

***VILLAGE OF HARTVILLE
STARK COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2000 & 2001

Charles E. Harris and Associates, Inc.
Certified Public Accountants



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Village of Hartville
P.O. Box 574
Hartville, Ohio 44632

We have reviewed the Independent Auditor's Report of the Village of Hartville, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2000 through December 31, 2001. 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 Hartville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

June 3, 2002

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VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2000 & 2001

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VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2000 & 2001

ELECTED OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>SURETY PERIOD</u>
Owen D. Stoll P.O. Box 574 Hartville, Ohio 44632	Mayor	1/1/00 to 12/31/03	(A)	1/1/00 - 12/31/03
Beverly L. Green	Council President	1/1/98 to 12/31/01		
John Wittensoldner	Council	1/1/98 to 12/31/01		
Donald P. Horning	Council	1/1/98 to 12/31/01		
Bruce E. Klipec	Council	1/1/00 to 12/31/03		
James Seaburn	Council	1/1/99 to 12/31/01		
Linda Miller	Council	1/1/00 to 12/31/03		
Anna Erb	Clerk/ Treasurer	4/1/00 to 3/31/03	(A)	4/1/00 - 3/31/03

Statutory Legal Council

Timothy Andrews
Village Solicitor
808 Munson N.W.
Canton, Ohio 44718

(A) Cincinnati Insurance Company

VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Audit report
For Years Ended December 31, 2000 and 2001

APPOINTED OFFICIALS

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
George Dragovich	Police Chief	Continuous
Ed Juenemann	Zoning Inspector	Continuous
Leroy Wagler	Sewer Inspector	Continuous
Tom Erb	Building Inspector	Continuous
Norm Toler	Electrical Inspector	Continuous

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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REPORT OF INDEPENDENT ACCOUNTANTS

The Honorable Mayor and Members of Village Council
Village of Hartville
Hartville, Ohio

We have audited the accompanying financial statements of the Village of Hartville (the Village), as of and for the years ended December 31, 2000 and 2001, as listed in the table of contents. 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 cash, investments and fund cash balances of the Village, as of December 31, 2000 and 2001, and the receipts, disbursements, and changes in fund cash balances, its combined statements of receipts-budget and actual and combined statements of disbursements and encumbrances compared with expenditure authority for the years then ended in conformity with the basis of accounting referred to above.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 22, 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.

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

Charles E. Harris & Associates, Inc.
March 22, 2002

VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
COMBINED STATEMENT OF CASH, INVESTMENTS AND FUND CASH
BALANCES - ALL FUND TYPES
As of December 31, 2000 and 2001

	<u>2000</u> <u>Balances</u>	<u>2001</u> <u>Balances</u>
Cash and Cash Equivalents	\$ <u>1,417,049</u>	\$ <u>1,307,850</u>
	\$ <u><u>1,417,049</u></u>	\$ <u><u>1,307,850</u></u>

Cash Balances By Fund Class

Governmental Fund Types:

General Fund	\$ 355,593	218,976
Special Revenue Funds	97,262	53,798
Debt Service Funds	53,050	47,978
Capital Projects Funds	160,633	267,228

Proprietary Fund Types:

Enterprise Funds	524,616	631,161
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Fiduciary Fund Types:

Expendable Trust	221,575	84,869
Agency Funds	<u>4,320</u>	<u>3,840</u>

Total	\$ <u><u>1,417,049</u></u>	\$ <u><u>1,307,850</u></u>
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See accompanying Notes to the Financial Statements.

VILLAGE OF HARTVILLE
 STARK COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
 For the Year Ended December 31, 2000

