

VILLAGE OF PLEASANTVILLE

FAIRFIELD COUNTY

REGULAR AUDIT

JANUARY 1, 2002 - DECEMBER 31, 2003

FISCAL YEARS AUDITED UNDER GAGAS: 2003 & 2002

BALESTRA, HARR & SCHERER, CPAS, INC.

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**Auditor of State
Betty Montgomery**

Village Council
Village of Pleasantville

We have reviewed the Independent Auditor's Report of the Village of Pleasantville, Fairfield County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period January 1, 2002 through 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 Pleasantville is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

September 14, 2004

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VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY
JANUARY 1, 2002 THROUGH DECEMBER 31, 2003

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Ohio Society of Certified Public Accountants

Independent Auditor's Report

Village Council
Village of Pleasantville
Fairfield County
207 West Columbus Street, Box 193
Pleasantville, Ohio 43148

We have audited the accompanying financial statements of the Village of Pleasantville, Fairfield County, (the Village) as of and for the years ended December 31, 2003 and December 31, 2002. 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 the 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 combined fund cash balances and reserves for encumbrances of the Village of Pleasantville, Fairfield County, as of December 31, 2003 and December 31, 2002, and its combined cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 22, 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 and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with report in considering the results of our audit.

Independent Auditor's Report
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This report is intended solely for the information and use of the Village Council, Mayor, management 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.

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

July 22, 2004

VILLAGE OF PLEASANTVILLE
FAIRFIELD 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

| | Governmental Fund Types | | | Totals (Memorandum Only) |
|--|-------------------------|--------------------|-----------------|--------------------------------|
| | General | Special Revenue | Debt Service | |
| Revenues: | | | | |
| Property and Local Taxes | \$30,331 | \$25,057 | \$0 | \$55,388 |
| Intergovernmental | 20,954 | 26,706 | 0 | 47,660 |
| Charges for Services | 0 | 7,154 | 0 | 7,154 |
| Fines, Licenses, and Permits | 4,772 | 0 | 0 | 4,772 |
| Interest | 1,948 | 467 | 0 | 2,415 |
| Miscellaneous | 818 | 936 | 0 | 1,754 |
| Total Revenues | 58,823 | 60,320 | 0 | 119,143 |
| Disbursements: | | | | |
| Security of Persons and Property | 4,458 | 17,607 | 0 | 22,065 |
| Public Health Service | 2,193 | 0 | 0 | 2,193 |
| Community Environment | 1,265 | 0 | 0 | 1,265 |
| Leisure Time Activities | 0 | 14,417 | 0 | 14,417 |
| Transportation | 0 | 25,128 | 0 | 25,128 |
| General Government | 30,413 | 4 | 0 | 30,417 |
| Debt Service: | | | | |
| Principal Payments | 0 | 0 | 2,647 | 2,647 |
| Total Disbursements | 38,329 | 57,156 | 2,647 | 98,132 |
| Excess of Cash Receipts Over/ (Under) Cash Disbursements | 20,494 | 3,164 | (2,647) | 21,011 |
| Other Financing Receipts/(Disbursements) | | | | |
| Operating Transfers In | 0 | 5,097 | 2,647 | 7,744 |
| Operating Transfers Out | (16,255) | 0 | 0 | (16,255) |
| Total Other Financing Receipts/(Disbursements) | (16,255) | 5,097 | 2,647 | (8,511) |
| Total of Receipts and Other Financing Receipts Over/(Under) Disbursements and Other Financing Disbursements | 4,239 | 8,261 | 0 | 12,500 |
| Fund Cash Balances, January 1, 2003 | 69,688 | 65,823 | 0 | 135,511 |
| Fund Cash Balances, December 31, 2003 | \$73,927 | \$74,084 | \$0 | \$148,011 |
| Reserved for Encumbrances, December 31, 2003 | \$483 | \$189 | \$0 | \$672 |

