



**VILLAGE OF HEBRON
LICKING COUNTY**

REGULAR AUDIT

FISCAL YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF HEBRON
LICKING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Members of Council
Village of Hebron
Licking County
P.O. Box 898
Hebron, Ohio 43025

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

We conducted our audit in accordance with 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 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 Hebron, Licking County, Ohio as of December 31, 2000, and its combined cash receipts and disbursements for the year 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 16, 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 audit.

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

JIM PETRO
Auditor of State

May 16, 2001

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**VILLAGE OF HEBRON
LICKING 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 | \$153,847 | \$1,017,344 | \$0 | \$1,171,191 |
| Intergovernmental Receipts | 211,819 | 195,760 | 0 | 407,579 |
| Charges for Services | 390,617 | 28,186 | 0 | 418,803 |
| Fines, Licenses, and Permits | 0 | 14,550 | 0 | 14,550 |
| Miscellaneous | 35,714 | 139,830 | 71,101 | 246,645 |
| Total Cash Receipts | 791,997 | 1,395,670 | 71,101 | 2,258,768 |
| Cash Disbursements: | | | | |
| Current: | | | | |
| Security of Persons and Property | 315,329 | 358,085 | 0 | 673,414 |
| Public Health Services | 2,718 | 234 | 0 | 2,952 |
| Leisure Time Activities | 0 | 19,190 | 0 | 19,190 |
| Community Environment | 0 | 31,883 | 0 | 31,883 |
| Transportation | 0 | 133,511 | 0 | 133,511 |
| General Government | 199,239 | 85,374 | 0 | 284,613 |
| Debt Service | 0 | 0 | 4,897,089 | 4,897,089 |
| Capital Outlay | 14,210 | 493,013 | 1,588,314 | 2,095,537 |
| Total Cash Disbursements | 531,496 | 1,121,290 | 6,485,403 | 8,138,189 |
| Total Cash Receipts Over/(Under) Cash Disbursements | 260,501 | 274,380 | (6,414,302) | (5,879,421) |
| Other Financing Receipts/(Disbursements): | | | | |
| Sale of Notes | 0 | 0 | 6,500,000 | 6,500,000 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 260,501 | 274,380 | 85,698 | 620,579 |
| Fund Cash Balances January 1 | 308,634 | 998,048 | 2,418,567 | 3,725,249 |
| Fund Cash Balances, December 31 | <u>\$569,135</u> | <u>\$1,272,428</u> | <u>\$2,504,265</u> | <u>\$4,345,828</u> |
| Reserves for Encumbrances, December 31 | <u>\$0</u> | <u>\$0</u> | <u>\$660,122</u> | <u>\$660,122</u> |

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

**VILLAGE OF HEBRON
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IF FUND CASH
BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

| | Proprietary Fund Type | Fiduciary Fund Types | | Totals (Memorandum Only) |
|--|---------------------------|-------------------------|-------------------|--------------------------------|
| | Enterprise | Nonexpendable Trust | Agency | |
| Operating Cash Receipts: | | | | |
| Charges for Services | \$2,069,429 | \$0 | \$0 | \$2,069,429 |
| Total Operating Cash Receipts | 2,069,429 | 0 | 0 | 2,069,429 |
| Operating Cash Disbursements: | | | | |
| Personal Services | 342,003 | 0 | 0 | 342,003 |
| Travel Transportation | 587 | 0 | 0 | 587 |
| Contractual Services | 294,513 | 0 | 0 | 294,513 |
| Supplies and Materials | 99,352 | 0 | 0 | 99,352 |
| Capital Outlay | 369,077 | 0 | 0 | 369,077 |
| Total Operating Cash Disbursements | 1,105,532 | 0 | 0 | 1,105,532 |
| Operating Income/(Loss) | 963,897 | 0 | 0 | 963,897 |
| Non-Operating Cash Receipts: | | | | |
| Miscellaneous | 187,858 | 0 | 0 | 187,858 |
| Other Non-Operating Receipts | 0 | 0 | 24,932 | 24,932 |
| Total Non-Operating Cash Receipts | 187,858 | 0 | 24,932 | 212,790 |
| Non-Operating Cash Disbursements: | | | | |
| Debt Service | 409,892 | 0 | 0 | 409,892 |
| Other Non-Operating Cash Disbursements | 0 | 0 | 24,932 | 24,932 |
| Total Non-Operating Cash Disbursements | 409,892 | 0 | 24,932 | 434,824 |
| Net Receipts Over/(Under) Disbursements | 741,863 | 0 | 0 | 741,863 |
| Fund Cash Balances, January 1 | 3,099,413 | 4,403 | 0 | 3,103,816 |
| Fund Cash Balances, December 31 | <u>\$3,841,276</u> | <u>\$4,403</u> | <u>\$0</u> | <u>\$3,845,679</u> |

