

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2005 and 2004

MARCIA FARQUER, FISCAL OFFICER



**Auditor of State
Betty Montgomery**

Village Council
Village of South Vienna
P.O. Box 569
South Vienna, OH 45369

We have reviewed the *Independent Auditors' Report* of the Village of South Vienna, Clark County, prepared by Julian and Grube, Inc., for the audit period January 1, 2004 through December 31, 2005. 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 South Vienna is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

August 17, 2006

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**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditors' Report

Members of Council and Mayor
Village of South Vienna
149 W. Main Street
South Vienna, Ohio 45369

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the remaining aggregate fund information of the Village of South Vienna, Clark County, as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Village's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of South Vienna's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to 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 opinions.

As discussed in Note 2, the Village of South Vienna prepares its financial statements and notes on the cash basis of accounting. This 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 respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Vienna, Clark County, Ohio, as of December 31, 2005 and 2004, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, thereof and for the years then ended in conformity with the basis of accounting as described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 24, 2006, on our consideration of the Village of South Vienna's internal control over financial reporting and on 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.

The management's discussion and analysis is not a required part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Julian & Grube, Inc.
April 24, 2006

VILLAGE OF SOUTH VIENNA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004 UNAUDITED

The management's discussion and analysis of the Village of South Vienna's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2005 and 2004, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2005 and 2004 are as follows:

- § The total net cash assets of the Village increased \$60,734 in 2005 compared to a \$39,393 decrease in 2004. Net cash assets of governmental activities increased \$19,939, which represents a 10.66% increase in fiscal year 2005 compared to a decrease of \$36,431, which represents a 16.30% decrease in fiscal year 2004. Net cash assets of business-type activities increased \$40,883 or 5.31% in fiscal year 2005 compared to an decrease of \$2,962 or 0.04% in fiscal year 2004.
- § General cash receipts accounted for \$88,734 or 70.61% of total governmental activities cash receipts in 2005 a decrease of \$16,162 from 2004 when general cash receipts accounted for \$104,896 or 66.95% of total governmental activities cash receipts. Program specific cash receipts accounted for \$36,927 or 29.39% of total governmental activities cash receipts in 2005 a decrease of \$14,850 from 2004 when program specific cash receipts accounted for \$51,777 or 33.05% of total governmental activities cash receipts.
- § The Village had \$105,722 in cash disbursements related to governmental activities in 2005 compared to \$193,104 in 2004; for 2005 \$36,927 and for 2004 \$51,777 of these cash disbursements were offset by program specific charges for services, grants or contributions. In 2005 general cash receipts (primarily taxes and bond and note proceeds) of \$88,734 were adequate to provide for these programs, but in 2004 general cash receipts of \$104,896 were not adequate to provide for these programs.
- § For 2005 the Village's major governmental fund is the general fund. The general fund, the Village's largest major fund, had cash receipts and other financing sources of \$97,704 in 2005. The cash disbursements of the general fund, totaled \$91,574 in 2005. The general fund's cash balance increased \$6,130 from 2004 to 2005.
- § For 2004, the Village's major governmental funds are the general fund and the Main Street Reconstruction fund. The general fund, the Village's largest major fund, had cash receipts and other financing sources of \$75,805 in 2004. The cash disbursements of the general fund, totaled \$102,009 in 2004. The general fund's cash balance decreased \$26,204 from 2003 to 2004. The Main Street Reconstruction fund, a Village major fund, had cash receipts of \$49,539 in 2004. The Main Street Reconstruction fund had cash disbursements of \$49,539 in 2004. The Main Street Reconstruction fund cash balance stayed the same from 2003 to 2004.
- § Net cash assets for the water enterprise fund decreased in 2005 by \$3,649 or 7.30% while in 2004 the net cash assets for the water enterprise fund decreased by \$20,670 or 29.26%. The net cash assets for the Sewer enterprise fund increased in 2005 by \$18,613 or 18.67% while in 2004 the net cash assets for the Sewer enterprise fund increased by \$8,966 or 10%. Net cash assets for the electric enterprise fund increased in 2005 by \$8,735 or 1.62% while in 2004 the net cash assets for the electric enterprise fund decreased by \$8,206 or 1.50%. The net cash assets for the non-major enterprise funds increased in 2005 by \$17,184 or 20.52% while in 2004 the net cash assets for the non-major enterprise funds increased in 2004 by \$16,948 or 25.92%.

VILLAGE OF SOUTH VIENNA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004 UNAUDITED

Using this Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the Village's cash basis of accounting.

The Statement of Net Assets - Cash Basis and Statement of Activities - Cash Basis provide information about the activities of the whole Village, presenting both an aggregate view of the Village's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Village, there are two major governmental funds for 2004 and just one major governmental fund in 2005. The general fund is the largest major fund.

Reporting the Village as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis answer the question, "How did we do financially during 2005 and 2004?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Village's net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Village as a whole, the cash basis financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, sales tax receipts, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis, the Village is divided into two distinct kinds of activities. Governmental Activities - Most of the Village's programs and services are reported here including human services, health, public safety, public works and general government. Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The Village's water, sewer, electric, enterprise debt service and enterprise deposit funds are reported as business activities

The Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis can be found on pages 11-12 and 18-19 of this report.

VILLAGE OF SOUTH VIENNA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004 UNAUDITED

Reporting the Village's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The Village has no fiduciary funds.

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Village's most significant funds. The Village's major governmental funds are the General Fund, and in 2004 the Grant Construction Fund. The analysis of the Village's major governmental funds begins on page 8.

Governmental Funds

Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Village programs. Since the Village is reporting on the cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities - Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities - Cash Basis. The governmental fund statements can be found on pages 13-14 and 20-21 of this report.

The Village's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the General Fund is presented to demonstrate the Village's compliance with annually adopted budgets. The budgetary statement can be found on page 15 and 22 of this report.

Proprietary Funds

The Village maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the Village as a whole. The Village uses enterprise funds to account for its water, sewer, electric, enterprise debt service and enterprise deposit operations. The enterprise fund statements can be found on pages 16-17 and 23-24 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-41 of this report.

