

Village of Syracuse

Meigs County, Ohio

Regular Audit

For the Year Ended December 31, 2005

BALESTRA, HARR & SCHERER, CPAs, INC.

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**Auditor of State
Betty Montgomery**

Village Council
Village of Syracuse
P.O. Box 266
2581 Third Street
Syracuse, Ohio 45776

We have reviewed the *Independent Auditors' Report* of the Village of Syracuse, Meigs County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2005 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 Syracuse is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

December 7, 2006

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Village of Syracuse, Ohio
For the Year Ended December 31, 2005
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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditors' Report

Village of Syracuse
Meigs County, Ohio
2581 Third Street
Syracuse, Ohio 45779-0266

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Syracuse, Meigs County, Ohio, (the Village) as of and for the year ended December 31, 2005 information which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits 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 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis 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, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Syracuse, Meigs County, Ohio as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparisons for the General, Street Maintenance Construction and Repair, State Highway, Fire Department, FEMA Flood, and FEMA Homeland funds for the year then ended in conformity with the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2006, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in considering the results of the audits.

The Management's Discussion and Analysis on pages 3-8 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

As discussed further in Note 3, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard (GASB) No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosure*, and implemented GASB statement No. 40, *Deposit and Investment Risk Disclosures*.

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

Balestra, Harr & Scherer, CPAs, Inc.
August 14, 2006

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Village of Syracuse
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

This discussion and analysis of the Village of Syracuse's (the Village's) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2005, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Because this is the first year the Village reported GASB 34 look alike statements, comparative information for the prior year is not included. In future years, this information will be available and therefore included in the MD&A.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$62,076 in 2005. The fund most affected by the increase in cash and cash equivalents in 2005 was the Street Maintenance, Construction and Repair Fund, which realized both an increase in receipts and reduction of expenditures.

The Village's general receipts are primarily property taxes, and intergovernmental receipts. These receipts represent respectively 14 and 12 percent of the total cash received for governmental activities during 2005.

Net assets of business-type activities decreased \$16,570 in 2005. The Water Operating fund was most affected by the decrease in cash and cash equivalents in 2005 with a decrease of \$16,680, which was slightly offset by a small increase in cash and cash equivalents in Other Enterprise Funds.

Using the Basic Financial Statements

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

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Village of Syracuse
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2005, within the limitations of the cash basis accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including Police and streets. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities. The Village's business-type activities include water services and a swimming pool. Business-type activities are financed by a fee charged to the customers receiving the service.

Village of Syracuse
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2005, the Village's major governmental funds are the General Fund, Street Maintenance Construction and Repair Fund, State Highway Fund, Fire Department Fund, FEMA Flood Fund, and FEMA Homeland Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three enterprise funds: Water Operating Fund, Swimming Pool Fund, and Customer Deposits Fund.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2005 on a cash basis:

	(Table 1) Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$95,096	\$47,547	\$142,643
Net Assets			
Restricted for:			
Other Purposes	\$81,472	\$0	\$81,472
Unrestricted	13,624	47,547	61,171
Total Net Assets	\$95,096	\$47,547	\$142,643

As mentioned previously, net assets of governmental activities increased \$62,076. The primary reason contributing to the increases in cash balances is as follows:

- Street Maintenance, Construction and Repair fund receipts increased significantly in 2005 while disbursements decreased.

Net assets of business-type activities decreased \$16,570. This is due primarily to the fact that operating cash receipts from charges for services decreased while disbursements increased in the Water Operating Fund in 2005.

Village of Syracuse
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 2 reflects the changes in net assets in 2005.