	Governmental Fund Types				Fiduciary	(Memorandum
	General	Special Revenue	Debt Service	Capital Projects	Fund Types Expendable Trust	Only) Total
Receipts:						
Taxes	\$ 129,705	\$ 131,684	-	-	\$ 846,802	\$ 1,108,191
Intergovernmental	89,719	109,510	-	\$ 1,933	-	201,162
Charges for Services	14,881	-	-	-	-	14,881
Fines, Licenses, and Permits	21,057	-	-	-	-	21,057
Interest	42,688	3,038	-	5,547	-	51,273
Miscellaneous	39,800	24,389	-	102,380	-	166,569
Total Receipts	337,850	268,621	-	109,860	846,802	1,563,133
Disbursements:						
Security of Persons & Property	354,618	187,250	-	-	-	541,868
Public Health Services	16,856	-	-	-	-	16,856
Leisure Time Activities	8,569	-	-	-	-	8,569
Community Environment	7,833	-	-	-	-	7,833
Basic Utility Services	240	-	-	-	-	240
Transportation	28,303	129,672	-	-	-	157,975
General Government	199,406	-	-	-	13,115	212,521
Capital Outlay	-	-	-	520,068	-	520,068
Debt Service:						
Principal	-	-	\$ 110,695	-	-	110,695
Interest and Fiscal Charges	-	-	39,928	-	-	39,928
Total Disbursements	615,825	316,922	150,623	520,068	13,115	1,616,553
Excess of Receipts Over/(Under) Disbursements	(277,975)	(48,301)	(150,623)	(410,208)	833,687	(53,420)
Other Financing Sources/(Uses):						
Transfers-In	527,500	67,500	144,735	510,000	-	1,249,735
Transfers-Out	(67,500)	-	-	-	(1,037,500)	(1,105,000)
Other Sources	-	-	502	-	-	502
Other Uses	-	-	-	-	(9,076)	(9,076)
Total Other Financing Sources/(Uses)	460,000	67,500	145,237	510,000	(1,046,576)	136,161
Excess of Receipts & Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	182,025	19,199	(5,386)	99,792	(212,889)	82,741
Fund Balance January 1, 2000	173,568	78,063	58,436	60,841	434,464	805,372
Fund Balance December 31, 2000	\$ 355,593	\$ 97,262	\$ 53,050	\$ 160,633	\$ 221,575	\$ 888,113

See accompanying Notes to the Financial Statements.

VILLAGE OF HARTVILLE
 STARK COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
 CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
 For the Year Ended December 31, 2001

	Governmental Fund Types			Capital Projects	Fiduciary Fund Types	(Memorandum Only)
	General	Special Revenue	Debt Service		Expendable Trust	Total
Receipts:						
Taxes	\$ 129,127	\$ 132,321	-	-	\$ 825,620	\$ 1,087,068
Intergovernmental	419,916	96,061	-	\$ 495,673	-	1,011,650
Charges for Services	11,232	-	-	-	-	11,232
Fines, Licenses, and Permits	18,407	-	-	-	-	18,407
Interest	24,875	1,872	-	3,476	-	30,223
Miscellaneous	32,486	32,079	-	134,457	-	199,022
Total Receipts	636,043	262,333	-	633,606	825,620	2,357,602
Disbursements:						
Security of Persons & Property	393,720	131,645	-	-	-	525,365
Public Health Services	6,520	-	-	-	-	6,520
Leisure Time Activities	20,366	-	-	-	-	20,366
Community Environment	8,171	-	-	-	-	8,171
Basic Utility Services	240	-	-	-	-	240
Transportation	44,418	191,652	-	-	-	236,070
General Government	199,325	-	-	-	14,738	214,063
Capital Outlay	-	-	-	1,527,011	-	1,527,011
Debt Service:						
Principal	-	-	\$ 103,012	-	-	103,012
Interest and Fiscal Charges	-	-	36,882	-	-	36,882
Total Disbursements	672,760	323,297	139,894	1,527,011	14,738	2,677,700
Excess of Receipts Over/(Under) Disbursements	(36,717)	(60,964)	(139,894)	(893,405)	810,882	(320,098)
Other Financing Sources/(Uses):						
Sale of Fixed Assets	100	-	-	-	-	100
Transfers-In	467,500	17,500	134,422	1,000,000	-	1,619,422
Transfers-Out	(567,500)	-	-	-	(917,500)	(1,485,000)
Other Sources	-	-	400	-	-	400
Other Uses	-	-	-	-	(30,088)	(30,088)
Total Other Financing Sources/(Uses)	(99,900)	17,500	134,822	1,000,000	(947,588)	104,834
Excess of Receipts & Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	(136,617)	(43,464)	(5,072)	106,595	(136,706)	(215,264)
Fund Balance January 1, 2001	355,593	97,262	53,050	160,633	221,575	888,113
Fund Balance December 31, 2001	\$ 218,976	\$ 53,798	\$ 47,978	\$ 267,228	\$ 84,869	\$ 672,849

See accompanying Notes to the Financial Statements.

