



**VILLAGE OF TERRACE PARK
HAMILTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Terrace Park
Hamilton County
428 Elm Avenue
Terrace Park, Ohio 45174

To the Village Council:

We have audited the accompanying financial statements of the Village of Terrace Park, Hamilton County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 and reserves for encumbrances of the Village as of December 31, 1999 and 1998, 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 12, 2000 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.

This report is intended solely for the information and use of the management and 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.

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

Jim Petro
Auditor of State

April 12, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$863,819	\$8,801		\$872,620
State Shared Taxes and Permits	62,366	56,538		118,904
Special Assessments		30,948		30,948
Intergovernmental Receipts	83,851			83,851
Fines, Licenses, and Permits	86,889	5,876		92,765
Earnings on Investments	89,643	2,477		92,120
Miscellaneous	16,689	600		17,289
Total Cash Receipts	1,203,257	105,240	0	1,308,497
Cash Disbursements:				
Current:				
Security of Persons and Property	501,317	1,330		502,647
Public Health Services	3,819			3,819
Leisure Time Activities	800			800
Community Environment	52,371	29,654		82,025
Basic Utility Services	64,868			64,868
Transportation	413,712	72,407		486,119
General Government	219,160			219,160
Materials and Supplies		1,950		1,950
Debt Service:				
Principal-Land Contract	15,000			15,000
Total Disbursements	1,271,047	105,341	0	1,376,388
Total Receipts Over/(Under) Disbursements	(67,790)	(101)	0	(67,891)
Other Financing Receipts/(Disbursements):				
Other Sources	58	318		376
Total Other Financing Receipts/(Disbursements)	58	318	0	376
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(67,732)	217	0	(67,515)
Fund Cash Balances January 1	1,577,454	105,644	16,740	1,699,838
Fund Cash Balances, December 31	<u>\$1,509,722</u>	<u>\$105,861</u>	<u>\$16,740</u>	<u>\$1,632,323</u>
Reserves for Encumbrances, December 31	<u>\$137,521</u>	<u>\$0</u>	<u>\$0</u>	<u>\$137,521</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$76,692</u>
Total Non-Operating Cash Receipts	76,692
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>76,893</u>
Total Non-Operating Cash Disbursements	<u>76,893</u>
Net Receipts Over/(Under) Disbursements	(201)
Fund Cash Balances, January 1	<u>1,031</u>
Fund Cash Balances, December 31	<u><u>\$830</u></u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property Tax and Other Local Taxes	\$1,085,258	\$69,540		\$1,154,798
State Shared Taxes and Permits	74,336	54,047		128,383
Special Assessments		30,730		30,730
Intergovernmental Receipts	85,905			85,905
Fines, Licenses, and Permits	88,740	5,661		94,401
Earnings on Investments	75,958	2,861		78,819
Miscellaneous	11,266			11,266
Total Cash Receipts	1,421,463	162,839	0	1,584,302
Cash Disbursements:				
Current:				
Security of Persons and Property	509,176	2,439		511,615
Public Health Services	3,831			3,831
Leisure Time Activities	2,786			2,786
Community Environment	40,886	28,537		69,423
Basic Utility Services	73,284			73,284
Transportation	94,959	122,629		217,588
General Government	177,553			177,553
Material and Supplies		6,637		6,637
Capital Outlay			2,224	2,224
Total Disbursements	902,475	160,242	2,224	1,064,941
Total Receipts Over/(Under) Disbursements	518,988	2,597	(2,224)	519,361
Other Financing Receipts/(Disbursements):				
Other Sources		730		730
Total Other Financing Receipts/(Disbursements)	0	730	0	730
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	518,988	3,327	(2,224)	520,091
Fund Cash Balances January 1	1,058,466	102,317	18,964	1,179,747
Fund Cash Balances, December 31	<u>\$1,577,454</u>	<u>\$105,644</u>	<u>\$16,740</u>	<u>\$1,699,838</u>
Reserves for Encumbrances, December 31	<u>\$8,974</u>	<u>\$0</u>	<u>\$0</u>	<u>\$8,974</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$76,631</u>
Total Non-Operating Cash Receipts	76,631
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>75,601</u>
Total Non-Operating Cash Disbursements	<u>75,601</u>
Net Receipts Over/(Under) Disbursements	1,030
Fund Cash Balances, January 1	<u>1</u>
Fund Cash Balances, December 31	<u><u>\$1,031</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Terrace Park, Hamilton 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 general governmental services, including road maintenance, fire and EMS services, and police services. The Village contracts with Miami Township (Clermont County) for advance life support.

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

The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Tree Program Fund - This fund receives special assessment funds from the County Auditor to fund the Village tree program.

Motor Vehicle License Tax Fund - This fund receives money from the County for repair of 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 funds:

Construction Fund - This fund was used for a major road project which was completed in fiscal year 1998.

4. Fiduciary Funds (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund - This fund receives fines and costs from criminal and traffic citations heard in Mayor's Court. The Village and State distributions are made to the appropriate agency.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of 1999 and 1998 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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 125,362	\$ 2,205
Total deposits	125,362	2,205
STAROhio	<u>1,507,789</u>	<u>1,698,664</u>
Total investments	<u>1,507,789</u>	<u>1,698,664</u>
Total deposits and investments	<u>\$ 1,633,151</u>	<u>\$ 1,700,869</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,181,491	\$ 1,200,177	\$ 18,686
Special Revenue	104,864	107,821	2,957
Capital Projects	<u>750</u>	<u>873</u>	<u>123</u>
Total	<u>\$ 1,287,105</u>	<u>\$ 1,308,871</u>	<u>\$ 21,766</u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,539,876	\$ 1,408,568	\$ 131,308
Special Revenue	113,668	105,341	8,327
Capital Projects	0	0	0
Total	<u>\$ 1,653,544</u>	<u>\$ 1,513,909</u>	<u>\$ 139,635</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,373,026	\$ 1,418,466	\$ 45,440
Special Revenue	159,032	165,643	6,611
Capital Projects	778	923	145
Total	<u>\$ 1,532,836</u>	<u>\$ 1,585,032</u>	<u>\$ 52,196</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,075,406	\$ 911,449	\$ 163,957
Special Revenue	180,909	160,242	20,667
Capital Projects	18,436	2,224	16,212
Total	<u>\$ 1,274,751</u>	<u>\$ 1,073,915</u>	<u>\$ 200,836</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 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. DEBT

The Village purchased land in 1999 to be paid over three years. The purchase price was \$42,000 with \$1,000 earnest money and \$14,000 at the closing. Payments of the purchase are as follows:

<u>Due October 1</u>	<u>Land Payments</u>
2000	\$ 10,000
2001	10,000
2002	<u>7,000</u>
Total	<u>\$ 27,000</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Village also provides health insurance, dental, life, and disability coverage to full-time employees through a private carrier.

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

Village of Terrace Park
Hamilton County
428 Elm Avenue
Terrace Park, Ohio 45174

To the Village Council:

We have audited the accompanying financial statements of the Village of Terrace Park, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 12, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 12, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 12, 2000.

Village of Terrace Park
Hamilton County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

April 12, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF TERRACE PARK

HAMILTON 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
APRIL 27, 2000**