(Table 2)
Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
Receipts:			
Program Receipts:			
Charges for Services	\$ 35,032	\$ 80,760	\$ 115,792
Operating Grants and Contributions	66,898	-	66,898
Capital Grants and Contributions	80,496	92,192	172,688
Total Program Receipts	182,426	172,952	355,378
General Receipts:			
Property Taxes	31,521	-	31,521
Fire Protection	10,781	-	10,781
Grants and Entitlements Not Restricted to Specific Programs	36,658	-	36,658
Interest	1,854	-	1,854
Donations & Contributions	6,624	-	6,624
Miscellaneous	10,995	247	11,242
Sale of Fixed Assets	1,613	-	1,613
Other Sources	9,307	-	9,307
Total General Receipts	109,353	247	109,600
Transfers	(7,378)	7,378	-
Advances	12,776	(12,776)	-
Total Receipts	297,177	167,801	464,978
Disbursements:			
Security of Persons and Property	107,070	-	107,070
Leisure Time Activities	12,201	-	12,201
Transportation	27,646	-	27,646
General Government	66,476	-	66,476
Debt Service:			
Principal	18,342	-	
Interest	3,366	-	
Water Operating	-	184,121	184,121
Swimming Pool	-	220	220
Enterprise Deposit Fund	-	30	30
Total Disbursements	235,101	184,371	419,472
Increase / (Decrease) in Net Assets	62,076	(16,570)	45,506
Net Assets, January 1	33,020	64,117	97,137
Net Assets, December 31	\$ 95,096	\$ 47,547	\$ 142,643

Program receipts represent 61 percent of total receipts in 2005 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, and FEMA monies.

Village of Syracuse
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

General receipts represent 37 percent of the Village's total receipts for 2005, and of this amount, 39 percent is property taxes. Grants and Entitlements not restricted to Specific Programs represents 33 percent of general receipts for 2005.

In 2005, the Village received donations for the fire truck payment.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the Clerk, the Mayor, the Village solicitor, and Mayor's Court.

Security of persons and property are the costs of police protection; community environment is the cost of the zoning officer and supplies; and transportation is the cost of maintaining Village streets.

Governmental Activities

If you look at the Statement of Activities on pages 10, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property and general government, which account for 48 and 28 percent of all governmental disbursements, respectively in 2005. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money mainly provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services	Net Cost of Services
General Government	\$ 66,476	\$ 23,689
Security of Persons and Property	107,070	30,501
Leisure Time Activities	12,201	9,764
Transportation	27,646	(30,638)
Debt Service	21,708	19,359
Total Expenses	\$235,101	\$ 52,675

The dependence upon intergovernmental assistance and property tax revenue is apparent as 78 percent of governmental activities are supported through general receipts.

Village of Syracuse
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Business-type Activities

The water operations of the Village are relatively small and routinely reports receipts and disbursements that are relatively equal. The infrastructure is beginning to age and the Village has begun discussing the need for major repairs and how these will be funded.

The Village's Funds

Total governmental funds had receipts of \$280,859 and disbursements of \$235,101 in 2005. The greatest change within governmental funds occurred within the FEMA Funds and Street Maintenance, Construction and Repair Fund. In 2005, the Village received money from FEMA as a result of damages caused by a flood in 2004, and a homeland security grant.

Total proprietary funds had operating receipts of \$81,007 and operating disbursements of \$184,371. Intergovernmental receipts totaled \$92,192.

General Fund Budgeting Highlights

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 2005, General Fund budget basis actual receipts were \$96,490. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2005 were \$88,475, \$8,015 under cash receipts. There were significant changes from the original to final budget.

Debt

At December 31, 2005, the Village's outstanding debt included \$81,957 General Obligation Notes issued for a Fire Truck, Fire Equipment and a Police Cruiser. For additional information on debt, see Note 9 to the basic financial statements.

Current Financial Related Activities

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a deficit for 2006; therefore, the finance committee and the administration implemented a strategy to delay the deficit. This plan became effective for 2005. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Village. We have reduced planned park repairs and maintenance and have also reduced staffing levels in areas where we felt it would have the least impact on services. All departments have been asked to reduce their spending for supplies by 10-20 percent.

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 reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sharon Cottrill, Clerk-Treasurer, Village of Syracuse, P. O. Box 266, Syracuse, Ohio 45779.

