



**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2008**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF VAN BUREN  
HANCOCK COUNTY

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Mary Taylor, CPA  
Auditor of State

Village of Van Buren  
Hancock County  
103 South Main Street, P.O. Box 275  
Van Buren, Ohio 45889-0275

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 15, 2009

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Van Buren  
Hancock County  
103 South Main Street, P.O. Box 275  
Van Buren, Ohio 45889-0275

To the Village Council:

We have audited the accompanying financial statements of Village of Van Buren, Hancock County, (the Village) as of and for the years ended December 31, 2008 and 2007. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, 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 Village of Van Buren, Hancock County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2009, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

September 15, 2009



**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

|                                                | <u>Governmental Fund Types</u> |                            |                         |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|------------------------------------------------|--------------------------------|----------------------------|-------------------------|-----------------------------|-----------------------------------------|
|                                                | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |                                         |
| <b>Cash Receipts:</b>                          |                                |                            |                         |                             |                                         |
| Property and Local Taxes                       | \$19,460                       | \$12,000                   |                         |                             | \$31,460                                |
| Intergovernmental                              | 49,622                         | 265,477                    | \$27,942                |                             | 343,041                                 |
| Special Assessments                            |                                | 6,296                      | 135,585                 |                             | 141,881                                 |
| Fines, Licenses and Permits                    | 600                            |                            |                         |                             | 600                                     |
| Earnings on Investments                        | 5,296                          | 437                        |                         |                             | 5,733                                   |
| Miscellaneous                                  | 264                            | 14                         | 3,463                   |                             | 3,741                                   |
|                                                |                                |                            |                         |                             |                                         |
| Total Cash Receipts                            | <u>75,242</u>                  | <u>284,224</u>             | <u>166,990</u>          |                             | <u>526,456</u>                          |
| <b>Cash Disbursements:</b>                     |                                |                            |                         |                             |                                         |
| Current:                                       |                                |                            |                         |                             |                                         |
| Security of Persons and Property               | 12,716                         | 7,020                      |                         |                             | 19,736                                  |
| Public Health Services                         | 1,580                          |                            |                         |                             | 1,580                                   |
| Leisure Time Activities                        | 394                            |                            |                         |                             | 394                                     |
| Community Environment                          | 3,425                          |                            |                         |                             | 3,425                                   |
| Basic Utility Service                          | 952                            |                            |                         |                             | 952                                     |
| Transportation                                 | 22,584                         | 269,504                    |                         |                             | 292,088                                 |
| General Government                             | 29,635                         | 15                         | 120                     |                             | 29,770                                  |
| Debt Service:                                  |                                |                            |                         |                             |                                         |
| Redemption of Principal                        | 8,000                          |                            | 74,595                  |                             | 82,595                                  |
| Interest and Fiscal Charges                    |                                |                            | 98,892                  |                             | 98,892                                  |
|                                                |                                |                            |                         |                             |                                         |
| Total Cash Disbursements                       | <u>79,286</u>                  | <u>276,539</u>             | <u>173,607</u>          |                             | <u>529,432</u>                          |
| Total Cash Receipts Over/(Under) Disbursements | <u>(4,044)</u>                 | <u>7,685</u>               | <u>(6,617)</u>          |                             | <u>(2,976)</u>                          |
| Fund Cash Balances, January 1                  | <u>49,584</u>                  | <u>68,095</u>              | <u>64,495</u>           | <u>119,086</u>              | <u>301,260</u>                          |
| <b>Fund Cash Balances, December 31</b>         | <b><u>\$45,540</u></b>         | <b><u>\$75,780</u></b>     | <b><u>\$57,878</u></b>  | <b><u>\$119,086</u></b>     | <b><u>\$298,284</u></b>                 |
| Reserve for Encumbrances, December 31          | <u>\$6,315</u>                 | <u>\$21,674</u>            |                         | <u>\$5,000</u>              | <u>\$32,989</u>                         |