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

**VILLAGE OF HEBRON
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Hebron, Licking County, Ohio (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 and provides general governmental services, street construction and maintenance, water and sewer utility 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. The investment in STAR Ohio (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:

Governmental Funds

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.

Special Revenue Funds

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:

**VILLAGE OF HEBRON
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

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

Income Tax Fund - This fund levies a 1% tax on the residents of the Village for the purpose of general municipal operations, maintenance, new equipment, and for capital improvements.

Capital Projects 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 Projects Funds:

Wastewater Plant Construction Fund - This fund secured bonds for the construction of a wastewater treatment facility.

Municipal Building Construction Fund - This fund receives proceeds of general obligation notes. The proceeds are being used to construct a new municipal building.

Enterprise Funds

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

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

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

Fiduciary Funds

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 money from citations issued by the Village's Police Department. Money collected is distributed in accordance with the Ohio Revised Code to the Village and State.

**VILLAGE OF HEBRON
LICKING COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that the Village budget annually.

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. 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.

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.

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. The Village did not encumber all commitments required by Ohio law.

A summary of 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:

**VILLAGE OF HEBRON
LICKING COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

| | <u>2000</u> |
|--------------------------------|----------------------------|
| Demand deposits | \$ 5,105,415 |
| Certificates of deposit | <u>295,875</u> |
| Total deposits | <u>5,401,290</u> |
| STAR Ohio | <u>2,790,217</u> |
| Total deposits and investments | <u><u>\$ 8,191,507</u></u> |

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2000 follows:

| <u>2000 Budgeted vs. Actual Receipts</u> | | | |
|---|------------------------------|-----------------------------|----------------------------|
| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
| General | \$ 534,720 | \$ 791,997 | \$ 257,277 |
| Special Revenue | 1,472,070 | 1,395,670 | (76,400) |
| Capital Projects | 0 | 6,571,101 | 6,571,101 |
| Enterprise | 2,021,000 | 2,257,287 | 236,287 |
| Fiduciary | <u>50</u> | <u>0</u> | <u>(50)</u> |
| Total | <u><u>\$ 4,027,840</u></u> | <u><u>\$ 11,016,055</u></u> | <u><u>\$ 6,988,215</u></u> |

| <u>2000 Budgeted vs. Actual Budgetary Basis Expenditures</u> | | | |
|---|------------------------------------|-----------------------------------|----------------------------|
| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
| General | \$ 843,354 | \$ 531,496 | \$ 311,858 |
| Special Revenue | 2,470,119 | 1,121,290 | 1,348,829 |
| Capital Projects | 4,218,567 | 7,145,525 | (2,926,958) |
| Enterprise | 5,120,414 | 1,515,424 | 3,604,990 |
| Fiduciary | <u>4,477</u> | <u>0</u> | <u>4,477</u> |
| Total | <u><u>\$ 12,656,931</u></u> | <u><u>\$ 10,313,735</u></u> | <u><u>\$ 2,343,196</u></u> |

Expenditures exceeded appropriations in the Capital Projects Funds in contradiction with Ohio Rev. Code Section 5705.41(B).