Village of Syracuse
Statement of Net Assets- Cash Basis
December 31, 2005

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$95,096	\$47,547	\$142,643
<i>Total Assets</i>	\$95,096	\$47,547	\$142,643
Net Assets			
Restricted for:			
Other Purposes	\$81,472	\$0	\$81,472
Unrestricted	13,624	47,547	61,171
<i>Total Net Assets</i>	\$95,096	\$47,547	\$142,643

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

Village of Syracuse
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 66,476	\$ 8,530	\$ 61	\$ 34,196	\$ (23,689)	\$ -	\$ (23,689)
Security of Persons and Property	107,070	23,369	11,350	41,850	(30,501)	-	(30,501)
Leisure Time Activities	12,201	2,437	-	-	(9,764)	-	(9,764)
Basic Utility Services	-	-	-	-	-	-	-
Transportation	27,646	-	53,834	4,450	30,638	-	30,638
Capital Outlay	-	-	-	-	-	-	-
Debt Service:							
Principal	18,342	696	1,188	-	(16,458)	-	(16,458)
Interest	3,366	-	465	-	(2,901)	-	(2,901)
<i>Total Governmental Activities</i>	<u>235,101</u>	<u>35,032</u>	<u>66,898</u>	<u>80,496</u>	<u>(52,675)</u>	<u>-</u>	<u>(52,675)</u>
Business Type Activity							
Water Operating	184,121	80,620	-	92,192	-	(11,309)	(11,309)
Swimming Pool	220	-	-	-	-	(220)	(220)
Enterprise Deposit Fund	30	140	-	-	-	110	110
<i>Total Business Type Activities</i>	<u>184,371</u>	<u>80,760</u>	<u>-</u>	<u>92,192</u>	<u>-</u>	<u>(11,419)</u>	<u>(11,419)</u>
Total Primary Government	<u>419,472</u>	<u>115,792</u>	<u>66,898</u>	<u>172,688</u>	<u>(52,675)</u>	<u>(11,419)</u>	<u>(64,094)</u>
General Receipts							
Property Taxes Levied for:							
General Purposes					31,521	-	31,521
Fire Protection					10,781	-	10,781
Grants and Entitlements not Restricted to Specific Programs					36,658	-	36,658
Interest					1,854	-	1,854
Donations & Contributions					6,624	-	6,624
Miscellaneous					10,995	247	11,242
Sale of Fixed Assets					1,613	-	1,613
Other Sources- Insurance Proceeds					9,307	-	9,307
<i>Total General Receipts</i>					<u>109,353</u>	<u>247</u>	<u>109,600</u>
Transfers					(7,378)	7,378	-
Advances					<u>12,776</u>	<u>(12,776)</u>	<u>-</u>
<i>Total General Receipts, Transfers and Advances</i>					<u>114,751</u>	<u>(5,151)</u>	<u>109,600</u>
Change in Net Assets					62,076	(16,570)	45,506
<i>Net Assets Beginning of Year</i>					<u>33,020</u>	<u>64,117</u>	<u>97,137</u>
<i>Net Assets End of Year</i>					<u>\$ 95,096</u>	<u>\$ 47,547</u>	<u>\$ 142,643</u>

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

Village of Syracuse
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	<u>General</u>	<u>Street Construction, Maintenance, and Repair</u>	<u>State Highway</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 13,624	\$ 42,911	\$ 11,825
<i>Total Assets</i>	<u>\$ 13,624</u>	<u>\$ 42,911</u>	<u>\$ 11,825</u>
Fund Balances			
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	\$ 13,624	\$ -	\$ -
Special Revenue Funds	-	42,911	11,825
<i>Total Fund Balances</i>	<u>\$ 13,624</u>	<u>\$ 42,911</u>	<u>\$ 11,825</u>