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

VILLAGE OF VAN BUREN  
HANCOCK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008

|                                       | <u>Enterprise</u>             |
|---------------------------------------|-------------------------------|
| <b>Operating Cash Receipts:</b>       |                               |
| Charges for Services                  | <u>\$3,260</u>                |
| <b>Operating Cash Disbursements:</b>  |                               |
| Contractual Services                  | <u>913</u>                    |
| Operating Income                      | <u>2,347</u>                  |
| Fund Cash Balance, January 1          | <u>11,989</u>                 |
| <b>Fund Cash Balance, December 31</b> | <b><u><u>\$14,336</u></u></b> |
| Reserve for Encumbrances, December 31 | <u><u>\$5,700</u></u>         |

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

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

|                                                                                              | <b>Governmental Fund Types</b> |                            |                         |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|----------------------------------------------------------------------------------------------|--------------------------------|----------------------------|-------------------------|-----------------------------|-----------------------------------------|
|                                                                                              | <b>General</b>                 | <b>Special<br/>Revenue</b> | <b>Debt<br/>Service</b> | <b>Capital<br/>Projects</b> |                                         |
| <b>Cash Receipts:</b>                                                                        |                                |                            |                         |                             |                                         |
| Property and Local Taxes                                                                     | \$20,370                       |                            |                         |                             | \$20,370                                |
| Intergovernmental                                                                            | 49,672                         | \$148,059                  | \$27,942                |                             | 225,673                                 |
| Special Assessments                                                                          |                                | 5,935                      | 139,643                 |                             | 145,578                                 |
| Charges for Services                                                                         | 6,599                          |                            |                         |                             | 6,599                                   |
| Fines, Licenses and Permits                                                                  | 1,300                          |                            |                         | \$15                        | 1,315                                   |
| Earnings on Investments                                                                      | 2,587                          | 756                        |                         |                             | 3,343                                   |
| Miscellaneous                                                                                | 4,694                          |                            | 11,643                  | 42,980                      | 59,317                                  |
| <b>Total Cash Receipts</b>                                                                   | <b>85,222</b>                  | <b>154,750</b>             | <b>179,228</b>          | <b>42,995</b>               | <b>462,195</b>                          |
| <b>Cash Disbursements:</b>                                                                   |                                |                            |                         |                             |                                         |
| Current:                                                                                     |                                |                            |                         |                             |                                         |
| Security of Persons and Property                                                             | 12,769                         | 6,787                      |                         |                             | 19,556                                  |
| Public Health Services                                                                       | 1,387                          |                            |                         |                             | 1,387                                   |
| Leisure Time Activities                                                                      | 4,869                          |                            |                         |                             | 4,869                                   |
| Community Environment                                                                        | 3,515                          |                            |                         |                             | 3,515                                   |
| Basic Utility Service                                                                        | 952                            |                            |                         |                             | 952                                     |
| Transportation                                                                               | 69,509                         | 150,398                    |                         |                             | 219,907                                 |
| General Government                                                                           | 24,035                         | 11                         |                         |                             | 24,046                                  |
| Debt Service:                                                                                |                                |                            |                         |                             |                                         |
| Redemption of Principal                                                                      | 8,000                          |                            | 72,491                  |                             | 80,491                                  |
| Interest and Fiscal Charges                                                                  |                                |                            | 100,935                 |                             | 100,935                                 |
| <b>Total Cash Disbursements</b>                                                              | <b>125,036</b>                 | <b>157,196</b>             | <b>173,426</b>          |                             | <b>455,658</b>                          |
| Total Cash Receipts Over/(Under) Disbursements                                               | (39,814)                       | (2,446)                    | 5,802                   | 42,995                      | 6,537                                   |
| <b>Other Financing Disbursements:</b>                                                        |                                |                            |                         |                             |                                         |
| Other Financing Uses                                                                         |                                |                            | (2,200)                 |                             | (2,200)                                 |
| Excess of Cash Receipts Over/(Under)<br>Cash Disbursements and Other Financing Disbursements |                                |                            |                         |                             |                                         |
|                                                                                              | (39,814)                       | (2,446)                    | 3,602                   | 42,995                      | 4,337                                   |
| Fund Cash Balances, January 1                                                                | 89,398                         | 70,541                     | 60,893                  | 76,091                      | 296,923                                 |
| <b>Fund Cash Balances, December 31</b>                                                       | <b>\$49,584</b>                | <b>\$68,095</b>            | <b>\$64,495</b>         | <b>\$119,086</b>            | <b>\$301,260</b>                        |
| Reserve for Encumbrances, December 31                                                        | \$6,195                        | \$1,782                    |                         |                             | \$7,977                                 |