VILLAGE OF SOUTH VIENNA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

Government-Wide Financial Analysis

Recall that the Statement of Net Assets - Cash Basis provides the perspective of the Village as a whole. The table below provides a summary of the Village's net cash assets for 2005 and 2004. Since 2004 was the Village's first year preparing cash basis financial statements on a format consistent with GASB Statement No. 34, comparisons to 2003 are not available in the tables below. Comparative analysis between 2005 and 2004 follows:

	Net Cash Assets					
	Governmental Activities		Business-type Activities		2005	2004
	2005	2004	2005	2004	Total	Total
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 206,940	\$ 187,001	\$ 810,195	\$ 769,400	\$ 1,017,135	\$ 956,401
Total assets	<u>206,940</u>	<u>187,001</u>	<u>810,195</u>	<u>769,400</u>	<u>1,017,135</u>	<u>956,401</u>
<u>Net Assets</u>						
Restricted	38,702	29,089	-	-	38,702	29,089
Unrestricted	<u>168,238</u>	<u>157,912</u>	<u>810,195</u>	<u>769,400</u>	<u>978,433</u>	<u>927,312</u>
Total net assets	<u>\$ 206,940</u>	<u>\$ 187,001</u>	<u>\$ 810,195</u>	<u>\$ 769,400</u>	<u>\$ 1,017,135</u>	<u>\$ 956,401</u>

The total net cash assets of the Village increased \$60,734. Net cash assets of governmental activities increased \$19,939, which represents a 10.66% increase over fiscal year 2004. Net cash assets of business-type activities increased \$40,795 or 5.30% from fiscal year 2004.

The balance of government-wide unrestricted net cash assets of \$168,238 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal year 2005 and 2004. Since this is the first year the Village has prepared cash basis financial statements following GASB 34, cash receipt and cash disbursement comparisons to fiscal year 2003 have not been compiled. In future years, when prior year information has been compiled, a comparative analysis of governmental data will be presented.

	Change in Net Cash Assets					
	Governmental Activities		Business-type Activities		2005	2004
	2005	2004	2005	2004	Total	Total
Cash Receipts:						
Program cash receipts:						
Charges for services and sales	\$ 19,580	\$ 22,464	\$ 572,044	\$ 479,389	\$ 591,624	\$ 501,853
Operating grants and contributions	<u>17,347</u>	<u>29,313</u>	<u>-</u>	<u>-</u>	<u>17,347</u>	<u>29,313</u>
Total program cash receipts	<u>36,927</u>	<u>51,777</u>	<u>572,044</u>	<u>479,389</u>	<u>608,971</u>	<u>531,166</u>
General cash receipts:						
Property and other taxes	16,072	16,309	-	-	16,072	16,309
Unrestricted grants	6,134	55,694	-	-	6,134	55,694
Investment earnings	24,848	11,317	-	-	24,848	11,317
Other	<u>41,680</u>	<u>21,576</u>	<u>-</u>	<u>-</u>	<u>41,680</u>	<u>21,576</u>
Total general cash receipts	<u>88,734</u>	<u>104,896</u>	<u>-</u>	<u>-</u>	<u>88,734</u>	<u>104,896</u>

VILLAGE OF SOUTH VIENNA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

Change in Net Cash Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2005	2004	2005	2004	2005	2004
Cash Disbursements						
Current:						
General governments	\$ 48,474	\$ 52,694	\$ -	\$ -	\$ 48,474	\$ 52,694
Public safety	40,422	48,584	-	-	40,422	48,584
Health	4,477	4,459	-	-	4,477	4,459
Basic utility services	2,678	1,273	-	-	2,678	1,273
Transportation	9,671	36,555	-	-	9,671	36,555
Capital outlay	-	49,539	-	-	-	49,539
Water	-	-	56,167	68,644	56,167	68,644
Sewer	-	-	52,010	61,760	52,010	61,760
Electric	-	-	407,101	336,388	407,101	336,388
Other Enterprise	-	-	15,970	15,559	15,970	15,559
Total cash disbursements	<u>105,722</u>	<u>193,104</u>	<u>531,248</u>	<u>482,351</u>	<u>636,970</u>	<u>675,455</u>
Change in net assets	19,939	(36,431)	40,796	(2,962)	60,735	(39,393)
Net cash assets at beginning of year	<u>187,001</u>	<u>223,432</u>	<u>769,400</u>	<u>772,362</u>	<u>956,401</u>	<u>995,794</u>
Net assets at end of year	<u>\$ 206,940</u>	<u>\$ 187,001</u>	<u>\$ 810,196</u>	<u>\$ 769,400</u>	<u>\$ 1,017,136</u>	<u>\$ 956,401</u>

Governmental Activities

Governmental cash assets increased by \$19,939 in 2005 from 2004.

General government represents activities related to the governing body as well as activities that directly support Village programs. In 2005, general government cash disbursements totaled \$48,474, or 45.85% of total governmental cash disbursements. General government programs were supported by \$15,198 in direct charges to users for services.

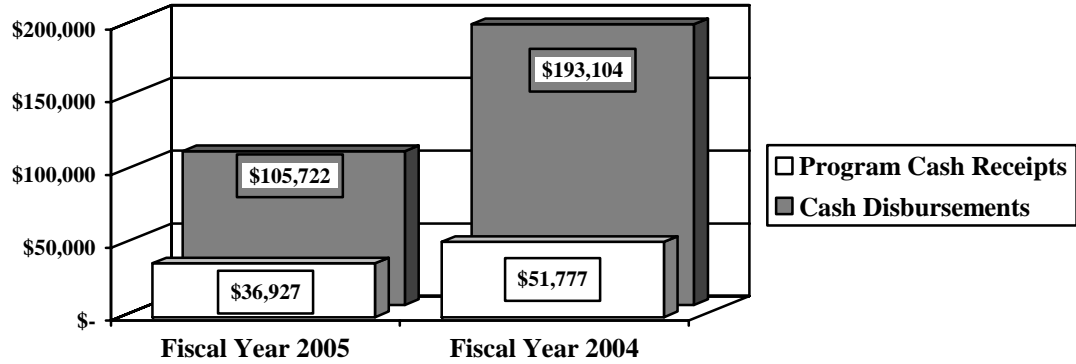
The Village program, public safety, accounted for \$40,422 or 38.23% of total governmental cash disbursements. Transportation service programs are primarily supported by user fees, and state and federal grants.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005 and 2004. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

VILLAGE OF SOUTH VIENNA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements



Governmental Activities

Governmental Activities

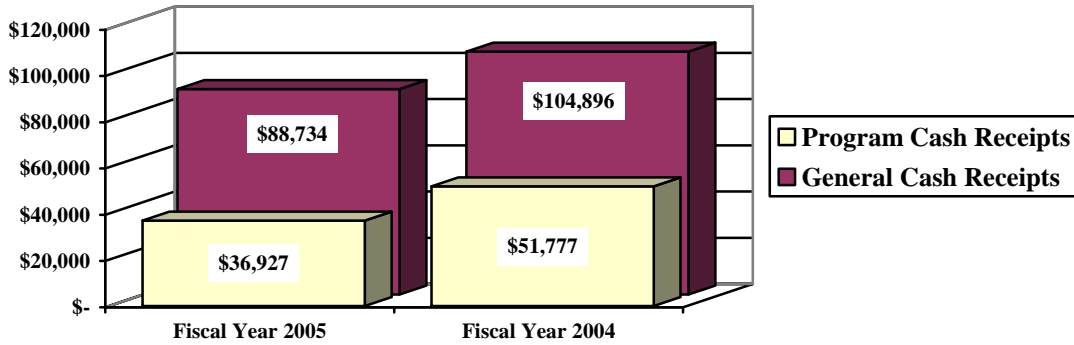
	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
Cash disbursements:				
Current:				
General government	\$ 48,474	\$ 33,276	\$ 52,694	\$ 23,960
Public safety	40,422	40,422	48,584	48,584
Leisure time activities	-	(1,195)	-	-
Health	4,477	4,477	4,459	4,459
Basic utility services	2,678	2,678	1,273	1,273
Transportation	9,671	(10,863)	36,555	13,512
Capital outlay	-	-	49,539	49,539
Total	\$ 105,722	\$ 68,795	\$ 193,104	\$ 141,327

The dependence upon general cash receipts for governmental activities is apparent; with 65.07% of cash disbursements supported through taxes and other general cash receipts during 2005.