See accompanying notes to the basic financial statements

Village of Syracuse
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

<u>Fire Department</u>	<u>FEMA Flood</u>	<u>FEMA Homeland</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 14,022	\$ 11,354	\$ 996	\$ 364	\$ 95,096
<u>\$ 14,022</u>	<u>\$ 11,354</u>	<u>\$ 996</u>	<u>\$ 364</u>	<u>\$ 95,096</u>
\$ -	\$ -	\$ -	\$ -	\$ 13,624
14,022	11,354	996	364	81,472
<u>\$ 14,022</u>	<u>\$ 11,354</u>	<u>\$ 996</u>	<u>\$ 364</u>	<u>\$ 95,096</u>

Village of Syracuse
*Statement of Receipts, Disbursements, and
Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005*

	General	Street Maintenance, Construction, and Repair	State Highway	Fire Department	FEMA Flood	FEMA Homeland	Other Governmenta Funds	Total
Cash Receipts:								
Property and Other Local Taxes	\$ 31,521	\$ -	\$ -	\$ 10,781	\$ -	\$ -	\$ -	\$ 42,302
Intergovernmental	36,658	51,135	2,699	5,933	34,196	41,850	4,450	176,921
Charges for Services	1,750	-	-	11,921	-	-	-	13,671
Licenses, Permits, and Fees	15,657	-	-	-	-	-	5,704	21,361
Earnings on Investments	1,542	122	70	120	-	-	-	1,854
Donations & Contributions	6,624	-	-	7,131	-	-	-	13,755
Other Revenue	2,738	6,300	-	1,957	-	-	-	10,995
Total Cash Receipts	96,490	57,557	2,769	37,843	34,196	41,850	10,154	280,859
Cash Disbursements:								
Current:								
Security of Persons & Property	29,290	-	-	24,552	-	40,854	12,374	107,070
Leisure Time Activities	12,201	-	-	-	-	-	-	12,201
Transportation	-	22,586	781	-	-	-	4,279	27,646
General Government	43,193	-	-	441	22,842	-	-	66,476
Debt Service:								
Redemption of Principal	3,791	-	-	14,551	-	-	-	18,342
Interest and Fiscal Charges	-	-	-	3,366	-	-	-	3,366
Total Cash Disbursements	88,475	22,586	781	42,910	22,842	40,854	16,653	235,101
Total Cash Receipts Over/(Under) Cash Disbursements	8,015	34,971	1,988	(5,067)	11,354	996	(6,499)	45,758
Other Financing Receipts and (Disbursements):								
Sale of Fixed Assets	1,613	-	-	-	-	-	-	1,613
Advances-In	12,606	5,753	-	-	-	-	-	18,359
Transfers-Out	(7,378)	-	-	-	-	-	-	(7,378)
Advances-Out	(5,583)	-	-	-	-	-	-	(5,583)
Insurance Proceeds	-	-	-	9,307	-	-	-	9,307
Total Other Financing Receipts/(Disbursements)	1,258	5,753	-	9,307	-	-	-	16,318
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,273	40,724	1,988	4,240	11,354	996	(6,499)	62,076
Fund Cash Balances, January 1	4,351	2,187	9,837	9,782	-	-	6,863	33,020
Fund Cash Balances, December 31	\$ 13,624	\$ 42,911	\$ 11,825	\$ 14,022	\$ 11,354	\$ 996	\$ 364	\$ 95,096

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

Village of Syracuse
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2005

	Business-Type Activities		
	Water Operating	Other Enterprise Funds	Total Enterprise Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 42,823	\$ 4,724	\$ 47,547
Total Assets	<u>\$ 42,823</u>	<u>\$ 4,724</u>	<u>\$ 47,547</u>
Net Assets			
Unrestricted	<u>\$ 42,823</u>	<u>\$ 4,724</u>	<u>\$ 47,547</u>

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

Village of Syracuse
*Statement of Receipts, Disbursements, and
 Changes in Cash Basis Fund Balances
 Proprietary Funds
 For the Year Ended December 31, 2005*