VILLAGE OF HARTVILLE
 STARK COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND
 For the Year Ended December 31, 2000

	Proprietary Fund Type Enterprise	Fiduciary Fund Type Agency	(Memorandum Only) Total
Receipts:			
Charges for Services	\$ 563,428	-	\$ 563,428
Total Receipts	563,428	-	563,428
Disbursements:			
Personal Services	165,118	-	165,118
Contractual Services	-	\$ 3,665	3,665
Materials and Supplies	187,720	-	187,720
Capital Outlay	93,222	-	93,222
Total Disbursements	446,060	3,665	449,725
Excess Receipts Over/(Under) Disbursements	117,368	(3,665)	113,703
Other Financing Sources:			
Interest	31,721	-	31,721
Miscellaneous	2,594	4,355	6,949
Total Other Financing Sources	34,315	4,355	38,670
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	151,683	690	152,373
Transfers-Out	(144,735)	-	(144,735)
Net Receipts Over/(Under) Disbursements	6,948	690	7,638
Fund Balance January 1, 2000	517,668	3,630	521,298
Fund Balance December 31, 2000	\$ 524,616	\$ 4,320	\$ 528,936

See accompanying Notes to the Financial Statements.

VILLAGE OF HARTVILLE
 STARK COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
 IN FUND CASH BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND
 For the Year Ended December 31, 2001

	<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Agency</u>	<u>(Memorandum Only) Total</u>
Receipts:			
Charges for Services	\$ 552,472	-	\$ 552,472
Total Receipts	552,472	-	552,472
Disbursements:			
Personal Services	166,643	-	166,643
Contractual Services	-	\$ 3,640	3,640
Materials and Supplies	158,615	-	158,615
Capital Outlay	8,190	-	8,190
Total Disbursements	333,448	3,640	337,088
Excess Receipts Over/(Under) Disbursements	219,024	(3,640)	215,384
Other Financing Sources:			
Interest	21,334	-	21,334
Miscellaneous	609	3,160	3,769
Total Other Financing Sources	21,943	3,160	25,103
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	240,967	(480)	240,487
Transfers-Out	(134,422)	-	(134,422)
Net Receipts Over/(Under) Disbursements	106,545	(480)	106,065
Fund Balance January 1, 2001	524,616	4,320	528,936
Fund Balance December 31, 2001	\$ 631,161	\$ 3,840	\$ 635,001

See accompanying Notes to the Financial Statements.

VILLAGE OF HARTVILLE
 STARK COUNTY, OHIO
 COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
 For the Year Ended December 31, 2000

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>Governmental Fund Types:</u>			
General Fund	\$ 930,066	\$ 865,350	\$ (64,716)
Special Revenue	416,599	336,121	(80,478)
Debt Service	203,528	145,237	(58,291)
Capital Projects	1,591,349	619,860	(971,489)
<u>Fiduciary Fund Types:</u>			
Expendable Trust	1,182,232	846,802	(335,430)
Agency	4,500	4,355	(145)
<u>Proprietary Fund Types:</u>			
Enterprise Funds	<u>1,067,294</u>	<u>597,743</u>	<u>(469,551)</u>
Total (Memorandum Only)	<u>\$ 5,395,568</u>	<u>\$ 3,415,468</u>	<u>\$ (1,980,100)</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL
For the Year Ended December 31, 2001

<u>Fund Types/Funds:</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
<u>Governmental Fund Types:</u>			
General Fund	\$ 1,383,144	\$ 1,103,643	\$ (279,501)
Special Revenue	403,419	279,833	(123,586)
Debt Service	150,300	134,822	(15,478)
Capital Projects	1,155,500	1,633,606	478,106
<u>Fiduciary Fund Types:</u>			
Expendable Trust	900,000	825,620	(74,380)
Agency	5,000	3,160	(1,840)
<u>Proprietary Fund Types:</u>			
Enterprise Funds	<u>875,000</u>	<u>574,415</u>	<u>(300,585)</u>
Total (Memorandum Only)	<u>\$ 4,872,363</u>	<u>\$ 4,555,099</u>	<u>\$ (317,264)</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF HARTVILLE
 STARK COUNTY, OHIO
 COMBINED STATEMENT OF DISBURSEMENTS AND
 ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
 For the Year Ended December 31, 2000