**VILLAGE OF HEBRON
LICKING COUNTY**

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

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.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

| | Principal | Interest Rate |
|--|--------------|------------------|
| Ohio Water Development Authority Loans | \$ 1,193,957 | 9.0% |
| FmHA Loan | 979,500 | 5.0% |
| Ohio Public Works Commission Loan | 177,708 | 0.0% |
| Temporary Mortgage Revenue Bonds | 4,700,000 | 5.1% |
| G.O. Bond Anticipation Notes | 1,800,000 | 5.0% |
| Lease Purchase Agreement | 310,985 | |
| Total | \$ 9,162,150 | |

The Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) loans relate to water and sewer plant expansion projects that were mandated by the Ohio Environmental Protection Agency. OWDA and OPWC approved up to \$2,500,000 and \$229,300, respectively in loans to the Village for these projects. The loans will be repaid in semiannual installments of \$169,266 and \$5,733 including interest, over 20 years.

The Farmers Home Administration (FmHA) loan relates to a water tank improvement project. FmHA approved \$1,018,000 in loans for this project. The loans will be repaid in semiannual installments of approximately \$59,785, over 40 years.

On November 15, 2000, the Village entered into a lease purchase agreement with Park National Bank for the purchase of a Pumper/Heavy Duty Rescue vehicle for the fire department. The lease will be paid in yearly payments including interest total \$54,881, over seven years.

**VILLAGE OF HEBRON
LICKING COUNTY**

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

5. DEBT (Continued)

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

| Year ending December 31: | OWDA Loans | OPWC Loan | FmHA Loan | Fire Truck Lease |
|-----------------------------|---------------------|-------------------|---------------------|---------------------|
| 2001 | \$ 338,532 | \$ 11,465 | \$ 59,775 | \$ 54,881 |
| 2002 | 338,532 | 11,465 | 59,835 | 54,881 |
| 2003 | 338,532 | 11,465 | 59,765 | 54,881 |
| 2004 | 302,832 | 11,465 | 59,870 | 54,881 |
| 2005 | 151,419 | 11,465 | 59,840 | 54,881 |
| Subsequent | 0 | 120,383 | 1,794,640 | 109,762 |
| Total | <u>\$ 1,469,847</u> | <u>\$ 177,708</u> | <u>\$ 2,093,725</u> | <u>\$ 384,167</u> |

The Village issued Sanitary Sewer System Temporary Mortgage Revenue Bonds and General Obligation Bond Anticipation Notes for the construction of a wastewater treatment plant and municipal building. The debt issues will be retired with utility and general revenues. This bonds are payable on February 1 and May 17, 2001.

The Village issued General Obligation Bond Anticipation Notes for the Construction of a new Village hall.

6. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters 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 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, 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 10.84% 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, 2000.

7. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.



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

Members of Council
Village of Hebron
Licking County
P.O. Box 898
Hebron, Ohio 43025

We have audited the financial statements of the Village of Hebron, Licking County, Ohio (the Village) as of and for the year ended December 31, 2000, and have issued our report thereon dated May 16, 2001. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items **2000-30645-001 to 2000-30645-003**. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 16, 2001.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item **2000-30645-004**.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. 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 16, 2001.

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

JIM PETRO
Auditor of State

May 16, 2001

**VILLAGE OF HEBRON
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000**

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

FINDING NUMBER 2000-30645-001

Ohio Rev. Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. 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.

Prior certification of funds was not obtained for forty-three percent (43%) of the expenditures tested.

The Clerk/Treasurer should certify funds before each payment is made through the issuance of a regular, blanket or super blanket purchase order. Blanket certificates should be issued for a specific line item. These blanket certificates should be canceled at the end of each fiscal year and should not exceed \$5,000 or three months in duration. A super blanket purchase order can be completed for amounts over \$5,000 from a specific line item or account, in a specific fund, for most recurring or reasonable predictable operating expenditures.