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

VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY

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

| | Enterprise |
|---|------------|
| Operating Cash Receipts: | |
| Charges for Services | \$94,711 |
| Miscellaneous | 155 |
| | 94,866 |
| Total Operating Cash Receipts: | 94,866 |
| Operating Cash Disbursements: | |
| Personal Service | 13,671 |
| Employee Fringe Benefits | 1,760 |
| Contractual Services | 42,808 |
| Supplies and Materials | 13,979 |
| Capital Outlay | 378,377 |
| Miscellaneous | 248 |
| | 450,843 |
| Total Operating Cash Disbursements | 450,843 |
| Operating Income/(Loss) | (355,977) |
| Non-Operating Cash Receipts: | |
| Interest | 50 |
| Intergovernmental Grants | 370,255 |
| Total Non-Operating Cash Receipts | 370,305 |
| Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers | 14,328 |
| Transfers-In | 8,511 |
| Net Receipts Over/(Under) Disbursements | 22,839 |
| Fund Cash Balances, January 1, 2003 | 11,679 |
| Fund Cash Balances, December 31, 2003 | \$34,518 |
| Reserved for Encumbrances, December 31, 2003 | \$103,816 |

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

VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2002

| | Governmental Fund Types | | | Totals (Memorandum Only) |
|--|-------------------------|--------------------|-----------------|--------------------------------|
| | General | Special Revenue | Debt Service | |
| Revenues: | | | | |
| Property and Local Taxes | \$28,112 | \$23,754 | \$0 | \$51,866 |
| Intergovernmental | 23,211 | 24,496 | 0 | 47,707 |
| Charges for Services | 0 | 4,432 | 0 | 4,432 |
| Fines, Licenses, and Permits | 3,709 | 0 | 0 | 3,709 |
| Interest | 2,466 | 472 | 0 | 2,938 |
| Miscellaneous | 1,007 | 1,965 | 0 | 2,972 |
| Total Revenues | 58,505 | 55,119 | 0 | 113,624 |
| Disbursements: | | | | |
| Security of Persons and Property | 3,329 | 25,422 | 0 | 28,751 |
| Public Health Service | 2,003 | 0 | 0 | 2,003 |
| Community Environment | 1,746 | 0 | 0 | 1,746 |
| Leisure Time Activities | 0 | 9,590 | 0 | 9,590 |
| Transportation | 0 | 22,399 | 0 | 22,399 |
| General Government | 34,323 | 0 | 0 | 34,323 |
| Debt Service: | | | | |
| Principal Payments | 0 | 0 | 2,647 | 2,647 |
| Total Disbursements | 41,401 | 57,411 | 2,647 | 101,459 |
| Excess of Cash Receipts Over/ (Under) Cash Disbursements | 17,104 | (2,292) | (2,647) | 12,165 |
| Other Financing Receipts/(Disbursements) | | | | |
| Operating Transfers In | 0 | 3,430 | 2,642 | 6,072 |
| Operating Transfers Out | (14,322) | 0 | 0 | (14,322) |
| Total Other Financing Receipts/(Disbursements) | (14,322) | 3,430 | 2,642 | (8,250) |
| Total of Receipts and Other Financing Receipts Over/(Under) Disbursements and Other Financing Disbursements | 2,782 | 1,138 | (5) | 3,915 |
| Fund Cash Balances, January 1, 2002 | 66,906 | 64,685 | 5 | 131,596 |
| Fund Cash Balances, December 31, 2002, (Restated- See Note 9) | \$69,688 | \$65,823 | \$0 | \$135,511 |
| Reserved for Encumbrances, December 31, 2002 | \$382 | \$37 | \$0 | \$419 |

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

VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES -PROPRIETARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 2002

| | Enterprise |
|---|------------|
| Operating Cash Receipts: | |
| Charges for Services | \$84,321 |
| Miscellaneous | 589 |
| | 84,910 |
| Total Operating Cash Receipts: | 84,910 |
| Operating Cash Disbursements: | |
| Personal Service | 17,648 |
| Employee Fringe Benefits | 1,774 |
| Contractual Services | 78,793 |
| Supplies and Materials | 11,427 |
| Capital Outlay | 1,468 |
| Miscellaneous | 251 |
| | 111,361 |
| Total Operating Cash Disbursements | 111,361 |
| Operating Income/(Loss) | (26,451) |
| Non-Operating Cash Receipts: | |
| Interest | 88 |
| Total Non-Operating Cash Receipts | 88 |
| Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers | (26,363) |
| Transfers-In | 8,250 |
| Net Receipts Over/(Under) Disbursements | (18,113) |
| Fund Cash Balances, January 1, 2002, (Restated, See Note 9) | 29,792 |
| Fund Cash Balances, December 31, 2003 | \$11,679 |
| Reserved for Encumbrances, December 31, 2003 | \$62 |

