



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF FLORIDA
HENRY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Florida
Henry County
104 South Hill Street
Napoleon, Ohio 43545-9216

To the Village Council:

We have audited the accompanying financial statements of the Village of Florida (the Village) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of Florida
Henry County
Report of Independent Accountants
Page 2

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 15, 2002

**VILLAGE OF FLORIDA
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$9,863		\$9,863
Intergovernmental Receipts	14,262	\$9,321	23,583
Earnings on Investments	8,644	493	9,137
Miscellaneous	829		829
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	33,598	9,814	43,412
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	2,502		2,502
Leisure Time Activities	1,831		1,831
Basic Utility Services	691	4,674	5,365
General Government	14,592		14,592
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	19,616	4,674	24,290
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	13,982	5,140	19,122
	<hr/>	<hr/>	<hr/>
Other Financing Disbursements:			
Transfers-Out	(7,554)		(7,554)
Contingencies	(300)		(300)
	<hr/>	<hr/>	<hr/>
Total Other Financing (Disbursements)	(7,854)		(7,854)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over Cash Disbursement and Other Financing Disbursements	6,128	5,140	11,268
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	9,118	23,708	32,826
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$15,246</u>	<u>\$28,848</u>	<u>\$44,094</u>

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

**VILLAGE OF FLORIDA
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$99,358
Interest	2,321
	101,679
Operating Cash Disbursements:	
Personal Services	14,744
Fringe Benefits	2,766
Contractual Services	65,361
Supplies and Materials	8,820
Capital Outlay	9,943
	101,634
Total Operating Cash Disbursements	101,634
Operating Income	45
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	21,135
Intergovernmental Receipts	9,943
Proceeds from Notes and Bonds	17,058
Other Non-Operating Receipts	976
	49,112
Total Non-Operating Cash Receipts	49,112
Non-Operating Cash Disbursements:	
Debt Service	14,965
Excess of Receipts Over Disbursements Before Interfund Transfers	34,192
Transfers-In	7,554
Net Receipts Over Disbursements	41,746
Fund Cash Balances, January 1	314,708
Fund Cash Balances, December 31	\$356,454

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

**VILLAGE OF FLORIDA
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$9,671		\$9,671
Intergovernmental Receipts	15,063	\$9,581	24,644
Earnings on Investments	10,502	281	10,783
Miscellaneous	806		806
	<u>36,042</u>	<u>9,862</u>	<u>45,904</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	2,487		2,487
Leisure Time Activities	2,232		2,232
Basic Utility Services	582		582
Transportation		3,372	3,372
General Government	22,403		22,403
	<u>27,704</u>	<u>3,372</u>	<u>31,076</u>
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	<u>8,338</u>	<u>6,490</u>	<u>14,828</u>
Other Financing (Disbursements):			
Transfers-Out	(10,363)		(10,363)
Contingencies	(3,284)		(3,284)
	<u>(13,647)</u>		<u>(13,647)</u>
Total Other Financing (Disbursements)			
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,309)	6,490	1,181
Fund Cash Balances, January 1	<u>14,427</u>	<u>17,218</u>	<u>31,645</u>
Fund Cash Balances, December 31	<u><u>\$9,118</u></u>	<u><u>\$23,708</u></u>	<u><u>\$32,826</u></u>

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

**VILLAGE OF FLORIDA
HENRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$103,007
Interest	722
Total Operating Cash Receipts	103,729
Operating Cash Disbursements:	
Personal Services	17,055
Fringe Benefits	2,187
Contractual Services	53,361
Supplies and Materials	9,417
Capital Outlay	2,333
Total Operating Cash Disbursements	84,353
Operating Income	19,376
Non-Operating Cash Receipts:	
Special Sewer Assessments	12,915
Intergovernmental Receipts	2,333
Total Non-Operating Cash Receipts	15,248
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	746
Excess of Receipts Over Disbursements Before Interfund Transfers	33,878
Transfers-In	10,363
Net Receipts Over Disbursements	44,241
Fund Cash Balances, January 1	270,467
Fund Cash Balances, December 31	\$314,708

