



**Auditor of State
Betty Montgomery**

**VILLAGE OF LATTY
PAULDING COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Latty
Paulding County
650 Alexander Street, P.O. Box 86
Latty, Ohio 45855-0086

To the Village Council:

We have audited the accompanying financial statements of the Village of Latty, Paulding County, (the Village) as of and for the years ended December 31, 2003 and 2002. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments

We believe that our audit provides a reasonable basis for our opinion.

As described 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 and reserves for encumbrances of the Village of Latty, Paulding County, as of December 31, 2003 and 2002, 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 May 25, 2004 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 audits.

This report is intended solely for the information and use of the finance committee, 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.



Betty Montgomery
Auditor of State

May 25, 2004

**VILLAGE OF LATTY
PAULDING COUNTY**

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

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 7,566	\$ 10,531		\$ 18,097
Intergovernmental Receipts	13,941	7,577		21,518
Earnings on Investments	471	138		609
Miscellaneous	439			439
Total Cash Receipts	<u>22,417</u>	<u>18,246</u>		<u>40,663</u>
Cash Disbursements				
Current:				
Security of Persons and Property	4,400	2,493		6,893
Public Health Services	87			87
Transportation		17,372		17,372
General Government	18,734	30		18,764
Capital Outlay	10,000			10,000
Total Cash Disbursements	<u>33,221</u>	<u>19,895</u>		<u>53,116</u>
Total Disbursements over Receipts	<u>(10,804)</u>	<u>(1,649)</u>		<u>(12,453)</u>
Other Financing Receipts and (Disbursements)				
Advances-In		4,000		4,000
Advances-Out	(4,000)			(4,000)
Total Other Financing Receipts/(Disbursements)	<u>(4,000)</u>	<u>4,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(14,804)	2,351		(12,453)
Fund Cash Balances, January 1	54,286	36,674	\$ 31,745	122,705
Fund Cash Balances, December 31	<u><u>\$ 39,482</u></u>	<u><u>\$ 39,025</u></u>	<u><u>\$ 31,745</u></u>	<u><u>\$ 110,252</u></u>
Reserves for Encumbrances, December 31	\$ 4,342			\$ 4,342

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF LATTY
PAULDING COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 42,674
Operating Cash Disbursements	
Personal Services	4,383
Fringe Benefits	627
Contractual Services	15,906
Supplies and Materials	974
Total Operating Cash Disbursements	21,890
Operating Income	20,784
Non-Operating Cash Receipts	
Special Assessments	13,396
Non-Operating Cash Disbursements	
Debt Service	30,895
Net Receipts Over Disbursements	3,285
Fund Cash Balances, January 1	54,819
Fund Cash Balances, December 31	\$ 58,104
Reserve for Encumbrances, December 31	\$ -

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF LATTY
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 11,932	\$ 11,030		\$ 22,962
Intergovernmental Receipts	21,478	7,000	\$ 9,977	38,455
Earnings on Investments	1,090	295		1,385
Miscellaneous	744			744
Total Cash Receipts	35,244	18,325	9,977	63,546
Cash Disbursements				
Current:				
Security of Persons and Property	3,840	2,280		6,120
Transportation		15,518		15,518
General Government	16,938	1,680		18,618
Capital Outlay	32		9,977	10,009
Total Cash Disbursements	20,810	19,478	9,977	50,265
Total Receipts Over/(Under) Disbursements	14,434	(1,153)		13,281
Other Financing Receipts and (Disbursements)				
Transfers-In			16,744	16,744
Transfers-Out	(16,744)			(16,744)
Total Other Financing Receipts/(Disbursements)	(16,744)		16,744	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,310)	(1,153)	16,744	13,281
Fund Cash Balances, January 1	56,596	37,827	15,001	109,424
Fund Cash Balances, December 31	\$ 54,286	\$ 36,674	\$ 31,745	\$ 122,705
Reserves for Encumbrances, December 31	\$ 1,000	\$ 131		\$ 1,131

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF LATTY
PAULDING COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 44,766
Operating Cash Disbursements	
Personal Services	3,772
Fringe Benefits	564
Contractual Services	16,808
Supplies and Materials	5,826
Capital Outlay	1,958
Total Operating Cash Disbursements	28,928
Operating Income	15,838
Non-Operating Cash Receipts	
Special Assessments	16,067
Non-Operating Cash Disbursements	
Debt Service	30,958
Net Receipts Over Disbursements	947
Fund Cash Balances, January 1	53,872
Fund Cash Balances, December 31	\$ 54,819
Reserve for Encumbrances, December 31	\$ 6

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF LATTY
PAULDING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Latty, Paulding 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 sewer utilities, park operations, and police services. The Village contracts with the Village of Scott for emergency medical services, and is a member of the Paulding Community Fire Association which provides fire protection.