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

VILLAGE OF VAN BUREN  
HANCOCK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - ENTERPRISE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007

|                                       | <u>Enterprise</u>             |
|---------------------------------------|-------------------------------|
| <b>Operating Cash Receipts:</b>       |                               |
| Charges for Services                  | <u>\$3,174</u>                |
| <b>Operating Cash Disbursements:</b>  |                               |
| Contractual Services                  | <u>1,109</u>                  |
| Operating Income                      | <u>2,065</u>                  |
| Fund Cash Balance, January 1          | <u>9,924</u>                  |
| <b>Fund Cash Balance, December 31</b> | <b><u><u>\$11,989</u></u></b> |

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

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Van Buren, Hancock County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village contracts with the Hancock County Sheriff's department to provide security of persons and property. The Village contracts with Allen Township to receive fire protection services. Village residents receive water and sewer services from the City of Findlay, which performs the billing and collection of these charges for services.

The Village participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. 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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose 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 VAN BUREN  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**3. Debt Service Funds**

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Funds:

General Obligation Debt Services - This fund receives revenues from the County to pay a portion of the debt on the water line project and water and sewer connection fees to pay for the debt on the respective project.

Special Assessments Debt Services - This fund receives assessments to pay for the debt on the water line and sanitary sewer projects.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

Building Fund – This fund accumulates resources to be used to construct a new municipal building/community center.

**5. Enterprise Fund**

This fund accounts for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Fund:

Post Office Fund - This fund receives rent from the United States Postal Service to cover the cost of providing this facility.

**D. 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, function or object level of control, and appropriations may not exceed estimated resources. The Village 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.

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies – (Continued)**

**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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. Equity in Pooled Deposits**

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

|                         | 2008      | 2007      |
|-------------------------|-----------|-----------|
| Demand deposits         | \$262,620 | \$263,249 |
| Certificates of deposit | 50,000    | 50,000    |
| Total deposits          | \$312,620 | \$313,249 |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

| 2008 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$75,500             | \$75,242           | (\$258)     |
| Special Revenue                   | 396,981              | 284,224            | (112,757)   |
| Debt Service                      | 171,676              | 166,990            | (4,686)     |
| Enterprise                        | 3,174                | 3,260              | 86          |
| Total                             | \$647,331            | \$529,716          | (\$117,615) |

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity – (Continued)**

| 2008 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |                  |
|-------------------------------------------------------|----------------------------|---------------------------|------------------|
| Fund Type                                             | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance         |
| General                                               | \$125,084                  | \$85,601                  | \$39,483         |
| Special Revenue                                       | 465,076                    | 298,213                   | 166,863          |
| Debt Service                                          | 236,171                    | 173,607                   | 62,564           |
| Capital Projects                                      | 119,086                    | 5,000                     | 114,086          |
| Enterprise                                            | 15,163                     | 6,613                     | 8,550            |
| Total                                                 | <u>\$960,580</u>           | <u>\$569,034</u>          | <u>\$391,546</u> |

| 2007 Budgeted vs. Actual Receipts |                      |                    |                    |
|-----------------------------------|----------------------|--------------------|--------------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance           |
| General                           | \$77,746             | \$85,222           | \$7,476            |
| Special Revenue                   | 394,400              | 154,750            | (239,650)          |
| Debt Service                      | 165,261              | 179,228            | 13,967             |
| Capital Projects                  | 43,000               | 42,995             | (5)                |
| Enterprise                        | 3,174                | 3,174              |                    |
| Total                             | <u>\$683,581</u>     | <u>\$465,369</u>   | <u>(\$218,212)</u> |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |                  |
|-------------------------------------------------------|----------------------------|---------------------------|------------------|
| Fund Type                                             | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance         |
| General                                               | \$167,144                  | \$131,231                 | \$35,913         |
| Special Revenue                                       | 464,941                    | 158,978                   | 305,963          |
| Debt Service                                          | 226,154                    | 175,626                   | 50,528           |
| Capital Projects                                      | 76,091                     |                           | 76,091           |
| Enterprise                                            | 13,098                     | 1,109                     | 11,989           |
| Total                                                 | <u>\$947,428</u>           | <u>\$466,944</u>          | <u>\$480,484</u> |

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.