VILLAGE OF SOUTH VIENNA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004
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Governmental Activities - General and Program Cash Receipts



Business-Type Activities

The Water, Sewer and Electric funds are the Village's three major enterprise funds. These programs had cash receipts of \$567,844 and cash disbursements of \$515,278 for fiscal year 2005. The net cash assets of the programs increased \$23,699 from 2004.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The Village's governmental funds are accounted for using the cash basis of accounting.

The Village's governmental funds reported a combined fund cash balance of \$206,940, which is \$19,939 above last year's total of \$187,001. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2005, 2004 and 2003, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>12/31/2005</u>	Fund Cash Balance <u>12/31/2004</u>	Fund Cash Balance <u>12/31/2003</u>	2005/2004 Increase (Decrease)	2004/2003 Increase (Decrease)
Major Funds:					
General	\$ 168,236	\$ 157,912	\$ 184,116	\$ 10,324	\$ (26,204)
Grant Construction	-	-	-	-	-
Other Nonmajor Funds	<u>38,704</u>	<u>29,089</u>	<u>39,316</u>	<u>9,615</u>	<u>(10,227)</u>
Total	<u>\$ 206,940</u>	<u>\$ 187,001</u>	<u>\$ 223,432</u>	<u>\$ 19,939</u>	<u>\$ (36,431)</u>

General Fund

The general fund, the Village's largest major fund, had cash receipts of \$97,704 in 2005. The cash disbursements of the general fund, totaled \$91,574 in 2005. The general fund's cash balance increased \$6,130 from 2004 to 2005.

VILLAGE OF SOUTH VIENNA, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED

The table that follows assists in illustrating the cash receipts of the general fund.

	2005 <u>Amount</u>	2004 <u>Amount</u>	2003 <u>Amount</u>	2005/2004 Increase (Decrease)	2004/2003 Increase (Decrease)
Cash Receipts:					
Taxes	\$ 27,309	\$ 26,182	\$ 25,655	\$ 1,127	\$ 527
Charges for services	1,195	-	-	1,195	-
Licenses, permits and fees	18,897	4,612	19,463	14,285	(14,851)
Fines and forfeitures	-	17,670	-	(17,670)	17,670
Intergovernmental	6,134	6,350	6,050	(216)	300
Interest	24,848	11,014	9,137	13,834	1,877
Donations	200	1,627	-	(1,427)	1,627
Rentals	6,600	6,350	5,500	250	850
Reimbursements	12,315	-	8,652	12,315	(8,652)
Total	<u>\$ 97,498</u>	<u>\$ 73,805</u>	<u>\$ 74,457</u>	<u>\$ 23,693</u>	<u>\$ (652)</u>

Investment income cash receipts increased due to higher interest earning investments and due to the timing of the maturity of certain certificates of deposit. All other revenue remained comparable to 2003.

The table that follows assists in illustrating the expenditures of the general fund.

	2005 <u>Amount</u>	2004 <u>Amount</u>	2003 <u>Amount</u>	2005/2004 Increase (Decrease)	2004/2003 Increase (Decrease)
Cash Disbursements					
General government	\$ 48,474	\$ 52,694	\$ 48,499	\$ (4,220)	\$ 4,195
Public safety	40,422	48,042	53,946	(7,620)	(5,904)
Basic utility service	2,678	1,273	1,948	1,405	(675)
Total	<u>\$ 91,574</u>	<u>\$ 102,009</u>	<u>\$ 104,393</u>	<u>\$ (10,435)</u>	<u>\$ (2,384)</u>

Basic utility services have increased 37.47% since 2003. Overall, cash disbursements decreased \$12,819 from 2003.

Main Street Reconstruction Fund

The Main Street Reconstruction fund, a Village major fund in 2004, had cash receipts of \$49,539 in 2004. The Main Street Reconstruction fund had cash disbursements of \$49,539 in 2004. The Main Street Reconstruction fund cash balance stayed the same from 2003 to 2004.

Budgeting Highlights - General Fund

The Village's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, final budget basis receipts were \$18,228 above original budget estimates of \$79,476. Actual cash receipts of \$97,704 were equal to final budget estimates. The final budgetary basis disbursements and other financing uses of \$226,748 were \$296 above original budget estimates. The actual budgetary basis disbursements and other financing uses of \$91,773 were \$134,975 less than the final budget estimates.

VILLAGE OF SOUTH VIENNA, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004
UNAUDITED**

Capital Assets and Debt Administration

Capital Assets

The Village does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements of \$49,539 during fiscal year 2004.

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2005, 2004 and 2003:

	Business-Type Activities <u>2005</u>	Business-Type Activities <u>2004</u>	Business-Type Activities <u>2003</u>
Mortgage revenue bonds	\$ 150,078	\$ 155,478	\$ 160,578
OMEGA JV-5	140,310	144,490	148,472
OMEGA JV-2	<u>51,045</u>	<u>53,134</u>	<u>55,141</u>
Total long-term obligations	<u>\$ 341,433</u>	<u>\$ 353,102</u>	<u>\$ 364,191</u>

Economic Factors and Next Year's Budgets and Rates

The following economic factors were taken into consideration in preparing the budget for fiscal year 2006:

The Village is located in Clark County, Ohio, which has an unemployment rate currently of 6.2%, compared to the 5.9% state average and the 5.4% national average.

State funding is uncertain due to budgetary shortfalls at the State level. It appears Local Government Revenue and Local Government Revenue Assistance Funds may be cut by 10% in the next biennial State budget. These funds represented 6.29% of the Village's general fund revenue in 2005. Property tax revenues are expected to remain consistent as well as expenditures.

These economic factors were considered in preparing the Village's budget for fiscal year 2006. The Village has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Marcia Farquer, Fiscal Officer, Village of South Vienna, 149 West Main Street, South Vienna, Ohio 45369.

