



**VILLAGE OF HAVILAND
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

VILLAGE OF HAVILAND
PAULDING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Haviland
Paulding County
201 North Vine Street
P.O. Box 114
Haviland, Ohio 45851

To the Village Council:

We have audited the accompanying financial statements of the Village of Haviland (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. 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 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 audits 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 audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and December 31, 1999, 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 March 22, 2001 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.

Village of Haviland
Paulding County
Report of Independent Accountants
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This report is intended solely for the information and use of the audit 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.

Jim Petro
Auditor of State

March 22, 2001

**VILLAGE OF HAVILAND
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, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$18,363	\$15,010		\$33,373
Intergovernmental Receipts	17,375	8,743	\$11,088	37,206
Earnings on Investments	3,881	851		4,732
Miscellaneous	7,427			7,427
	<u>47,046</u>	<u>24,604</u>	<u>11,088</u>	<u>82,738</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	1,545	6,768		8,313
Public Health Services	82			82
Leisure Time Activities	445			445
Transportation		26,736		26,736
General Government	17,301			17,301
Capital Outlay			11,088	11,088
	<u>19,373</u>	<u>33,504</u>	<u>11,088</u>	<u>63,965</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	27,673	(8,900)		18,773
Fund Cash Balances, January 1	42,696	31,411		74,107
Fund Cash Balances, December 31	<u>\$70,369</u>	<u>\$22,511</u>		<u>\$92,880</u>

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

**VILLAGE OF HAVILAND
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, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$19,755	\$12,037	\$31,792
Intergovernmental Receipts	15,506	12,269	27,775
Fines, Licenses, and Permits	965		965
Earnings on Investments	2,256	2,564	4,820
Miscellaneous	3,720		3,720
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	42,202	26,870	69,072
Cash Disbursements:			
Current:			
Security of Persons and Property	2,178	3,900	6,078
Public Health Services	85		85
Leisure Time Activities	467		467
Basic Utility Services		2,422	2,422
Transportation		16,443	16,443
General Government	16,426	437	16,863
Debt Service:			
Principal Payments		7,800	7,800
Interest Payments		230	230
Capital Outlay		7,800	7,800
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	19,156	39,032	58,188
Total Receipts Over/(Under) Disbursements	23,046	(12,162)	10,884
Other Financing Receipts:			
Sale of Bonds or Notes		7,800	7,800
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	23,046	(4,362)	18,684
Fund Cash Balances, January 1	19,650	35,773	55,423
Fund Cash Balances, December 31	<u>\$42,696</u>	<u>\$31,411</u>	<u>\$74,107</u>

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

**VILLAGE OF HAVILAND
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Haviland, 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 general governmental services, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting 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

Certificates of deposit are valued at cost.

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.

**VILLAGE OF HAVILAND
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

EMS and Fire Levy Fund - This fund receives tax monies assessed and levied on the general assessed valuation of real and personal property taxes for the protection against fire and other emergencies.

4. 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:

Issue II Fund - This fund receives proceeds from the Ohio Public Works Commission. The proceeds are used to repair Village streets.

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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**VILLAGE OF HAVILAND
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

	<u>2000</u>	<u>1999</u>
Demand deposits	\$22,880	\$24,723
Certificates of deposit	70,000	49,384
Total deposits	<u>\$92,880</u>	<u>\$74,107</u>

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,473	\$47,046	\$37,573
Special Revenue	21,571	24,604	3,033
Capital Projects	18,000	11,088	(6,912)
Total	<u>\$49,044</u>	<u>\$82,738</u>	<u>\$33,694</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,230	\$19,373	\$22,857
Special Revenue	49,400	33,504	15,896
Capital Projects	18,000	11,088	6,912
Total	<u>\$109,630</u>	<u>\$63,965</u>	<u>\$45,665</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,520	\$42,202	\$9,682
Special Revenue	21,571	34,670	13,099
Total	<u>\$54,091</u>	<u>\$76,872</u>	<u>\$22,781</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,460	\$19,156	\$22,304
Special Revenue	43,000	39,032	3,968
Total	<u>\$84,460</u>	<u>\$58,188</u>	<u>\$26,272</u>

**VILLAGE OF HAVILAND
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. COMPLIANCE

The Village Clerk did not certify the availability of funds prior to the Village incurring obligation, as required by Ohio Revised Code § 5705.41(D).

5. 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.

6. RETIREMENT SYSTEMS

Elected official and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% of participants' gross salaries for 2000 and 13.55% for 1999. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village is a member of Ohio Government Risk Management Plan (the Plan). The Plan is formed under the enabling legislation of Ohio Revised Code 2744 which provides its members certain immunity provisions. It is a fixed cost, fully reinsured, non-assessable program, controlled by a Board of Directors comprised of public officials from participation members. The following risks are covered by the Plan:

- General Liability and Comprehensive Property;
- Vehicles;
- Wrongful Acts;
- Inland Marine; and
- Electronic Data Processing.



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

Village of Haviland
Paulding County
201 North Vine Street
P.O. Box 114
Haviland, Ohio 45851

To the Village Council:

We have audited the accompanying financial statements of the Village of Haviland (the Village) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 22, 2001. We conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2000-30263-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 22, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 March 22, 2001.

Village of Haviland
Paulding 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 audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 22, 2001

VILLAGE OF HAVILAND
PAULDING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND DECEMBER 31, 1999

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

FINDING NUMBER 2000-30263-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of the Council, if such expenditure is otherwise valid.

None of the Village transactions were certified by the Clerk/Treasurer. This procedure is not only required by Ohio law but is also a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by Council.

To improve controls over disbursements it is recommended that all Village disbursements, be certified by the Clerk/Treasurer and that Council periodically review the expenditures made to ensure they are within appropriations adopted by Council certified by the Clerk/Treasurer and recorded against appropriation.

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**VILLAGE OF HAVILAND
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-30263-001	ORC § 5705.41(D) Prior Certification of Funds	No	No improvement noted



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VILLAGE OF HAVILAND

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
APRIL 10, 2001**