<u>Fund Types/Funds</u>	<u>Carryover Appropriations</u>	<u>Year Ending 2000 Appropriations</u>	<u>Total</u>	<u>Actual 2000 Disbursements</u>	<u>Encumbrances as of 12/31/00</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ 2,845	\$ 923,202	\$ 926,047	\$ 683,325	\$ 3,496	\$ 686,821	\$ 239,226
Special Revenue Funds	424	389,649	390,073	316,922	-	316,922	73,151
Debt Service Fund	-	203,528	203,528	150,623	-	150,623	52,905
Capital Projects Funds	7,957	796,909	804,866	520,068	152,626	672,694	132,172
Fiduciary Funds:							
Fiduciary Fund	-	1,007,232	1,007,232	1,059,691	-	1,059,691	(52,459)
Agency Fund	-	4,500	4,500	3,665	-	3,665	835
Proprietary Fund:							
Enterprise Fund	<u>24,774</u>	<u>985,997</u>	<u>1,010,771</u>	<u>590,795</u>	<u>15,158</u>	<u>605,953</u>	<u>404,818</u>
Total (Memorandum Only)	\$ <u>36,000</u>	\$ <u>4,311,017</u>	\$ <u>4,347,017</u>	\$ <u>3,325,089</u>	\$ <u>171,280</u>	\$ <u>3,496,369</u>	\$ <u>850,648</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF HARTVILLE
 STARK COUNTY, OHIO
 COMBINED STATEMENT OF DISBURSEMENTS AND
 ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY
 For the Year Ended December 31, 2001

<u>Fund Types/Funds</u>	<u>Carryover Appropriations</u>	<u>Year Ending 2001 Appropriations</u>	<u>Total</u>	<u>Actual 2001 Disbursements</u>	<u>Encumbrances as of 12/31/01</u>	<u>Total</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental Funds:							
General Fund	\$ 3,496	\$ 1,032,702	\$ 1,036,198	\$ 1,240,260	\$ 12,657	\$ 1,252,917	\$ (216,719)
Special Revenue Funds	-	393,373	393,373	323,297	113	323,410	69,963
Debt Service Fund	-	150,735	150,735	139,894	-	139,894	10,841
Capital Projects Funds	152,626	610,000	762,626	1,527,011	74,396	1,601,407	(838,781)
Fiduciary Funds:							
Fiduciary Fund	-	900,000	900,000	962,326	-	962,326	(62,326)
Agency Fund	-	5,000	5,000	3,640	-	3,640	1,360
Proprietary Fund:							
Enterprise Fund	<u>15,158</u>	<u>761,292</u>	<u>776,450</u>	<u>467,870</u>	<u>24,301</u>	<u>492,171</u>	<u>284,279</u>
Total (Memorandum Only)	<u>\$ 171,280</u>	<u>\$ 3,853,102</u>	<u>\$ 4,024,382</u>	<u>\$ 4,664,298</u>	<u>\$ 111,467</u>	<u>\$ 4,775,765</u>	<u>\$ (751,383)</u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Hartville, Stark County, (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected, six-member Council. The Village provides general governmental services, including sewer, electric utilities, park operations (leisure time activities), and police, fire and ambulance services.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. REPORTING ENTITY

In evaluating how to define the Village for financial reporting purposes, management has considered all agencies, departments and organizations making up the Village of Hartville (the primary government) and its potential component units consistent with Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." There were no significant changes in the reporting entity related to the implementation of this statement for the current audit period.

Component units are legally separate organizations for which the Village, as the primary government, 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 financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes.

Based on the above definitions, the Village has determined that there were no component units required to be included the financial statements.

C. 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 disbursement 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.)

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

**VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **INVESTMENTS AND INACTIVE FUNDS**

Investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments are valued at purchase cost. Interest earned is recognized and recorded when received. See Note 2 for further description.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2000 and 2001.

E. **FUND ACCOUNTING**

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: To account for the proceeds of specific revenue sources that are legally restricted to disbursements for specified purposes.