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 206,940	\$ 810,283	\$ 1,017,223
Total assets.	<u>206,940</u>	<u>810,283</u>	<u>1,017,223</u>
Net assets:			
Restricted for:			
Other purposes	38,704	-	38,704
Unrestricted	<u>168,236</u>	<u>810,283</u>	<u>978,519</u>
Total net assets	<u>\$ 206,940</u>	<u>\$ 810,283</u>	<u>\$ 1,017,223</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets		Total
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:						
Current						
General governments	\$ 48,474	\$ 15,198	\$ -	\$ (33,276)	\$ -	\$ (33,276)
Security of persons and property	40,422	-	-	(40,422)	-	(40,422)
Leisure time activities	-	1,195	-	1,195	-	1,195
Public health service	4,477	-	-	(4,477)	-	(4,477)
Basic utility services	2,678	-	-	(2,678)	-	(2,678)
Transportation	9,671	3,187	17,347	10,863	-	10,863
Total governmental activities	<u>105,722</u>	<u>19,580</u>	<u>17,347</u>	<u>(68,795)</u>	<u>-</u>	<u>(68,795)</u>
Business Type Activities:						
Water	56,167	52,518	-	-	(3,649)	(3,649)
Sewer	52,010	99,490	-	-	47,480	47,480
Electric	407,101	415,836	-	-	8,735	8,735
Other Enterprise	15,970	4,200	-	-	(11,770)	(11,770)
Total Business Type Activities	<u>531,248</u>	<u>572,044</u>	<u>-</u>	<u>-</u>	<u>40,796</u>	<u>40,796</u>
Total Primary Government	<u>\$ 636,970</u>	<u>\$ 591,624</u>	<u>\$ 17,347</u>	<u>(68,795)</u>	<u>40,796</u>	<u>(27,999)</u>
General Cash Receipts and Transfers:						
Property and other taxes				16,072	-	16,072
Grants and entitlements not restricted to specific programs				6,134	-	6,134
Investment receipts				24,848	-	24,848
Miscellaneous				41,680	-	41,680
Total general cash receipts				<u>88,734</u>	<u>-</u>	<u>88,734</u>
Change in net cash assets				19,939	40,796	60,735
Net cash assets at beginning of year				<u>187,001</u>	<u>769,400</u>	<u>956,401</u>
Net cash assets at end of year				<u>\$ 206,940</u>	<u>\$ 810,196</u>	<u>\$ 1,017,136</u>

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	General	Other Governmental Funds	Total Governmental Funds
Cash assets:			
Equity in pooled cash and cash equivalents	\$ 168,236	\$ 38,704	\$ 206,940
Total assets	\$ 168,236	\$ 38,704	\$ 206,940
Fund cash balances:			
Unreserved, undesignated reported in:			
General fund.	\$ 168,236	\$ -	\$ 168,236
Special revenue funds	-	38,704	38,704
Total fund cash balances	\$ 168,236	\$ 38,704	\$ 206,940

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:			
Taxes	\$ 27,309	\$ 10,609	\$ 37,918
Charges for services.	1,195	-	1,195
License, permits and fees	18,897	-	18,897
Intergovernmental	6,134	16,493	22,627
Interest.	24,848	855	25,703
Donations.	200	-	200
Rentals.	6,600	-	6,600
Reimbursements	12,315	-	12,315
Total cash receipts	<u>97,498</u>	<u>27,957</u>	<u>125,455</u>
Cash disbursements:			
Current			
General government.	48,474	-	48,474
Security of persons and property	40,422	-	40,422
Public health service.	-	4,477	4,477
Basic utility services	2,678	-	2,678
Transportation	-	9,671	9,671
Total cash disbursements	<u>91,574</u>	<u>14,148</u>	<u>105,722</u>
Excess (deficiency) of cash receipts over cash disbursements	<u>5,924</u>	<u>13,809</u>	<u>19,733</u>
Other financing sources (uses):			
Other sources	206	-	206
Total other financing sources (uses).	<u>206</u>	<u>-</u>	<u>206</u>
Net change in fund cash balances	6,130	13,809	19,939
Cash basis fund balances at beginning of year .	<u>162,106</u>	<u>24,895</u>	<u>187,001</u>
Cash basis fund balances at end of year	<u>\$ 168,236</u>	<u>\$ 38,704</u>	<u>\$ 206,940</u>

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Taxes	\$ 8,717	\$ 8,649	\$ 27,309	\$ 18,660
Charges for services.	-	1,195	1,195	-
License, permits and fees.	19,000	15,198	18,897	3,699
Intergovernmental	6,259	6,134	6,134	-
Interest.	12,000	24,848	24,848	-
Donations	400	200	200	-
Rentals	6,600	6,600	6,600	-
Reimbursements	12,000	11,860	12,315	455
Total budgetary basis receipts	<u>64,976</u>	<u>74,684</u>	<u>97,498</u>	<u>22,814</u>
Budgetary basis disbursements:				
Current				
General government.	165,384	165,452	48,557	116,895
Security of persons and property	54,525	54,588	40,538	14,050
Public health service	60	60	-	60
Basic utility services.	3,200	3,365	2,678	687
Total budgetary basis disbursements.	<u>223,169</u>	<u>223,465</u>	<u>91,773</u>	<u>131,692</u>
Excess (deficiency) of budgetary basis receipts over/(under) budgetary basis disbursements.	<u>(158,193)</u>	<u>(148,781)</u>	<u>5,725</u>	<u>154,506</u>
Other financing uses:				
Other sources	14,500	23,020	206	(22,814)
Other uses	(3,283)	(3,283)	-	3,283
Total other financing uses	<u>11,217</u>	<u>19,737</u>	<u>206</u>	<u>(19,531)</u>
Net change in fund cash balance	(146,976)	(129,044)	5,931	134,975
Cash basis fund balance at beginning of year . .	161,784	161,784	161,784	-
Prior year encumbrances appropriated	322	322	322	-
Cash basis fund balance at end of year.	<u>\$ 15,130</u>	<u>\$ 33,062</u>	<u>\$ 168,037</u>	<u>\$ 134,975</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
 STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS
 ENTERPRISE FUNDS
 December 31, 2005

	Business-type Activities - Enterprise Funds				Total
	Water	Sewer	Electric	Other Enterprise	
Cash assets:					
Current assets					
Equity in pooled cash and cash equivalents.	\$ 46,306	\$ 117,248	\$ 547,222	\$ 99,507	\$ 810,283
Total assets	<u>46,306</u>	<u>117,248</u>	<u>547,222</u>	<u>99,507</u>	<u>810,283</u>
Net cash assets:					
Unrestricted.	<u>46,306</u>	<u>117,248</u>	<u>547,222</u>	<u>99,507</u>	<u>810,283</u>
Total net cash assets.	<u>\$ 46,306</u>	<u>\$ 117,248</u>	<u>\$ 547,222</u>	<u>\$ 99,507</u>	<u>\$ 810,283</u>