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.

STAR Ohio is recorded at share values reported by the State Treasurer.

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:

**VILLAGE OF LATTY
PAULDING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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.

Permissive Motor Vehicle License Tax Fund - This fund receives license tax monies for repairing and maintaining Village streets.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

State Grant Fund - This fund records the receipt and disbursement of Issue II state grant monies, which are spent on behalf of the Village.

4. 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:

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

**VILLAGE OF LATTY
PAULDING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

Sewer Debt Retirement Fund - This fund receives special assessment revenue and charges for services from residents for the purpose of making payments on Ohio Water Development Authority loans.

E. Budgetary Process

The Ohio Revised Code requires that each 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 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2003 and 2002 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.

**VILLAGE OF LATTY
PAULDING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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:

	2003	2002
Demand deposits	\$ 132,166	\$ 141,704
STAR Ohio	36,190	35,820
Total deposits and investments	\$ 168,356	\$ 177,524

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, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 33,186	\$ 22,417	\$ (10,769)
Special Revenue	22,850	18,246	(4,604)
Capital Projects	10,000		(10,000)
Enterprise	53,100	56,070	2,970
Total	\$ 119,136	\$ 96,733	\$ (22,403)

**VILLAGE OF LATTY
PAULDING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 59,920	\$ 37,563	\$ 22,357
Special Revenue	26,121	19,895	6,226
Enterprise	62,521	52,785	9,736
Total	<u>\$ 148,562</u>	<u>\$ 110,243</u>	<u>\$ 38,319</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,944	\$ 35,244	\$ (3,700)
Special Revenue	16,650	18,325	1,675
Capital Projects	23,000	26,721	3,721
Enterprise	50,800	60,833	10,033
Total	<u>\$ 129,394</u>	<u>\$ 141,123</u>	<u>\$ 11,729</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 46,034	\$ 38,554	\$ 7,480
Special Revenue	33,980	19,609	14,371
Capital Projects	13,000	9,977	3,023
Enterprise	80,220	59,892	20,328
Total	<u>\$ 173,234</u>	<u>\$ 128,032</u>	<u>\$ 45,202</u>

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

**VILLAGE OF LATTY
PAULDING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$ 330,847	2.00%
Ohio Water Development Authority Loan	14,390	7.84%
Total	<u>\$ 345,237</u>	

Proceeds from the Ohio Water Development (OWDA) loans were used to construct a wastewater facility and help finance the replacement of manholes.

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

<u>Year ending December 31:</u>	<u>OWDA Loan</u>	<u>OWDA Loan</u>
2004	\$ 29,153	\$ 1,804
2005	29,153	1,804
2006	29,153	1,804
2007	29,153	1,804
2008	29,153	1,804
Subsequent	233,226	14,437
Total	<u>\$ 378,991</u>	<u>\$ 23,457</u>

**VILLAGE OF LATTY
PAULDING COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

6. RETIREMENT SYSTEMS

Ohio Public Employees Retirement System

The Village's employees and some officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2003 and 2002, members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

Social Security

Effective July 1, 1991, all officials and employees not otherwise covered by OPERS have an option to become a member of the Social Security System. As of December 31, 2003, two Council members and one Board of Public Affairs member have elected Social Security. Council's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks through American Alternative Insurance Corporation:

- Comprehensive property and general liability.
- Crime.
- Auto.
- Equipment.
- Public Officials/Errors and omissions.

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**Auditor of State
Betty Montgomery**

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

Village of Latty
Paulding County
650 Alexander Street, P.O. Box 86
Latty, Ohio 45855-0086

To the Village Council:

We have audited the financial statements of the Village of Latty, Paulding County, (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated May 25, 2004 wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated May 25, 2004.

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 May 25, 2004.

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



Betty Montgomery
Auditor of State

May 25, 2004



**Auditor of State
Betty Montgomery**

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VILLAGE OF LATTY

PAULDING 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 24, 2004**