Debt Service Fund: This fund is used to accumulate resources for the payment of bond and note debt.

Capital Projects Funds: This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds).

Proprietary Fund Types:

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

**VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

E. **FUND ACCOUNTING** - (continued)

Fiduciary Fund Types:

These funds are used to account for assets held by the Village in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the Village's fiduciary fund types:

Expendable Trust Fund: Trust funds are used to account for resources restricted by legally binding trust agreements. Other trust funds are classified as expendable. The Local Income Tax Fund receives revenue from the local income tax which is first used to cover costs to collect this tax and is then apportioned between the General Fund, the Street Construction Fund, and the Swimming Pool Fund to help with expenses of these funds.

Agency Funds: These funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

F. **BUDGETARY PROCESS**

1. **Budget**

A budget of estimated cash receipts and disbursements is prepared by the Clerk/Treasurer, approved by Council, and submitted to the county auditor, as secretary of the County Budget Commission, by July 15 of each year, for the period January 1 to December 31 of the following year.

2. **Estimated Resources**

The county auditor calculates the estimated revenues available to the Village. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Village. The certificate is approved by the county budget commission and sent to the Village Treasurer.

Prior to December 31, the Village must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk/Treasurer sends the county auditor a certificate to which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Clerk/Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificates issued during 2000 and 2001.

VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. BUDGETARY PROCESS – (continued)

2. Estimated Resources – (continued)

Budget receipts, as shown in the accompanying financial statements, do not include the unencumbered fund balances as of January 1, 2000 and 2001. However, those fund balances are available for appropriation.

3. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The legal level of budgetary control is at the object level in all funds. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

4. Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Unencumbered appropriations lapse at year end.

Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated. In the budgetary financial statements, encumbrances are added to budgetary expenditures and compared to current year appropriations plus prior year carry-over appropriations.

G. 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.

H. Unpaid Vacation and Sick Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid vacation and sick leave are not reflected as liabilities on the accompanying financial statements.

I. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment pool used by all funds. The balance of this pool is displayed on the "Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, As of December 31, 2000 and 2001."

Legal Requirements

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

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

"Inactive deposits" are public deposits that Council has identified as not required for use within the current two 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 may be invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligations or security issued by the United States treasury or any other obligations guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency services shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities, subject to the repurchase agreement, must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No -load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in the is division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

**VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS** - (continued)

Legal Requirements - (continued)

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 be purchased within the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No.3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At year end, the carrying amount of the Village's deposits were \$325,453 in 2000 and \$211,243 in 2001 and the bank balance was \$368,734 in 2000 and \$329,405 in 2001. Of the bank balance,

1. \$105,472 was covered by federal depository insurance in 2000 and \$100,000 was covered in 2001; and
2. \$263,262 in 2000 and \$229,405 in 2001 was uninsured, but collateralized by U.S. Government securities pooled by the depository not in the Village's name. As with all deposits, there is a risk of loss of resources, but management believes this collateral gives the Village its safest deposit of money.

Investments:

The Village's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or by its trust department but not in the Village's name.

**VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

2. **EQUITY IN POOLED CASH AND CASH EQUIVALENTS** - (continued)

Investments - (continued)

The following list represents all investments of the Village, categorized by risk category using the definitions above as of December 31, 2000 and 2001.

<u>2000</u>		<u>Carrying Amount</u>	<u>Fair Value</u>
STAR Ohio	Not Categorized	<u>\$ 1,091,596</u>	<u>\$ 1,091,596</u>
	Total:	<u><u>\$ 1,091,596</u></u>	<u><u>\$ 1,091,596</u></u>

<u>2001</u>		<u>Carrying Amount</u>	<u>Fair Value</u>
STAR Ohio	Not Categorized	<u>\$ 1,096,607</u>	<u>\$ 1,096,607</u>
	Total:	<u><u>\$ 1,096,607</u></u>	<u><u>\$ 1,096,607</u></u>

STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book form.