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Electric	Other Enterprise	Total
Operating cash receipts:					
Charges for services	\$ 52,518	\$ 99,490	\$ 415,836	\$ 4,200	\$ 572,044
Total operating cash receipts	<u>52,518</u>	<u>99,490</u>	<u>415,836</u>	<u>4,200</u>	<u>572,044</u>
Operating cash disbursements:					
Personal services	18,905	20,649	30,940	-	70,494
Employee benefits	3,638	3,053	4,500	-	11,191
Contractual services	21,272	18,312	324,415	-	363,999
Materials and supplies	12,168	9,996	9,035	-	31,199
Other	184	-	-	1,650	1,834
Capital outlay	-	-	2,864	-	2,864
Total operating cash disbursements	<u>56,167</u>	<u>52,010</u>	<u>371,754</u>	<u>1,650</u>	<u>481,581</u>
Operating cash receipts over/(under) operating cash disbursements	<u>(3,649)</u>	<u>47,480</u>	<u>44,082</u>	<u>2,550</u>	<u>90,463</u>
Nonoperating cash receipts (disbursements):					
Debt Service					
Principal	-	-	(6,269)	(5,400)	(11,669)
Interest and other fiscal charges	-	-	(10,418)	(8,833)	(19,251)
Excise Tax	-	-	(18,660)	-	(18,660)
Transfers in	-	-	-	28,867	28,867
Transfers out	-	(28,867)	-	-	(28,867)
Total nonoperating cash receipts (disbursements).	<u>-</u>	<u>(28,867)</u>	<u>(35,347)</u>	<u>14,634</u>	<u>(49,580)</u>
Changes in net cash assets	<u>(3,649)</u>	<u>18,613</u>	<u>8,735</u>	<u>17,184</u>	<u>40,883</u>
Net cash assets at beginning of year	<u>49,955</u>	<u>98,635</u>	<u>538,487</u>	<u>82,323</u>	<u>769,400</u>
Net cash assets at end of year	<u>\$ 46,306</u>	<u>\$ 117,248</u>	<u>\$ 547,222</u>	<u>\$ 99,507</u>	<u>\$ 810,283</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 187,001	\$ 769,400	\$ 956,401
Total assets.	<u>187,001</u>	<u>769,400</u>	<u>956,401</u>
Net assets:			
Restricted for :			
Other purposes	29,089	-	29,089
Unrestricted	<u>157,912</u>	<u>769,400</u>	<u>927,312</u>
Total net assets	<u>\$ 187,001</u>	<u>\$ 769,400</u>	<u>\$ 956,401</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Program Cash Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Current:						
General government	\$ 52,694	\$ 17,720	\$ 11,014	\$ (23,960)	-	\$ (23,960)
Security of persons and property	48,584	-	-	(48,584)	-	(48,584)
Public health services	4,459	-	-	(4,459)	-	(4,459)
Basic utility services	1,273	-	-	(1,273)	-	(1,273)
Transportation	36,555	4,744	18,299	(13,512)	-	(13,512)
Capital outlay	49,539	-	-	(49,539)	-	(49,539)
Total governmental activities	<u>193,104</u>	<u>22,464</u>	<u>29,313</u>	<u>(141,327)</u>	<u>-</u>	<u>(141,327)</u>
Business Type Activities:						
Water	68,644	47,974	-	-	(20,670)	(20,670)
Sewer	61,760	99,593	-	-	37,833	37,833
Electric	336,388	328,182	-	-	(8,206)	(8,206)
Other enterprise	15,559	3,640	-	-	(11,919)	(11,919)
Total Business Type Activities	<u>482,351</u>	<u>479,389</u>	<u>-</u>	<u>-</u>	<u>(2,962)</u>	<u>(2,962)</u>
Total	<u>\$ 675,455</u>	<u>\$ 501,853</u>	<u>\$ 29,313</u>	<u>(141,327)</u>	<u>(2,962)</u>	<u>(144,289)</u>
General Cash Receipts and Transfers:						
Property and other taxes				16,309	-	16,309
Grants and entitlements not restricted to specific programs				55,694	-	55,694
Investment receipts				11,317	-	11,317
Miscellaneous				21,576	-	21,576
Total general cash receipts				<u>104,896</u>	<u>-</u>	<u>104,896</u>
Change in net cash assets				(36,431)	(2,962)	(39,393)
Net cash assets at beginning of year				<u>223,432</u>	<u>772,362</u>	<u>995,794</u>
Net cash assets at end of year				<u>\$ 187,001</u>	<u>\$ 769,400</u>	<u>\$ 956,401</u>

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	General	Other Governmental Funds	Total Governmental Funds
Cash assets:			
Equity in pooled cash and cash equivalents	\$ 157,912	\$ 29,089	\$ 187,001
Total assets	\$ 157,912	\$ 29,089	\$ 187,001
Fund cash balances:			
Unreserved, undesignated reported in:			
General fund.	\$ 157,912	\$ -	\$ 157,912
Special revenue funds	-	29,089	29,089
Total fund cash balances	\$ 157,912	\$ 29,089	\$ 187,001

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>General</u>	<u>Main Street Reconstruction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:				
Taxes	\$ 26,182	\$ -	\$ 12,980	\$ 39,162
License, permits and fees	4,612	-	-	4,612
Fines and forfeitures	17,670	-	50	17,720
Intergovernmental	6,350	49,539	17,996	73,885
Interest	11,014	-	303	11,317
Donations	1,627	-	-	1,627
Rentals	6,350	-	-	6,350
Total cash receipts	<u>73,805</u>	<u>49,539</u>	<u>31,329</u>	<u>154,673</u>
Cash disbursements:				
Current:				
General government	52,694	-	-	52,694
Security of persons and property	48,042	-	542	48,584
Public health services	-	-	4,459	4,459
Basic utility services	1,273	-	-	1,273
Transportation	-	-	36,555	36,555
Capital outlay	-	49,539	-	49,539
Total cash disbursements	<u>102,009</u>	<u>49,539</u>	<u>41,556</u>	<u>193,104</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>(28,204)</u>	<u>-</u>	<u>(10,227)</u>	<u>(38,431)</u>
Other financing sources (uses):				
Proceeds from sale of capital assets	2,000	-	-	2,000
Total other financing sources (uses)	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Net change in fund cash balances	(26,204)	-	(10,227)	(36,431)
Cash basis fund balances at beginning of year .	<u>184,116</u>	<u>-</u>	<u>39,316</u>	<u>223,432</u>
Cash basis fund balances at end of year	<u>\$ 157,912</u>	<u>\$ -</u>	<u>\$ 29,089</u>	<u>\$ 187,001</u>

