



**Auditor of State
Betty Montgomery**

VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY

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**Auditor of State
Betty Montgomery**

Village of Garrettsville
Portage County
8213 High Street
Garrettsville, Ohio 44231

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Betty Montgomery
Auditor of State

December 30, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Garrettsville
Portage County
8213 High Street
Garrettsville, Ohio 44231

To the Village Council:

We have audited the accompanying financial statements of the Village of Garrettsville, Portage County, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Garrettsville, Portage County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

December 30, 2005

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax	\$126,181		\$26,761			\$152,942
Municipal Income Tax	688,999	\$220,480		\$9,187		918,666
Intergovernmental Receipts	158,156	122,137				280,293
Charges for Services	53,797					53,797
Fines, Licenses, and Permits	16,507	17,592				34,099
Earnings on Investments	7,405	5,453			\$400	13,258
Miscellaneous	50,366					50,366
Total Cash Receipts	1,101,411	365,662	26,761	9,187	400	1,503,421
Cash Disbursements:						
Current:						
Security of Persons and Property	698,927	2,352				701,279
Public Health Services		39,287				39,287
Leisure Time Activities	57,920					57,920
Community Environment	11,102	2,685				13,787
Basic Utility Services	3,436					3,436
Transportation	4,631	251,458				256,089
General Government	306,107					306,107
Debt Service:						
Principal Payments			13,000			13,000
Interest Payments			10,200			10,200
Capital Outlay	50,259	85,060				135,319
Total Cash Disbursements	1,132,382	380,842	23,200	0	0	1,536,424
Total Receipts Over/(Under) Disbursements	(30,971)	(15,180)	3,561	9,187	400	(33,003)
Other Financing Receipts and (Disbursements):						
Sale of Assets	600	963				1,563
Other Financing Sources		315				315
Other Financing Uses			(1,354)			(1,354)
Total Other Financing Receipts/(Disbursements)	600	1,278	(1,354)	0	0	524
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(30,371)	(13,902)	2,207	9,187	400	(32,479)
Fund Cash Balances, January 1	172,725	342,601	6,462	62,780	6,001	590,569
Fund Cash Balances, December 31	\$142,354	\$328,699	\$8,669	\$71,967	\$6,401	\$558,090
Reserves for Encumbrances, December 31	\$7,780	\$0	\$0	\$0	\$0	\$7,780

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

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$893,884
Miscellaneous	9,558
	903,442
Total Operating Cash Receipts	903,442
Operating Cash Disbursements:	
Personal Services	272,532
Contractual Services	274,910
Supplies and Materials	73,573
Capital Outlay	54,516
	675,531
Total Operating Cash Disbursements	675,531
Operating Income/(Loss)	227,911
Non-Operating Cash Receipts:	
Intergovernmental Receipts	220,965
Earnings on Investments	17,889
Other Non-Operating Receipts	31,670
	270,524
Total Non-Operating Cash Receipts	270,524
Non-Operating Cash Disbursements:	
Debt Service	240,000
Other Non-Operating Cash Disbursements	220,965
	460,965
Total Non-Operating Cash Disbursements	460,965
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	37,470
Transfers-In	246,402
Transfers-Out	(246,402)
	37,470
Net Receipts Over/(Under) Disbursements	37,470
Fund Cash Balances, January 1	824,744
	862,214
Fund Cash Balances, December 31	\$862,214
Reserve for Encumbrances, December 31	\$41,754

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

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax	\$115,419		\$31,321			\$146,740
Municipal Income Tax	646,347	\$258,539		\$18,467		923,353
Intergovernmental Receipts	154,298	113,381				267,679
Charges for Services	50,914	11,888				62,802
Fines, Licenses, and Permits	25,975	3,472				29,447
Earnings on Investments	6,325	304			\$290	6,919
Miscellaneous	37,637					37,637
Total Cash Receipts	1,036,915	387,584	31,321	18,467	290	1,474,577
Cash Disbursements:						
Current:						
Security of Persons and Property	680,359	2,530				682,889
Public Health Services		38,626				38,626
Leisure Time Activities	57,722					57,722
Community Environment	11,752	1,039				12,791
Basic Utility Services	11,105					11,105
Transportation		253,657				253,657
General Government	346,559					346,559
Debt Service:						
Principal Payments			12,000			12,000
Interest Payments			10,920			10,920
Capital Outlay	10,472	17,797				28,269
Total Cash Disbursements	1,117,969	313,649	22,920	0	0	1,454,538
Total Receipts Over/(Under) Disbursements	(81,054)	73,935	8,401	18,467	290	20,039
Other Financing Receipts and (Disbursements):						
Other Financing Uses			(1,939)			(1,939)
Total Other Financing Receipts/(Disbursements)	0	0	(1,939)	0	0	(1,939)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(81,054)	73,935	6,462	18,467	290	18,100
Fund Cash Balances, January 1	253,779	268,666	0	44,313	5,711	572,469
Fund Cash Balances, December 31	\$172,725	\$342,601	\$6,462	\$62,780	\$6,001	\$590,569