	Water Operating	Other Enterprise Funds	Total
Operating Cash Receipts:			
Charges for Services	\$ 80,620	\$ 140	\$ 80,760
Miscellaneous	247	0	247
Total Operating Cash Receipts	80,867	140	81,007
Operating Cash Disbursements:			
Personal Services	43,215	0	43,215
Employee Fringe Benefits	9,256	0	9,256
Contractual Services	25,300	0	25,300
Supplies and Materials	14,142	220	14,362
Other	16	30	46
Capital Outlay	92,192	0	92,192
Total Operating Cash Disbursements	184,121	250	184,371
Operating Loss	(103,254)	(110)	(103,364)
Non-Operating Receipts/Disbursements:			
Intergovernmental	92,192	0	92,192
Total Non-Operating Receipts/(Disbursements)	92,192	0	92,192
Loss Before Interfund Transfers and Advances	(11,062)	(110)	(11,172)
Transfers - In	1,357	6,021	7,378
Advances - In	2,500	330	2,830
Advances - Out	(9,475)	(6,131)	(15,606)
Net Income/(Loss)	(16,680)	110	(16,570)
Fund Cash Balances, January 1	59,503	4,614	64,117
Fund Cash Balances, December 31	\$ 42,823	\$ 4,724	\$ 47,547

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

Village of Syracuse
Statement of Net Assets - Cash Basis
Fiduciary Funds
December 31, 2005

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,190</u>
<i>Total Assets</i>	<u><u>\$1,190</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>\$1,190</u>
<i>Total Net Assets</i>	<u><u>\$1,190</u></u>

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

Village of Syracuse, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 31,345	\$ 32,380	\$ 31,521	\$ (859)
Charges for Services	1,740	1,798	1,750	(48)
Licenses, Permits and Fees	15,569	16,084	15,657	(427)
Intergovernmental	36,453	37,657	36,658	(999)
Donations & Contributions	6,587	6,805	6,624	(181)
Interest	1,533	1,584	1,542	(42)
Other	2,723	2,813	2,738	(75)
<i>Total receipts</i>	<u>95,950</u>	<u>99,121</u>	<u>96,490</u>	<u>(2,631)</u>
Disbursements				
Current:				
Security of Persons & Property	32,861	33,492	29,290	4,202
Leisure Time Activities	13,689	13,951	12,201	1,750
General Government	48,459	49,390	43,193	6,197
Debt Service:				
Redemption of Principal	4,253	4,335	3,791	544
<i>Total Disbursements</i>	<u>99,262</u>	<u>101,168</u>	<u>88,475</u>	<u>12,693</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,312)</u>	<u>(2,047)</u>	<u>8,015</u>	<u>10,062</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	-	1,613	1,613	-
Advances In	-	12,606	12,606	-
Transfers Out	-	(7,378)	(7,378)	-
Advances Out	-	(5,583)	(5,583)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>1,258</u>	<u>1,258</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(3,312)	(789)	9,273	10,062
<i>Fund Balance Beginning of Year</i>	4,351	4,351	4,351	-
<i>Fund Balance End of Year</i>	<u>\$ 1,039</u>	<u>\$ 3,562</u>	<u>\$ 13,624</u>	<u>\$ 10,062</u>

See accompanying notes to the basic financial statements

Village of Syracuse, Meigs County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Maintenance, Construction, and Repair
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Intergovernmental	\$ 28,004	\$ 33,601	\$ 51,135	\$ 17,534
Interest	67	80	122	42
Other	3,450	4,140	6,300	2,160
<i>Total receipts</i>	<u>31,521</u>	<u>37,821</u>	<u>57,557</u>	<u>19,736</u>
Disbursements				
Current:				
Transportation	<u>33,469</u>	<u>36,561</u>	<u>22,586</u>	<u>13,975</u>
<i>Total Disbursements</i>	<u>33,469</u>	<u>36,561</u>	<u>22,586</u>	<u>13,975</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,948)</u>	<u>1,260</u>	<u>34,971</u>	<u>33,711</u>
Other Financing Sources (Uses)				
Advances In	<u>-</u>	<u>5,753</u>	<u>5,753</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>5,753</u>	<u>5,753</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(1,948)	7,013	40,724	33,711
<i>Fund Balance Beginning of Year</i>	<u>2,187</u>	<u>2,187</u>	<u>2,187</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 239</u>	<u>\$ 9,200</u>	<u>\$ 42,911</u>	<u>\$ 33,711</u>