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN CASH BASIS FUND
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary basis receipts:				
Taxes	\$ 7,868	\$ 8,074	\$ 26,182	\$ 18,108
Licenses, permits and fees	4,612	4,612	4,612	-
Fines and forfeitures	9,660	17,670	17,670	-
Intergovernmental	6,233	6,350	6,350	-
Interest	4,000	9,485	11,014	1,529
Donations	2,000	1,627	1,627	-
Rentals	22,332	24,460	6,350	(18,110)
Total budgetary basis receipts	<u>56,705</u>	<u>72,278</u>	<u>73,805</u>	<u>1,527</u>
Budgetary basis disbursements:				
Current:				
General government	166,629	168,161	52,803	115,358
Security of persons and property	63,400	65,750	48,255	17,495
Public health service	60	60	-	60
Basic utility services	3,250	3,250	1,273	1,977
Total budgetary basis disbursements	<u>233,339</u>	<u>237,221</u>	<u>102,331</u>	<u>134,890</u>
Excess (deficiency) of budgetary basis receipts over (under) budgetary basis disbursements	<u>(176,634)</u>	<u>(164,943)</u>	<u>(28,526)</u>	<u>136,417</u>
Other financing uses:				
Proceeds from sale of capital assets	2,000	2,000	2,000	-
Other uses	(5,600)	(5,600)	-	5,600
Total other financing uses	<u>(3,600)</u>	<u>(3,600)</u>	<u>2,000</u>	<u>5,600</u>
Net change in fund cash balance	(180,234)	(168,543)	(26,526)	142,017
Cash basis fund balance at beginning of year	181,739	181,739	181,739	-
Prior year encumbrances appropriated	<u>2,377</u>	<u>2,377</u>	<u>2,377</u>	<u>-</u>
Cash basis fund balance at end of year	<u>\$ 3,882</u>	<u>\$ 15,573</u>	<u>\$ 157,590</u>	<u>\$ 142,017</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
 STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS
 ENTERPRISE FUNDS
 DECEMBER 31, 2004

	Business-type Activities - Enterprise Funds				Total
	Water	Sewer	Electric	Other Enterprise	
Cash assets:					
Current assets:					
Equity in pooled cash and cash equivalents.	\$ 49,955	\$ 98,635	\$ 538,487	\$ 82,323	\$ 769,400
Total assets	<u>49,955</u>	<u>98,635</u>	<u>538,487</u>	<u>82,323</u>	<u>769,400</u>
Net cash assets:					
Unrestricted.	<u>49,955</u>	<u>98,635</u>	<u>538,487</u>	<u>82,323</u>	<u>769,400</u>
Total net cash assets.	<u><u>\$ 49,955</u></u>	<u><u>\$ 98,635</u></u>	<u><u>\$ 538,487</u></u>	<u><u>\$ 82,323</u></u>	<u><u>\$ 769,400</u></u>

VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Electric	Other Enterprise	Total
Operating cash receipts:					
Charges for services	\$ 47,974	\$ 99,593	\$ 328,182	\$ 3,640	\$ 479,389
Total operating cash receipts	<u>47,974</u>	<u>99,593</u>	<u>328,182</u>	<u>3,640</u>	<u>479,389</u>
Operating cash disbursements:					
Personal services	23,882	16,753	32,829	-	73,464
Employee benefits	4,066	2,309	7,458	-	13,833
Contractual services	21,334	17,336	238,926	-	277,596
Materials and supplies	17,139	14,836	12,719	-	44,694
Other	2,223	10,526	9,653	1,339	23,741
Total operating cash disbursements	<u>68,644</u>	<u>61,760</u>	<u>301,585</u>	<u>1,339</u>	<u>433,328</u>
Operating cash receipts over/(under) operating cash disbursements	(20,670)	37,833	26,597	2,301	46,061
Nonoperating cash receipts (disbursements):					
Debt Service:					
Principal	-	-	(5,989)	(5,100)	(11,089)
Interest and other fiscal charges	-	-	(10,706)	(9,120)	(19,826)
Excise Tax	-	-	(18,108)	-	(18,108)
Transfers in	-	-	-	28,867	28,867
Transfers out	-	(28,867)	-	-	(28,867)
Total nonoperating cash receipts (disbursements)	<u>-</u>	<u>(28,867)</u>	<u>(34,803)</u>	<u>14,647</u>	<u>(49,023)</u>
Changes in net cash assets	(20,670)	8,966	(8,206)	16,948	(2,962)
Net cash assets at beginning of year	<u>70,625</u>	<u>89,669</u>	<u>546,693</u>	<u>65,375</u>	<u>772,362</u>
Net cash assets at end of year	<u>\$ 49,955</u>	<u>\$ 98,635</u>	<u>\$ 538,487</u>	<u>\$ 82,323</u>	<u>\$ 769,400</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of South Vienna (the "Village"), is a body politic and corporate 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 and sewer utilities, park operations (leisure time activities), and police services.

Management believes the financial statements included in this report represent all of the funds over which the Village officials are financially accountable, except debt service funds maintained by outside custodians which are not included in these financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Village's accounting policies:

A. Basis of Presentation

For fiscal year ended 2005, the Village has implemented the GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for the State and Local Governments" format.

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and a fund financial statement which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Village's general receipts.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary. The Village has no fiduciary funds.

Governmental Funds - The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the Village's major governmental funds:

General Fund - This fund is used to account for all financial resources of the Village except those required to be accounted for in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the Village are used to account for grants and other resources, and capital projects whose use is restricted to a particular purpose.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village had no capital projects funds in 2005. The Village had the following significant capital project fund in 2004:

Main Street Reconstruction Fund - This fund received grants from Ohio Public Works Commission and Community Development Block Grants to help reconstruct the Village's Main Street.

Enterprise Funds

Proprietary Funds - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the Village's major enterprise funds:

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

Water Fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the Village.

Sewer Fund - This fund accounts for the user charges and expenses of maintaining the sewer lines and facilities of the Village.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fiduciary Funds - Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village does not maintain any private-purpose trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village does not have any agency funds.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village may appropriate.

The appropriations ordinance is the Village's authorization to spend resources and sets limits on disbursements at the level of control selected by the Village. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. 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 negative receipts (contra revenue), respectively.

During 2005 and 2004, the Village invested in State Treasury Asset Reserve (STAR Ohio). STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2005 and 2004.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2005 and 2004 was \$24,848 and \$11,014.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted assets at December 31, 2005 and 2004.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for public safety, public works, health and human services, street maintenance and construction, and capital projects.

The Village first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing receipt (disbursement) in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. The Village had neither extraordinary nor special items during the fiscal 2005 or 2004.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 3 - ACCOUNTABILITY & COMPLIANCE

A. Prior Period Adjustments

The Village has presented a prior period adjustment to reclassify funds. These reclassifications have the following affect on the fund balances of the governmental funds:

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Cash balances, December 31, 2004	\$ 157,912	\$ 29,089	\$ 187,001
Reclassification of funds	4,194	(4,194)	-
Restated cash balances, January 1, 2005	\$ 162,106	\$ 24,895	\$ 187,001

B. Change in Accounting Principles

For fiscal year 2005 and 2004, the Village has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the Village.