A reconciliation between the classifications of cash and investments on the financial statements and the classification per GASB 3 is as follows:

<u>2000</u>	<u>Cash and Cash Equivalents</u>	<u>Investment</u>
GASB Statement 9	\$ 1,417,049	-0-
STAR Ohio	<u>(1,091,596)</u>	<u>\$ 1,091,596</u>
GASB Statement 3	<u>\$ 325,453</u>	<u>\$ 1,091,596</u>
<u>2001</u>	<u>Cash and Cash Equivalents</u>	<u>Investment</u>
GASB Statement 9	\$ 1,307,850	-0-
STAR Ohio	<u>(1,096,607)</u>	<u>\$ 1,096,607</u>
GASB Statement 3	<u>\$ 211,243</u>	<u>\$ 1,096,607</u>

**VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

3. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35 percent of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2000.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the years ended December 31, 1999 and 2000 (received in 2000 and 2001) were \$5.05 for each year per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$3.787986 and \$3.348571 for 1999 and 2000, respectively, per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$4.511093 and \$4.134706 for 1999 and 2000, respectively, per \$1,000 of assessed valuation for commercial property. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost.

The following represents the assessed property values for the revenues received during the years 2000 and 2001:

	2000	2001
Real Property		
Residential/Agricultural	\$ 23,249,770	\$ 24,409,770
Commercial/Industrial	19,215,620	20,357,710
Public Utilities	1,000	850
 Tangible Personal Property		
Personal Property	15,288,705	14,677,157
Public Utilities	1,851,120	1,718,440
 Total Valuation	\$ 59,606,215	\$ 61,163,927

The Stark County Treasurer collects property tax on behalf of all taxing Villages within the county. The Stark County Auditor periodically remits to the taxing Villages their portions of the taxes collected.

**VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

4. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Balance</u> <u>01/01/00</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/00</u>
CS805 WWTP				
1/1/17 maturity	\$ 548,997	-	\$ 41,118	\$ 507,879
OWDA 407 SRF 3.12%				
7/1/18 maturity	1,544,203	-	64,577	1,479,626
Sewer System Improvement				
Bond 8.875%				
12/1/01 maturity	<u>10,000</u>	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Total Debt	<u>\$ 2,103,200</u>	<u>-</u>	<u>\$ 110,695</u>	<u>\$ 1,992,505</u>

Debt outstanding at December 31, 2001 was as follows:

	<u>Balance</u> <u>01/01/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/01</u>
CS805 WWTP				
1/1/17 maturity	\$ 507,879	-	\$ 41,118	\$ 466,761
OWDA 407 SRF 3.12%				
7/1/18 maturity	1,479,626	-	56,894	1,422,732
Sewer System Improvement				
Bond 8.875%				
12/1/01 maturity	<u>5,000</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
Total Debt	<u>\$ 1,992,505</u>	<u>-</u>	<u>\$ 103,012</u>	<u>\$ 1,889,493</u>

The Village had an outstanding loan balance at December 31, 1999 for OWDA 407 of \$1,587,784. However, per discussion with OWDA, the Village decreased its loan balance by \$43,581 as it determined it did not need the entire initial loan. Therefore, the December 31, 1999 ending balance in the prior year audit report does not agree to the January 1, 2000 beginning balance for the loan as stated above.

**VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

5. RISK MANAGEMENT

The Village is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal years 2000 and 2001, the Village contracted with four insurance companies for coverage of buildings and contents.

The following is a list of insurance coverage of the Village and the deductibles associated with each:

<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Commercial Property	\$2,854,800	\$ 250
Commercial General Liability	300,000	
General Floater	23,000	100
Blanket Bond	1,000,000	1,000
Vehicles	300,000	
Farm Liability	300,000	
Public Officials' Liability	1,000,000	250
Law Enforcement Liability	2,000,000	1,000
Contractors' Equipment	107,700	250
Electronic Data Processing	28,000	250

All employees of the Village are covered by a blanket bond, while certain individuals in policy-making roles are covered by separate, higher limit bond coverage.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. Also, the Village did not reduce its insurance coverages significantly during the year.

6. PENSION AND RETIREMENT PLANS

The employees of the Village of Hartville are covered by either the Public Employees Retirement System of Ohio or the Ohio Police and Fire Pension Fund. The State of Ohio accounts for the activities of the retirement systems and the amounts of these funds are not reflected in the accompanying financial statements.