Also, as an alternative, the Village can issue then and now certificates for expenses up to \$1,000. Then and now certificates allow the Clerk/Treasurer to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk/Treasurer without subsequent authorization from Council. However, then and now certificates issued by the Clerk/Treasurer over \$1,000 must be authorized by Council within thirty days after payment.

The Village Administrator should sign-off on all purchase orders or requisitions to help ensure compliance and serve as a monitoring review for all Village purchases.

FINDING NUMBER 2000-30645-002

Ohio Rev. Code Section 5705.41 (B) prohibits the Village from making an expenditure unless it has been properly appropriated. At December 31, 2000, the following funds were found to have disbursements in excess of appropriations.

| Fund Type / Funds | Total Appropriated | Total Disbursed | Variance |
|-----------------------------------|-------------------------------|----------------------------|-----------------|
| Capital Project Fund Type: | | | |
| Wastewater Construction Fund | \$2,418,567 | \$6,178,272 | (\$3,759,705) |

The Clerk/Treasurer should periodically review the appropriation ledger to ensure that expenditures do not exceed appropriations. The Clerk/Treasurer should not approve any disbursements which exceed appropriations. The Clerk/Treasurer should request from the Village Council to determine if they wish to approve the disbursements by amending appropriations.

**VILLAGE OF HEBRON
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000
(Continued)**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued) |
|--|

FINDING NUMBER 2000-30645-003

On January 12, 2000, Vicky Fulk, Clerk/Treasurer, issued check number 9171 to Coleman Instrument for \$3,182. The invoice totaled \$2,182 which resulted in the overpayment to the vendor of \$1,000.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Vicky Fulk, Clerk/Treasurer of the Village of Hebron, and the Ohio Government Risk Management Plan, jointly and severally, in the amount of one thousand dollars (\$1,000), and in favor of the Village of Hebron Sewer Fund.

The Village received a payment from Coleman Instrument on June 7, 2001. The \$1,000 repayment to the Village from the Vendor was properly posted to the Sewer Fund.

FINDING NUMBER 2000-30645-004

Monitoring Fiscal Activity

The Clerk/Treasurer performs all phases of the accounting process including receipting, disbursing, and reconciling Village funds. One of the basic requirements of good internal control is that there be a segregation of duties so that individuals who have access to or control over the assets of an organization do not have access to or control over the accountability of those assets. The small size of the Village limits the extent of separation of duties, therefore, it is important that Village Council monitor financial activity closely.

Council does receive a monthly list of bills which they approve prior to payment. However, the minutes do not indicate that Council performs a review of budget vs. actual reports or other reports that support Village transactions such as a monthly bank reconciliation or an open account receivable report from the utility department. The budget vs actual reports summarize approved budget information, as adopted by council, and compares this budget information with actual receipts and expenditures, including encumbrances. Appropriate monitoring would include Council's review of this information to make appropriate inquiries to help determine the continued integrity of the financial statements and that adopted budgets are being followed.

Departmental managers, Village Administrator and the Finance Committee should be included in the annual budgeting process and the Clerk/Treasurer should assure that the original budget and all amendments approved by Council are filed with the county budget commission.

VILLAGE OF HEBRON
LICKING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000
(Continued)

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

FINDING NUMBER 2000-30645-004 (Continued)

Monitoring Fiscal Activity (Continued)

The Clerk/Treasurer should provide these types of reports on a monthly basis to Council and the Village Administrator. The Village does have a finance committee that would benefit from these reports. Village Council should formally acknowledge in the minutes the receipt and review of the detailed information provided by the Clerk/Treasurer. This information also provides important data necessary to manage the Village and helps answer questions such as the following:

- Are current receipts sufficient enough to cover expenditures?
- Are expenditures made in accordance with all applicable laws and requirements?
- Are anticipated receipts being received in a timely manner?
- Are expenditures within budgeted amounts established by Council?
- Are monthly bank reconciliations being performed?
- Are open accounts receivable being follow-up on in a timely manner?



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

VILLAGE OF HEBRON

LICKING 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 26, 2001**