C. The following funds had appropriations in excess of estimated resources for the years ended December 31, 2005 and 2004 in noncompliance with Ohio Revised Code Section 5705.39:

2005

Fund Type/Fund

<u>ENTERPRISE FUND TYPE:</u>	<u>Excess</u>
Other Enterprise	\$ 14,647

2004

SPECIAL REVENUE FUND TYPE:

Permissive Motor Vehicle License Tax	1,616
Health Fund	1,344

CAPITAL PROJECTS FUND TYPE:

Grant Construction	49,541
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ENTERPRISE FUND TYPE:

Water Operating	53,907
Electric Operating	20,697
Other Enterprise	33,087

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 3 - ACCOUNTABILITY & COMPLIANCE - (Continued)

D. The following funds had expenditures in excess of appropriations for the years ended December 31, 2005 and 2004 in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>2005</u>			
<u>Fund Type/Fund</u>	<u>Program</u>	<u>Object</u>	<u>Excess</u>
<u>SPECIAL REVENUE FUND TYPE:</u>			
Permissive Motor Vehicle License Tax	Transportation	Other Miscellaneous	\$ 605
<u>ENTERPRISE FUND TYPE:</u>			
Water Operating	Capital Outlay	Capital Outlay	1,832
Sewer Operating	Transfers Out	Transfers Out	28,867
Electric Operating	Capital Outlay	Capital Outlay	2,864
<u>2004</u>			
General fund	General Government	Advertising	1,941
<u>ENTERPRISE FUND TYPE:</u>			
Sewer Operating	Transfers Out	Transfers Out	28,867
Electric Operating	Administration - Electric	Contractual Services	849

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Village has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Protection of Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Village by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2005, the carrying amount of all Village deposits was \$496,809. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2005, \$313,814 of the Village's bank balance of \$513,814 was exposed to custodial risk as discussed below, while \$200,000 was covered by Federal Deposit Insurance Corporation.

At December 31, 2004, the carrying amount of all Village deposits was \$155,743. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2004, \$56,542 of the Village's bank balance of \$156,542 was exposed to custodial risk as discussed below, while \$100,000 was covered by Federal Deposit Insurance Corporation.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Village's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

B. Investments

As of December 31, 2005, the Village had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	<u>\$ 520,414</u>	<u>\$ 520,414</u>

As of December 31, 2004, the Village had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u> 6 months or less
STAR Ohio	<u>\$ 800,658</u>	<u>\$ 800,658</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Village's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAA money market rating.

Concentration of Credit Risk: The Village places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Village at December 31, 2005:

<u>Investment type</u>	<u>December 31, 2005</u>		<u>December 31, 2004</u>	
	<u>Fair Value</u>	<u>% of Total</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 520,414</u>	<u>100.00%</u>	<u>\$ 800,658</u>	<u>100.00%</u>

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2005 and 2004:

<u>Cash and Investments per footnote</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Deposits	\$ 496,809	\$ 155,743
Investments	<u>520,414</u>	<u>800,658</u>
Total	<u>\$ 1,017,223</u>	<u>\$ 956,401</u>
<u>Cash and Investments per Statement of Net Assets</u>	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Governmental activities	\$ 206,940	\$ 187,001
Business-type activities	<u>810,283</u>	<u>769,400</u>
Total	<u>\$ 1,017,223</u>	<u>\$ 956,401</u>

NOTE 5 - TAXES

Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2003. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 5 - TAXES - (Continued)

The assessed values of real and tangible personal property upon which 2005 and 2004 property tax receipts were based are as follows:

	2005	2004
Real property tax	\$ 221,905,900	\$ 208,146,190
Public utility tangible personal property	10,299,730	10,293,730
Tangible personal property	11,657,639	10,276,291
Total assessed valuation	\$ 243,863,269	\$ 228,716,211

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2005 and 2004, debt obligations consisted of the following issuances:

Description	Balance at December 31, 2005	Balance at December 31, 2004
1993 Sanitary Sewer System Mortgage Revenue Bonds for construction of sewer system, due in annual installments of varying amounts through 2022 bearing interest at 5.625.	\$ 155,478	\$ 150,078
OMEGA JV-5 Financing Agreement share of participant debt.	144,490	140,310
OMEGA JV2 Financing Agreement share of participant debt.	53,134	51,045
Total debt obligations at December 31, 2003	\$ 353,102	\$ 341,433

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Transactions for the years ended December 31, 2005 and 2004 are summarized as follows:

<u>2005</u>	<u>Balance at</u> <u>December 31, 2004</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at</u> <u>December 31, 2005</u>
<u>Description</u>				
1993 Mortgage Revenue Bonds	\$ 155,478	\$ -	\$ (5,400)	\$ 150,078
OMEGA JV-5	144,490	-	(4,180)	140,310
OMEGA JV2	53,134	-	(2,089)	51,045
Total	<u>\$ 353,102</u>	<u>\$ -</u>	<u>\$ (11,669)</u>	<u>\$ 341,433</u>

<u>2004</u>	<u>Balance at</u> <u>December 31, 2003</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at</u> <u>December 31, 2004</u>
<u>Description</u>				
1993 Mortgage Revenue Bonds	\$ 160,578	\$ -	\$ (5,100)	\$ 155,478
OMEGA JV-5	148,472	-	(3,982)	144,490
OMEGA JV2	55,141	-	(2,007)	53,134
Total	<u>\$ 364,191</u>	<u>\$ -</u>	<u>\$ (11,089)</u>	<u>\$ 353,102</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2005, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Mortgage Revenue Bonds</u>		<u>OMEGA JV-5</u>		<u>OMEGA JV2</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 5,700	\$ 8,442	\$ 4,400	\$ 7,602	\$ 2,177	\$ 2,507	\$ 12,277	\$ 18,551
2007	6,000	8,121	4,637	7,366	2,271	2,415	12,908	17,902
2008	6,300	7,784	4,890	7,115	2,364	2,324	13,554	17,223
2009	6,700	7,429	5,159	6,846	2,481	2,205	14,340	16,480
2010	7,000	7,053	5,434	6,569	2,604	2,081	15,038	15,703
2011 - 2015	41,700	28,867	31,896	28,120	15,187	8,243	88,783	65,230
2016 - 2020	54,700	15,749	41,702	18,320	19,489	3,941	115,891	38,010
2021 - 2024	21,978	1,747	42,192	5,818	4,472	212	68,642	7,777
Total	<u>\$ 150,078</u>	<u>\$ 85,192</u>	<u>\$ 140,310</u>	<u>\$ 87,756</u>	<u>\$ 51,045</u>	<u>\$ 23,928</u>	<u>\$ 341,433</u>	<u>\$ 196,876</u>

NOTE 7 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6705.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5% of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1% of their annual covered salary; members in public safety contributed 9%. The Village's contribution rate for pension benefits for 2005 was 9.55%, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 12.7% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's contributions to OPERS for the years ended December 31, 2005, 2004, and 2003 were \$13,392, \$15,276, and \$13,938, respectively; these contributions were sufficient to fulfill the requirements.

