improper distribution of revenue derived from tax levies, sale of bond issue, and sale of permanent improvements.	Yes	Corrected
2002-002	Noncompliance Citation with regard to obtaining an amended certificate of estimated resources.	No	Not corrected. Reissued as Finding 2004-001
2002-003	Noncompliance citation with regard to amending appropriation measures.	Yes	Corrected
2002-004	Noncompliance citation with regard to expending money before it is appropriated.	Yes	Corrected
2002-005	Finding For Recovery was repaid during the audit period.	Yes	Corrected



**Auditor of State
Betty Montgomery**

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VILLAGE OF VINTON

GALLIA 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 14, 2006**