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

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Florida, Henry County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, and park operations.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost. STAR Ohio is recorded at share value reported by the fund.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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

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

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. Enterprise Funds

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

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

	2001	2000
Demand deposits	\$212,922	\$166,053
Certificates of deposit	30,000	60,000
Total deposits	242,922	226,053
STAR Ohio	157,626	121,481
Total deposits and investments	\$400,548	\$347,534

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$25,000	\$33,598	\$8,598
Special Revenue	10,800	9,814	(986)
Enterprise	138,000	158,345	20,345
Total	\$173,800	\$201,757	\$27,957

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$44,104	\$27,470	\$16,634
Special Revenue	34,464	4,674	29,790
Enterprise	451,815	116,599	335,216
Total	\$530,383	\$148,743	\$381,640

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,572	\$36,042	\$14,470
Special Revenue	10,750	9,862	(888)
Enterprise	120,489	129,340	8,851
Total	\$152,811	\$175,244	\$22,433

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,532	\$41,351	\$5,181
Special Revenue	27,967	3,372	24,595
Enterprise	400,885	85,099	315,786
Total	\$475,384	\$129,822	\$345,562

In 2000 appropriations exceeded total estimated resources in the General Fund and the Water Operating Fund by \$10,533 and \$11,695 respectively. In 2001 appropriations exceeded total estimated resources in the General Fund by \$10,002.

4. PROPERTY TAX

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

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

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

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$185,900	5.00%

The Mortgage Revenue Bonds were issued in 1981 for the construction of a municipal waterworks system. The bonds will be repaid in annual installments until 2021.

The Village entered into a loan with the Ohio Water Development Authority (OWDA) during fiscal year 2000. The loan relates to a new sewer system project. The OWDA has approved up to \$72,239 in a loan to the Village for this project. The Village has received \$17,458 of the loan as of year end 2001. The loan interest rate has been set at 6.39% and the term is 5 years. The loan is not scheduled for repayment until all funds have been disbursed, the anticipated first payment is in July of 2002.

**VILLAGE OF FLORIDA
HENRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Mortgage Revenue Bonds
2002	\$14,895
2003	14,915
2004	15,020
2005	14,905
2006	14,880
2007-2011	74,435
2012-2016	74,705
2017-2021	74,600
Total	\$298,355

6. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries. The Village had a \$864 contribution PERS still outstanding at December 31, 2001.

7. RISK MANAGEMENT

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The Pool covers the following risks:

- Legal Liability- Third Party Claims;
- Automobile Liability;
- Wrongful Acts;
- Automobile Physical Damage; and
- Property Coverage.

The latest information available the Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2001	2000
Cash and investments	\$8,626,033	\$8,008,729
Actuarial liabilities	\$7,715,035	\$6,636,543

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Florida
Henry County
104 South Hill Street
Napoleon, Ohio 43545-9216

To the Village Council:

We have audited the accompanying financial statements of the Village of Florida (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 15, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-30135-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 15, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 15, 2002.

Village of Florida
Henry County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

April 15, 2002

**VILLAGE OF FLORIDA
HENRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-30135-001

Noncompliance Citation

Ohio Revised Code § 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Approved appropriations exceeded total estimated resources as presented on the Official Certificate of Estimated Resources at year end 2000 and 2001 for the following funds and amounts:

	Prior Unencumbered Balance plus <u>Estimated Resources</u>	Approved <u>Appropriations</u>	<u>Variance</u>
FY 2000			
General Fund	\$35,999	\$46,532	\$(10,533)
Water Fund	310,000	321,695	(11,695)
FY 2001			
General Fund	\$34,102	\$44,104	\$(10,002)

We recommend that budget variances between total estimated resources and appropriations be monitored periodically by council and appropriate modifications be made so that appropriations will not exceed estimated resources.

**VILLAGE OF FLORIDA
HENRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-30135-001	ORC § 5705.41 (D)	No	Significant improvement noted over the prior year. Management letter citation only issued.
1999-30135-002	OAC § 117-5-11(C)	Yes	Now using P.O.s



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VILLAGE OF FLORIDA

HENRY 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
MAY 9, 2002**