NOTE 8 - POSTRETIREMENT BENEFIT PLANS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55% of covered payroll (16.70% for public safety and law enforcement); 4.00% of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPER's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed to increase 1.00% and 6.00% annually for the next eight years and 4.00% annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 8 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The number of active contributing participants in the traditional and combined plans was 376,109 as of December 31, 2005. The number of active participants for both plans used in the December 31, 2004 actuarial valuation was 355,287. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$22,567. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

NOTE 9 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Electronic Data Processing
- Vehicles
- Errors and omissions

NOTE 10 - CONTINGENT LIABILITY

LITIGATION

The Village is not currently involved in litigation that the Village's legal counsel anticipates a loss.

NOTE 11 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2005 and 2004, consisted of the following, as reported on the fund financial statements:

<u>Transfers from Sewer Fund to:</u>	<u>2005</u>	<u>2004</u>
Nonmajor Enterprise Funds	\$ 28,867	\$ 28,867
Total Transfers	<u>\$ 28,867</u>	<u>\$ 28,867</u>

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 11 - INTERFUND TRANSACTIONS - (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.15. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

NOTE 12 - JOINT VENTURES WITH EQUITY INTEREST

During the years ended December 31, 2005 and 2004, the Village was a part of the following Joint Ventures:

Ohio Municipal Electric Generation Agency Joint Venture-5 (OMEGA JV-5) - A group of forty-two municipalities have entered into a joint venture for constructing, installing, and operating a 42 megawatts (MW) hydroelectric generator and related facilities at the Belleville locks and dam on the Ohio River. The Village has a .11 percent participant ownership interest in OMEGA JV-5. For the year ended December 31, 2004, (the most current available financial information), the Village's equity in the joint venture was \$9,509. Bonds issued by the joint venture are retired through the municipalities' payments for the monthly energy usage. The participants are obligated by the agreement to remit on a monthly basis those costs incurred from using electricity generated by the joint venture and a portion of the \$153,415,000 Certificates of Beneficial Interest debt that was issued to construct the fixed asset. Complete separate financial statements may be obtained from OMEGA JV-5, c/o Robert Trippe, Vice President and CEO, AMP-Ohio, 2600 Airport Drive, Columbus, Ohio, 43219.

Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2) - The Village is a Financing Participant and an Owner Participant with percentages of liabilities and ownership of .12% and .09% respectively and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the JV2 Agreement.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 12 - JOINT VENTURES WITH EQUITY INTEREST - (Continued)

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW or distributed generation of which 134.081 MW is the participants' entitlement and 4.569 are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued \$50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of \$45,904,712 were contributed to OMEGA JV2. The Village's obligation for these bonds at December 31, 2004 was \$55,086 (including amounts withheld for Debt Service Reserve, amount held in the Bond Fund, previous billings to members, interest payable and debt service paid and collected). The Village's net investment in OMEGA JV2 was \$42,198 at December 31, 2004. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the Village's Fiscal Officer.

<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
Total	<u>95.20%</u>	<u>127,640</u>	Total	<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005 AND 2004

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance - Budget and Actual (Budgetary Basis) presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). At December 31, 2005, the encumbrances outstanding at year end (budgetary basis) amounted to \$199 for the general fund and \$13 in the street construction, maintenance and repair fund. At December 31, 2004, the encumbrances outstanding at year end (budgetary basis) amounted to \$322 for the general fund and \$15 in the street, construction, maintenance and repair fund.



Julian & Grube, 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 and Mayor
Village of South Vienna
149 West Main Street
South Vienna, Ohio 45369

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Vienna (the "Village"), Clark County, Ohio as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 24, 2006 wherein we noted the Village of South Vienna prepared its financial statements on the cash basis, a comprehensive basis of accounting other 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 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 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. However we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the Village in a separate letter dated April 24, 2006.

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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-VOSV-001 and 2005-VOSV-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 24, 2006.

Members of Council and Mayor
Village of South Vienna

This report is intended solely for the information of the Members of Council and management of the Village of South Vienna, 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 "Julian & Grube, Inc.".

Julian & Grube, Inc.
April 24, 2006

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2005-VOSV-001

Ohio Revised Code Section 5705.39 requires that no fund should have appropriations in excess of estimated resources.

It was noted during the audit that the Village had appropriations in excess of estimated resources in the following funds for the years ending December 31, 2005 and 2004:

2005

Fund Type/Fund

<u>ENTERPRISE FUND TYPE:</u>	<u>Excess</u>
Other Enterprise	\$ 14,647

2004

SPECIAL REVENUE FUND TYPE:

Permissive Motor Vehicle License Tax	1,616
Health Fund	1,344

CAPITAL PROJECTS FUND TYPE:

Grant Construction	49,541
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ENTERPRISE FUND TYPE:

Water Operating	53,907
Electric Operating	20,697
Other Enterprise	33,087

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Village's depository or in the process of collection that were certified to the County Auditor. This may result in a fund deficit.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated revenues will be greater than initially anticipated, the Village should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources.

Client Response: The Village Fiscal Officer will attempt to prepare modifications to amended certificates throughout the year and certify them to the County Auditor.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2005-VOSV-002

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

It was noted during the audit that for the years ended December 31, 2005 and 2004 the Village had expenditures exceeding appropriations in the following funds:

2005

<u>Fund Type/Fund</u>	<u>Program</u>	<u>Object</u>	<u>Excess</u>
<u>SPECIAL REVENUE FUND TYPE:</u>			
Permissive Motor Vehicle License Tax	Transportation	Other Miscellaneous	\$ 605
<u>ENTERPRISE FUND TYPE:</u>			
Water Operating	Capital Outlay	Capital Outlay	1,832
Sewer Operating	Transfers Out	Transfers Out	28,867
Electric Operating	Capital Outlay	Capital Outlay	2,864

2004

General fund	General Government	Advertising	1,941
<u>ENTERPRISE FUND TYPE:</u>			
Sewer Operating	Transfers Out	Transfers Out	28,867
Electric Operating	Administration - Electric	Contractual Services	849

With expenditures exceeding appropriations, the Village is expending monies that have not been appropriated and approved by Council. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

Client Response: The Village Fiscal Officer will attempt to make supplemental appropriations throughout the year and approve them through the Village Council.

**VILLAGE OF SOUTH VIENNA
CLARK COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-VOSV-001	Ohio Revised Code Section 5705.39 requires that no fund should have appropriations in excess of estimated resources.	No	Finding reissued as 2005-VOSV-001
2003-VOSV-002	Ohio Revised Code Section 5705.41 (B) requires that no subdivision is to expend money unless it has been appropriated.	No	Finding reissued as 2005-VOSV-002



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VILLAGE OF SOUTH VIENNA

CLARK 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
AUGUST 29, 2006**