Public Employees Retirement System (PERS)

PERS is a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. For local government employer units the rate was 10.84% of covered payroll for 2000 and 13.55% for 2001. The Village's contributions for pension obligations to PERS for the years ended December 31, 1999, 2000 and 2001 were \$49,490, \$46,399 and \$51,942; respectively. The full amount has been contributed for 1999 and 2000, and 75.9% has been contributed in 2001.

**VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

6. PENSION AND RETIREMENT PLANS - (continued)

Ohio Police and Fire Pension Fund (the "Fund")

The Village of Hartville contributes to the Fund, a cost-sharing, multiple-employer defined benefit pension plan. The Fund provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Fund issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 230 East Town Street, Columbus, Ohio 43215.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. There were no firefighters on the Villages' payroll for 2000 or 2001. The Village's contributions for the years ending December 31, 1999, 2000, 2001 were \$36,209, \$36,890, and \$37,820, respectively. The full amount has been contributed for 1999 and 2000, and 74.6% has been contributed in 2001.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Public Employees Retirement System (PERS)

PERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio Service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The 2001 employer contribution rate for local employers was 13.55% of covered payroll; 4.3% was the portion that was used to fund health care.

Benefits are advance-funded on an actuarially determined basis. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. As of December 31, 2000 (the latest information available) the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively. As of December 31, 2000, the unaudited estimated new assets available for futures OPEB payments were \$11,735.9 million. At December 31, 2000, the total number of active contributing participants was 411,076. The Village's actual contributions for 2001 that were used to fund OPEB were \$16,481.

**VILLAGE OF HARTVILLE
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2000 and 2001**

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS - (continued)

Ohio Police and Fire Pension Fund (the "Fund")

The Fund provides post-retirement health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of the Fund shall be included in the employer's contribution rate. The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.25% and 7.5% of covered payroll in 2000 and 2001, respectively. The allocation is 7.75% in 2002. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2000 (the latest information available) are 12,853 for Police and 10,037 for Firefighters.

The Village's actual contributions for 2001, which were used to fund postemployment benefits, were \$12,853.

The Fund's total health care expense for the year ending December 31, 2000 (the latest information available) was \$106,160,054, which was net of member contributions of \$5,331,515.

8. LOCAL INCOME TAX

This locally levied tax of 1 percent is applied to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Government. It also applies to net income of business organizations conducted within the Village. Tax receipts are credited 50% to the General Fund and 50% to the Capital Project Funds and equaled \$846,802 for 2000 and \$825,620 for 2001.

9. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The Village may be a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Village Solicitor, the resolution of this matter will not have a material adverse effect on the financial condition of the government.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members of Village Council
Village of Hartville
Hartville, Ohio

We have audited the accompanying financial statements of the Village of Hartville (the Village), as of and for the years ended December 31, 2000 and 2001, and have issued our report thereon dated March 22, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2000-H-001 and 2001-H-001. We also noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated March 22, 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 we have reported to the management of the Village in a separate letter dated March 22, 2002.

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

Charles E. Harris & Associates, Inc.
March 22, 2002

VILLAGE OF HARTVILLE
SCHEDULE OF FINDINGS

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

Finding Number: 2000-H-001

Section 5705.41 (B), Revised Code, states that expenditures plus encumbrances shall not exceed appropriations within a fund at the legal level of budgetary control.

During our testing, we noted the following material violations:

Fire Fund		
Fire Department		
Contractual Services	\$	2,254
Lake EMS Fund		
EMS Department		
Contractual Services		1,446
Income Tax Fund		
Income Tax Administrator		
Transfers		192,000

Finding Number: 2001-H-001

Section 5705.41 (B), Revised Code, states that expenditures plus encumbrances shall not exceed appropriations within a fund at the legal level of budgetary control.

During our testing, we noted the following material violations:

General Fund		
Police Law Enforcement		
Other Operations	\$	17,522
Street Lighting		
Contractual Services		2,628
Other		
Transfers		567,500
State Highway Fund		
Street Maintenance and Repair		
Contractual Services		55,000
Capital Projects Fund		
Capital Improvement		
Other		888,993
Income Tax Fund		
Income Tax Administrator		
Transfers		97,000

STATUS OF PRIOR YEAR'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the years ended December 31, 1998 and 1999 did not include material citations or recommendations.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF HARTVILLE

STARK 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
JUNE 18, 2002**