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

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$883,502
Miscellaneous	23,490
	906,992
Total Operating Cash Receipts	906,992
Operating Cash Disbursements:	
Personal Services	254,930
Contractual Services	224,833
Supplies and Materials	97,030
Capital Outlay	112,423
	689,216
Total Operating Cash Disbursements	689,216
Operating Income/(Loss)	217,776
Non-Operating Cash Receipts:	
Intergovernmental Receipts	82,151
Earnings on Investments	6,900
Other Non-Operating Receipts	12,836
	101,887
Total Non-Operating Cash Receipts	101,887
Non-Operating Cash Disbursements:	
Debt Service	270,017
Other Non-Operating Cash Disbursements	82,151
	352,168
Total Non-Operating Cash Disbursements	352,168
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(32,505)
Transfers-In	249,874
Transfers-Out	(249,874)
	(32,505)
Net Receipts Over/(Under) Disbursements	(32,505)
Fund Cash Balances, January 1	857,249
Fund Cash Balances, December 31	\$824,744
Reserve for Encumbrances, December 31	\$25,569

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

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Garrettsville, Portage County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations, and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit and repurchase agreements at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

3. Debt Service Fund

This fund accounts for resources the Village accumulates to pay bond debt. The Village had the following debt service fund:

Special Assessment Bond Retirement Fund – This fund accounts for resources from special assessments of certain property owners to pay the principal and interest on bonds issued to build a boardwalk.

4. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects. The Village had the following significant capital project fund:

Construction Fund – This fund receives proceeds from a local income tax to finance improvements to Village buildings.

5. Enterprise Funds

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

Water Fund – This fund receives charges for services from residents to cover water service costs.

Sewer Fund – This fund receives charges for services from residents to cover sewer service costs.

6. Fiduciary Fund (Trust Fund)

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village's expendable trust fund accounts for the care and maintenance of certain cemetery plots.

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$217,564	\$81,145
Certificates of deposit	0	100,000
Total deposits	217,564	181,145
Repurchase agreement	1,202,740	1,234,168
Total investments	1,202,740	1,234,168
Total deposits and investments	\$1,420,304	\$1,415,313

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institutions' public entity deposit pools.

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,092,673	\$1,102,011	\$9,338
Special Revenue	334,127	366,940	32,813
Debt Service	18,737	26,761	8,024
Capital Projects	9,000	9,187	187
Enterprise	1,352,793	1,420,368	67,575
Fiduciary	280	400	120
Total	\$2,807,610	\$2,925,667	\$118,057

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,217,460	\$1,140,162	\$77,298
Special Revenue	502,250	380,842	121,408
Debt Service	25,200	24,554	646
Capital Projects	68,000	0	68,000
Enterprise	1,900,426	1,424,652	475,774
Fiduciary	250	0	250
Total	\$3,713,586	\$2,970,210	\$743,376

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,038,351	\$1,036,915	(\$1,436)
Special Revenue	347,005	387,584	40,579
Debt Service	24,920	31,321	6,401
Capital Projects	17,000	18,467	1,467
Enterprise	1,206,762	1,258,753	51,991
Fiduciary	270	290	20
Total	\$2,634,308	\$2,733,330	\$99,022

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,279,888	\$1,117,969	\$161,919
Special Revenue	479,000	313,649	165,351
Debt Service	24,920	24,859	61
Capital Projects	58,000	0	58,000
Enterprise	1,836,252	1,316,827	519,425
Fiduciary	300	0	300
Total	\$3,678,360	\$2,773,304	\$905,056

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. DEBT

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loans	\$952,409	7.5 - 8.97%
Special Assessment Bonds	157,000	6.00%
Total	<u>\$1,109,409</u>	

The Ohio Water Development Authority (OWDA) Loans relate to a water and sewer construction project. The OWDA has approved up to \$2,396,123 in Loans to the Village for this project. The Loans will be repaid in semiannual installments of \$242,704, including interest, over 20 years. The Loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Special Assessment Bonds relate to financing the cost of improving certain properties in the Village by constructing a boardwalk. The Village's taxing authority collateralizes the Special Assessment Bonds. The Village has agreed to levy property tax assessments to those residents benefiting from the project in an amount sufficient to retire the Bonds.

Amortization of the above debt, including interest, follows:

<u>Year ending December 31</u>	<u>OWDA Loans</u>	<u>Special Assessment Bonds</u>
2005	\$242,704	\$23,420
2006	187,054	22,580
2007	187,054	22,740
2008	187,054	23,840
2009	188,454	22,820
2010-2011	235,101	46,520
2012-2013	45,840	45,840
Total	<u>\$1,227,421</u>	<u>\$207,760</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participants. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equaling 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

**VILLAGE OF GARRETTSVILLE
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744.081 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to re-insurers or excess re-insurers. The Pool is contingently liable should any re-insurer be unable to meet its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Assets	\$2,390,150	\$1,811,340
Liabilities	<u>(3,424,271)</u>	<u>(3,653,152)</u>
Retained deficit	<u>(1,034,121)</u>	<u>(1,841,812)</u>

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Garrettsville
Portage County
8213 High Street
Garrettsville, Ohio 44231

To the Village Council:

We have audited the financial statements of the Village of Garrettsville (the Village) as of and for the years ended December 31 2004 and 2003, and have issued our report thereon dated December 30, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village of Garrettsville
Portage County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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We intend this report solely for the information and use of the management and Village Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 30, 2005



**Auditor of State
Betty Montgomery**

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VILLAGE OF GARRETTSVILLE

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 23, 2006**