See accompanying notes to the basic financial statements

Village of Syracuse, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
State Highway
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 1,546	\$ 1,546	\$ 2,699	\$ 1,153
Interest	40	40	70	30
<i>Total receipts</i>	<u>1,586</u>	<u>1,586</u>	<u>2,769</u>	<u>1,183</u>
Disbursements				
Current:				
Transportation	<u>2,500</u>	<u>2,500</u>	<u>781</u>	<u>1,719</u>
<i>Total Disbursements</i>	<u>2,500</u>	<u>2,500</u>	<u>781</u>	<u>1,719</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(914)</u>	<u>(914)</u>	<u>1,988</u>	<u>2,902</u>
<i>Net Change in Fund Balance</i>	(914)	(914)	1,988	2,902
<i>Fund Balance Beginning of Year</i>	<u>9,837</u>	<u>9,837</u>	<u>9,837</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 8,923</u>	<u>\$ 8,923</u>	<u>\$ 11,825</u>	<u>\$ 2,902</u>

See accompanying notes to the basic financial statements

Village of Syracuse, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire Department Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 8,690	\$ 11,726	\$ 10,781	\$ (945)
Charges for Services	9,609	12,966	11,921	(1,045)
Intergovernmental	4,783	6,453	5,933	(520)
Donations & Contributions	5,748	7,756	7,131	(625)
Interest	97	131	120	(11)
Other	1,578	2,129	1,957	(172)
<i>Total receipts</i>	<u>30,505</u>	<u>41,161</u>	<u>37,843</u>	<u>(3,318)</u>
Disbursements				
Current:				
Security of Persons & Property	28,644	36,221	24,552	11,669
General Government	414	524	441	83
Debt Service:				
Principal Retirement	8,066	10,200	14,551	(4,351)
Interest and Fiscal Charges	3,160	3,996	3,366	630
<i>Total Disbursements</i>	<u>40,284</u>	<u>50,941</u>	<u>42,910</u>	<u>8,031</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,779)</u>	<u>(9,780)</u>	<u>(5,067)</u>	<u>4,713</u>
Other Financing Sources (Uses)				
Other Financing Sources	<u>-</u>	<u>9,307</u>	<u>9,307</u>	<u>-</u>
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>9,307</u>	<u>9,307</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(9,779)	(473)	4,240	4,713
<i>Fund Balance Beginning of Year</i>	<u>9,782</u>	<u>9,782</u>	<u>9,782</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 3</u>	<u>\$ 9,309</u>	<u>\$ 14,022</u>	<u>\$ 4,713</u>

See accompanying notes to the basic financial statements

Village of Syracuse, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
FEMA Flood Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ -	\$ 34,196	\$ 34,196	\$ -
<i>Total receipts</i>	<u>-</u>	<u>34,196</u>	<u>34,196</u>	<u>-</u>
Disbursements				
Current:				
General Government	-	34,196	22,842	11,354
<i>Total Disbursements</i>	<u>-</u>	<u>34,196</u>	<u>22,842</u>	<u>11,354</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>-</u>	<u>11,354</u>	<u>11,354</u>
<i>Net Change in Fund Balance</i>	-	-	11,354	11,354
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,354</u>	<u>\$ 11,354</u>