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

VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Pleasantville, Fairfield County, Ohio, (the Village) is a body politic and corporate 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 water utilities, pool and park operations. The Village contracts with the Fairfield County Sheriff's department to provide security of persons and property.

The Village management believes these financial statements represent 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 and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund:

The General Fund 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 receipts gasoline tax and motor vehicle license tax money to construct, maintain and repair Village streets.

VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued):

Police Fund- This fund receives property tax money for the contract with the Fairfield County Sheriff's Department for providing security of persons and property.

3. Debt Service Funds:

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

CQ22D Note Retirement – This fund is used for the retirement of the OPWC loan related to the Summit Street and Otte Park Storm Sewer Project.

4. 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 significant enterprise funds:

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

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 level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 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.

2. EQUITY IN POOLED CASH

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

| | <u>2003</u> | <u>2002</u> |
|------------------------|------------------|------------------|
| Demand deposits | \$110,388 | \$76,921 |
| Certificate of Deposit | <u>72,141</u> | <u>70,269</u> |
| Total Deposits | <u>\$182,529</u> | <u>\$147,190</u> |

Deposits:

The Village's deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and December 31, 2002, was as follows:

| <u>Fund Type</u> | 2003 Budgeted vs. Actual Receipts | | |
|------------------|--|------------------------|-------------------|
| | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
| General | \$54,426 | \$58,823 | \$4,397 |
| Special Revenue | 63,532 | 65,417 | 1,885 |
| Debt Service | 2,647 | 2,647 | 0 |
| Enterprise | <u>556,959</u> | <u>473,682</u> | <u>(\$83,277)</u> |
| Total | <u>\$677,564</u> | <u>\$600,569</u> | <u>(\$76,995)</u> |

VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Disbursements</u> | <u>Variance</u> |
|------------------|------------------------------------|----------------------|------------------|
| General | \$63,370 | \$55,067 | \$8,303 |
| Special Revenue | 83,624 | 57,345 | 26,279 |
| Debt Service | 2,647 | 2,647 | 0 |
| Enterprise | <u>553,626</u> | <u>554,659</u> | <u>(\$1,033)</u> |
| Total | <u>\$703,267</u> | <u>\$669,718</u> | <u>\$33,549</u> |

2002 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|------------------------|--------------------|
| General | \$56,380 | 58,505 | 2,125 |
| Special Revenue | 61,334 | 58,549 | (2,785) |
| Debt Service | 2,647 | 2,642 | (5) |
| Enterprise | <u>586,920</u> | <u>93,248</u> | <u>(493,672)</u> |
| Total | <u>\$707,281</u> | <u>\$212,944</u> | <u>(\$494,337)</u> |

2002 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Disbursements</u> | <u>Variance</u> |
|------------------|------------------------------------|----------------------|------------------|
| General | \$97,589 | \$56,105 | \$41,848 |
| Special Revenue | 80,062 | 57,448 | 22,614 |
| Debt Service | 2,647 | 2,647 | 0 |
| Enterprise | <u>611,000</u> | <u>111,423</u> | <u>499,577</u> |
| Total | <u>\$791,298</u> | <u>\$227,623</u> | <u>\$563,675</u> |

Contrary to Ohio law, budgetary appropriations exceeded actual expenditures in the Water Operating Fund. This is not in compliance with Ohio Revised Code Section 5705.41(B); actual receipts were less than budgeted receipts in the Water Operating Fund. This is not in compliance with Ohio Revised Code Section 5705.36.

VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

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. If the property owner elects to make semiannual payment, the first half is due 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. DEBT

Debt outstanding at December 31, 2003 was as follows:

| | Principal | Interest Rate |
|-----------------------------------|-----------|------------------|
| Ohio Public Works Commission Loan | \$43,671 | 0% |

The Ohio Public Works (OPWC) loan relates to a storm sewer project. The OPWC has approved a \$52,935 loan to the Village for this project. The loan will be repaid in semiannual installments of \$1,323, over 20 years. The loan is collateralized by general fund revenues.

Amortization of the above debt is scheduled as follows:

| Year ending December 31: | OPWC Loan |
|-----------------------------|-----------------|
| 2004 | \$2,647 |
| 2005 | 2,647 |
| 2006 | 2,647 |
| 2007 | 2,647 |
| 2008 | 2,647 |
| 2009-2013 | 13,234 |
| 2014-2018 | 13,234 |
| 2019-2023 | <u>3,968</u> |
| Total | <u>\$43,671</u> |

6. RETIREMENT SYSTEMS

The Village's full-time employees 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.

VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of PERS contributed 8.5% of gross wages. The Village contributed an amount equal to 13.55% of participants' gross wages. The Village has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

The Village has obtained commercial insurance coverage for the following risks:

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

Settled claims have not exceeded this commercial coverage in any of the three past years. There has been no significant change in coverage from last year.

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. RESTATEMENT OF FUND BALANCE

Due to write-off of old outstanding checks and correction of errors from prior years, the change of beginning fund balances is as follows:

| Fund Type | Beginning Fund Balance 1/1/2002 | Adjustments | Restated Fund Balance 1/1/2002 |
|------------------|--|--------------------|---------------------------------------|
| General Fund | \$63,682 | \$3,224 | \$66,906 |
| Special Revenue | \$64,948 | (\$263) | \$64,685 |
| Enterprise | \$29,745 | \$47 | \$29,792 |

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Report on Compliance and On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed in Accordance With *Government Auditing Standards*

Village Council
Village of Pleasantville
Fairfield County
207 West Columbus Street, Box 193
Pleasantville, Ohio 43148

We have audited the financial statements of the Village of Pleasantville, Fairfield County, (the Village) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated July 22, 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.

Compliance

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, 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 two instances of noncompliance that are required to be reported under *Government Auditing Standard* which is described in the accompanying schedule of findings as items 2003-02 and 2003-01. However, we also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 22, 2004.

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 opinion on the financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. 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 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 a material weakness. However, we noted other matters involving the internal control over financial reporting which do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated July 22, 2004.

Village of Pleasantville
Fairfield County
Report on Compliance and On Internal Control Over Financial Reporting Based On An Audit
of Financial Statements Performed in Accordance with *Government Auditing Standards*
Page 2

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

Balestra, Harr & Scherer, CPAs, Inc.

Balestra, Harr & Scherer, CPAs, Inc.

July 22, 2004

**VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER

2003-01

Ohio Revised Code Section 5705.36 requires that a reduced amended certificate must be obtained in the amount of the deficiency will reduce available resources below the current level of appropriation.

The Village should have obtained a reduced amended certificate for the Enterprise Fund Type Water Operating Fund in 2003 as actual receipts were \$89,895 less than budgeted.

FINDING NUMBER

2003-02

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

2003's Enterprise Fund Type Water Operating Fund had actual disbursements plus outstanding encumbrances which exceeded appropriations by \$5,731.

**VILLAGE OF PLEASANTVILLE
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|----------------|---|------------------|---|
| 2001-30623-001 | Ohio Revised Code Section 5705.41(D)- Expenditures were made prior to the certification of funds. Then and Now Certificates were not issued for the transactions that were not certified. | Yes | Village either properly certified expenditures or Then and Now Certificates were utilized. |
| 2001-30623-002 | The Village did not have established procedures for collecting and reconciling swimming pool receipts. The Village did not maintain adequate source documentation to support swimming pool receipt activity. There were no records detailing daily attendance numbers, pool memberships sold or pool parties held. This information was, therefore, not reconciled with cash records. | Yes | Procedures have been put in place. |



**Auditor of State
Betty Montgomery**

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VILLAGE OF PLEASANTVILLE

FAIRFIELD 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
SEPTEMBER 30, 2004**