



**VILLAGE OF FLORIDA
HENRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Enterprise Fund Type – For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Enterprise Fund Type – For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Florida
Henry County
204 West High Street
Napoleon, Ohio 43545-9208

To the Village Council:

We have audited the accompanying financial statements of the Village of Florida, Henry 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 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, 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 March 22, 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 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, 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>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$10,672		\$10,672
Intergovernmental Receipts	11,342	\$9,751	21,093
Miscellaneous	1,235	373	1,608
	<u>23,249</u>	<u>10,124</u>	<u>33,373</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	5,228		5,228
Leisure Time Activities	3,112		3,112
Transportation		2,308	2,308
General Government	15,149		15,149
Capital Outlay		5,557	5,557
	<u>23,489</u>	<u>7,865</u>	<u>31,354</u>
Total Receipts Over (Under) Disbursements	(240)	2,259	2,019
Fund Cash Balances, January 1	<u>14,667</u>	<u>14,959</u>	<u>29,626</u>
Fund Cash Balances, December 31	<u><u>\$14,427</u></u>	<u><u>\$17,218</u></u>	<u><u>\$31,645</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 - ENTERPRISE FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$110,814
Miscellaneous	9,896
	120,710
Total Operating Cash Receipts	120,710
Operating Cash Disbursements:	
Personal Services	18,557
Contractual Services	47,484
Supplies and Materials	10,113
	76,154
Total Operating Cash Disbursements	76,154
Operating Income	44,556
Non-Operating Cash Disbursements:	
Debt Service	14,920
	14,920
Excess of Receipts Over Disbursements Before Interfund Transfers	29,636
Transfers-In	30,000
Transfers-Out	(30,000)
	29,636
Net Receipts Over Disbursements	29,636
Fund Cash Balances, January 1	240,831
Fund Cash Balances, December 31	\$270,467

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>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$11,296		\$11,296
Intergovernmental Receipts	14,301	\$16,458	30,759
Charges for Services	5,250		5,250
Miscellaneous	6,879	353	7,232
	<u>37,726</u>	<u>16,811</u>	<u>54,537</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	11,602		11,602
Leisure Time Activities	2,086		2,086
Transportation		1,789	1,789
General Government	14,152		14,152
Capital Outlay		12,045	12,045
	<u>27,840</u>	<u>13,834</u>	<u>41,674</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	9,886	2,977	12,863
Fund Cash Balances, January 1	4,781	11,982	16,763
	<u>4,781</u>	<u>11,982</u>	<u>16,763</u>
Fund Cash Balances, December 31	<u>\$14,667</u>	<u>\$14,959</u>	<u>\$29,626</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 - ENTERPRISE FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$109,530
Miscellaneous	<u>10,830</u>
Total Operating Cash Receipts	<u>120,360</u>
Operating Cash Disbursements:	
Personal Services	14,574
Contractual Services	32,510
Supplies and Materials	<u>26,797</u>
Total Operating Cash Disbursements	<u>73,881</u>
Operating Income	<u>46,479</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>14,860</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	31,619
Transfers-In	6,500
Transfers-Out	<u>(6,500)</u>
Net Receipts Over Disbursements	31,619
Fund Cash Balances, January 1	<u>209,212</u>
Fund Cash Balances, December 31	<u><u>\$240,831</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Florida, Henry 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 water and sewer utilities and park operations (leisure time activities). The Village contracts with Flatrock Township for 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

Certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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 Fund:

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 - 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. 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 Fund:

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, program, activity 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 nor did the Village certify commitments as required by Ohio law.

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.

2. EQUITY IN POOLED CASH

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

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

2. EQUITY IN POOLED CASH (Continued)

	1999	1998
Demand deposits	\$182,112	\$150,457
Certificates of deposit	120,000	120,000
Total deposits	\$302,112	\$270,457

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

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	\$20,888	\$23,249	\$2,361
Special Revenue	10,750	10,124	(626)
Enterprise	123,700	150,710	27,010
Total	\$155,338	\$184,083	\$28,745

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$35,554	\$23,489	\$12,065
Special Revenue	25,710	7,865	17,845
Enterprise	364,529	121,074	243,455
Total	\$425,793	\$152,428	\$273,365

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,420	\$37,726	\$2,306
Special Revenue	10,800	16,811	6,011
Enterprise	133,400	126,860	(6,540)
Total	\$179,620	\$181,397	\$1,777

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,100	\$27,840	\$5,260
Special Revenue	22,782	13,834	8,948
Enterprise	342,611	95,241	247,370
Total	\$398,493	\$136,915	\$261,578

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.

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, 1999 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$191,300	5%

The Mortgage Revenue Bonds were issued in 1981 for the construction of a municipal waterworks system. The bonds will be repaid in annual installments until 2021.

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

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

5. DEBT (Continued)

Year ending December 31:	Mortgage Revenue Bonds
2000	\$14,965
2001	14,895
2002	14,915
2003	15,020
2004	14,905
Subsequent	<u>238,620</u>
Total	<u><u>\$313,320</u></u>

6. RETIREMENT SYSTEMS

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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 1999 and 1998, 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 is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- Legal Liability - Third Party Claims
- Automobile Liability
- Wrongful Acts
- Automobile Physical Damage
- Property Coverage

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

Village of Florida
Henry County
204 West High Street
Napoleon, Ohio 43545-9208

To the Village Council:

We have audited the accompanying financial statements of the Village of Florida, Henry County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 22, 2000. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30135-001 and 1999-30135-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 22, 2000.

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 March 22, 2000.

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

March 22, 2000

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30135-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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 encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village Clerk did not certify the money was available or appropriated for any expenditure in the audit period.

We recommend the Village Clerk certify the amount required for the order or contract 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 encumbrances prior to incurring a commitment. In instances where prior certification is not practical, we recommend issuance of a "then and now" certificate.

FINDING NUMBER 1999-30135-002

Noncompliance Citation

Ohio Administrative Code § 117-5-11 (C) states each expenditure or encumbrance charged against an appropriation account shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance. This procedure is to be initiated by an executed purchase order. The fiscal officer did not issue purchase orders and did not encumber against appropriations. We recommend the Village comply with the administrative code. Each expenditure or encumbrance charged against an appropriation account should be posted and subtracted from the appropriated balance producing a declining unencumbered balance. This should be initiated by an executed purchase order.



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VILLAGE OF FLORIDA

HENRY 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 20, 2000**