See accompanying notes to the basic financial statements

Village of Syracuse, Meigs County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
FEMA Homeland Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ -	\$ 41,850	\$ 41,850	\$ -
<i>Total receipts</i>	<u>-</u>	<u>41,850</u>	<u>41,850</u>	<u>-</u>
Disbursements				
Current:				
Security of Persons and Property	-	41,850	40,854	996
<i>Total Disbursements</i>	<u>-</u>	<u>41,850</u>	<u>40,854</u>	<u>996</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>-</u>	<u>996</u>	<u>996</u>
<i>Net Change in Fund Balance</i>	-	-	996	996
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 996</u>	<u>\$ 996</u>

See accompanying notes to the basic financial statements

Village of Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 1 – Reporting Entity

The Village of Syracuse, Meigs County (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council. The Village provides general governmental services, including maintenance of roads, fire protection services, police services, water utilities, cemetery maintenance and park operations. The Village is involved with the Syracuse-Racine Regional Sewer District which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 10.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, maintenance of Village roads, fire protection services, police services, water utilities, cemetery maintenance and park operations.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village had no component units.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

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

Village of Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are generally financed through user charges.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for the Village. 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 cash basis or draws from the Village's general receipts.

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 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.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Maintenance Construction & Repair Fund, State Highway Fund, Fire Department Fund, FEMA Flood Fund and FEMA Homeland Fund.

The General Fund is used to account for all financial resources, 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.

The Street Construction, Maintenance and Repair Fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Village of Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

The State Highway Repair Fund receives gasoline tax and motor vehicle license tax money to construct, maintain and repair Village Streets.

The Fire Department Fund receives tax money for fire protection as well as money from a contract with Sutton Township to provide fire protection to residents of the Township.

The FEMA Flood Fund receives federal fund money for the repair of the flood damages to the Village.

The FEMA Homeland Fund receives federal fund money for the security and protection of the Village.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged external users for goods or services. The Village's only major enterprise fund is:

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

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, except agency 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.

Village of Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

The appropriations ordinance is the Village's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Village. The legal level of control has been established at the fund 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 Clerk. 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 Investments

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."

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 was \$1,542 and \$312 assigned to other Village funds.

F. 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.

G. Capital Assets

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

H. 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 Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 2 – Summary of Significant Accounting Policies (continued)

I. 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.

J. 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.

K. 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 grants.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

L. 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. The Village had no reserved fund balance at December 21, 2005.

M. Interfund Transactions

Interfund transfers are reported as other financing sources/uses in governmental and proprietary funds. Repayment from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements, transfers within governmental activities and within business-type activities are eliminated.

N. 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 no special items for 2005.

Note 3 – Change in Basis of Accounting

The Village has elected to present its financials statement in a format consistent with Governmental Accounting Standards Board (GASB) Statements No. 34, 37 and 38, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.*"

Village of Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 3 – Change in Basis of Accounting (Continued)

These statements create and amend new basic financial statements and note disclosures for reporting on the Village's financial activities. The financial statements now include government-wide financial statements and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. GASB Statement No. 34 require GAAP reporting, however the Village presented "look alike" statements on the cash basis of accounting.

The Village also implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures". GASB Statement No. 40 establishes and modifies 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 modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments. The implementation of GASB Statement No. 40 had no effect on the Village's financial statements.

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active 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 Council 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.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

Village of Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 4 – Deposits and Investments (Continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At 2005 year end, \$14,196 of the Village's bank balance of \$155,164 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. \$140,968 was covered by FDIC insurance.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – 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 2005 became a lien on December 31, 2004, 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.

Village of Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 5 – Property Taxes (Continued)

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. 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.

The full tax rate for all Village operations for the year ended December 31, 2005, was \$11.55 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	2005
Residential/Agriculture	\$6,734,930
Commercial/Industrial/Mineral	504,520
Public Utility Property	
Personal	293,160
Tangible Personal Property	77,090
Total Assessed Value	<u><u>\$7,609,700</u></u>

Note 6 – Risk Management

Commercial Insurance

The Village has obtained commercial insurance for Public Officials and Employment Practices Liability and Liability and Police Professional Liability.

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the “Plan”), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s deductible.

Village of Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 6 – Risk Management (Continued)

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$500,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded). The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Note 7 – Defined Benefit Pension Plan

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 percent 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.

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 provide 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 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

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 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Village's contribution rate for pension benefits for 2005 was 13.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Village's pension contributions were 16.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$43,782, \$41,472, and \$39,398 respectively. The full amount has been contributed for 2005, 2004 and 2003.

Village of Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 8 - Postemployment Benefits

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. 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 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Ohio Public Employees Retirement System (continued)

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

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

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005, which were used to fund postemployment benefits were \$12,924. 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. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Village of Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 9 – Debt

A summary of the note transactions for the year ended December 31, 2005, follows:

Governmental Activities	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
General Obligation Note Fire Truck	5.25%	\$64,520	\$0	\$11,585	\$52,935
General Obligation Note Police Cruiser	4.00%	25,855	0	4,768	21,087
General Obligation Note Fire Equipment	4.00%	9,535	0	1,989	7,546
		<u>\$99,910</u>	<u>\$0</u>	<u>\$18,342</u>	<u>\$81,568</u>

The General Obligation Note was for a fire truck that the Village purchased in 2000. The note was for \$117,000 with semiannual payments of \$7,603. The note is collateralized by the Village's taxing authority.

The General Obligation Note was for a Police cruiser that the Village purchases in 2004. The note was for \$25,858 with annual payments of \$5,817. The note is collateralized by the Village's taxing authority.

The General Obligation Note was for fire equipment that the Village purchased in 2004. The note was for \$10,500 with semiannual payments of \$1,176. The note is collateralized by the Village's taxing authority.

The following is a summary of the Village's future annual debt service requirements:

Year ending December 31,	GO Note Fire Truck		GO Note Fire Equipment		GO Note Police Cruiser		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$12,201	\$3,004	\$2,030	\$322	\$4,962	\$855	\$19,193	\$4,181
2007	12,850	2,355	2,112	240	5,163	654	20,125	3,249
2008	13,528	1,677	2,197	198	5,371	446	21,096	2,321
2009	14,356	1,310	1,207	86	5,591	265	21,154	1,661
	<u>\$52,935</u>	<u>\$8,346</u>	<u>\$7,546</u>	<u>\$846</u>	<u>\$21,087</u>	<u>\$2,220</u>	<u>\$81,568</u>	<u>\$11,412</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2005, were an overall debt margin of \$626,121 and an unvoted debt margin of \$76,097.

Village of Syracuse
Meigs County, Ohio
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 10 – Jointly Governed Organization

Syracuse-Racine Regional Sewer District – The Syracuse-Racine Regional Sewer District is a regional sewer district organized under Chapter 6119 of the Ohio Revised Code. The District operates under the direction of a three member Board of Trustees whose membership composed of one appointment from each of the participating political subdivisions: Sutton Township, Village of Syracuse, and Village of Racine. The membership elects a President, Vice President, and a Secretary-Treasurer, who are responsible for fiscal control of the financial resources of the district.

To obtain financial information, write to the Syracuse-Racine Regional Sewer District, Dennie Hill, Secretary-Treasurer, at P.O. Box 201, Racine, Ohio 45771. During 2004, the Village paid the District \$549 for sewer services.

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

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*

Village of Syracuse
Meigs County
P.O. Box 266
2581 Third Street
Syracuse, Ohio 45779-0266

To the Village Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Syracuse, Meigs County, Ohio (the Village), as of and for the year ended December 31, 2005, and have issued our report thereon dated August 14, 2006, wherein we noted the Village prepared its financial statements on a basis of accounting other than accounting principles generally accepted in the United States of America and revised its financial presentation to be comparable to the requirement of Governmental Accounting Standard Board Statements No. 34, 37, and 38 and implemented GASB Statement No. 40. 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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operating of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Village in a separate letter dated August 14, 2006.

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



Balestra, Harr & Scherer, CPAs, Inc.
August 14, 2006



**Auditor of State
Betty Montgomery**

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VILLAGE OF SYRACUSE

MEIGS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 19, 2006**