**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. Property Tax – (Continued)**

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, 2008 was as follows:

|                                              | <u>Principal</u>          | <u>Interest Rate</u> |
|----------------------------------------------|---------------------------|----------------------|
| Ohio Water Development Authority Loan # 2896 | \$1,278,580               | 2.00%                |
| Ohio Water Development Authority Loan # 4308 | 96,361                    | 3.99%                |
| USDA - Rural Development Loan 2005           | <u>1,590,300</u>          | 4.25%                |
| Total                                        | <u><u>\$2,965,241</u></u> |                      |

The Ohio Water Development Authority (OWDA) loan # 2896 relates to a water distribution system and trunk line construction. The OWDA approved a loan of \$1,746,599 to the Village for this project. The Village will repay the loan in semiannual installments of \$44,730, including interest, over 25 years. The Village has agreed to set special assessment rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan # 4308 and USDA-Rural Development loan relate to a sanitary sewer system design the Ohio Environmental Protection Agency mandated. The OWDA approved a loan of \$102,012 and the United States Department of Agriculture (USDA) approved a loan of \$1,642,000 to the Village for this project. The Village will repay the OWDA loan in semiannual installments of \$2,931, including interest, over 30 years. The Village will repay the USDA-Rural Development loan in semiannual installments based on the payments stated for the Revenue Bonds, including interest, over 40 years. The Village has agreed to set special assessment rates sufficient to cover OWDA and USDA debt service requirements.

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. Debt – (Continued)**

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

| Year ending December 31: | OWDA Loan<br>2896  | OWDA Loan<br>4308 | USDA Rural<br>Development<br>Loan 2005 |
|--------------------------|--------------------|-------------------|----------------------------------------|
| 2009                     | \$89,461           | \$5,862           | \$86,190                               |
| 2010                     | 89,461             | 5,862             | 86,183                                 |
| 2011                     | 89,461             | 5,862             | 86,141                                 |
| 2012                     | 89,461             | 5,862             | 86,164                                 |
| 2013                     | 89,461             | 5,862             | 86,150                                 |
| 2014-2018                | 447,304            | 29,311            | 430,602                                |
| 2019-2023                | 447,303            | 29,311            | 430,807                                |
| 2024-2028                | 178,921            | 29,312            | 430,767                                |
| 2029-2033                |                    | 29,312            | 430,715                                |
| 2034-2038                |                    | 11,725            | 430,756                                |
| 2039-2043                |                    |                   | 430,725                                |
| 2044-2045                |                    |                   | 129,098                                |
| Total                    | <u>\$1,520,833</u> | <u>\$158,281</u>  | <u>\$3,144,298</u>                     |

**6. Retirement System**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**7. Risk Management**

**Risk Pool Membership**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. Risk Management – (Continued)**

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

**VILLAGE OF VAN BUREN  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007  
(Continued)**

**7. Risk Management – (Continued)**

|             | <u>2007</u>         | <u>2006</u>         |
|-------------|---------------------|---------------------|
| Assets      | \$37,560,071        | \$36,123,194        |
| Liabilities | <u>(17,340,825)</u> | <u>(16,738,904)</u> |
| Net Assets  | <u>\$20,219,246</u> | <u>\$19,384,290</u> |

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$3,300. This payable includes the subsequent year's contribution due if the Village terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

| <u>Contributions to PEP</u> |         |
|-----------------------------|---------|
| 2006                        | \$2,971 |
| 2007                        | \$2,971 |
| 2008                        | \$2,827 |

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Van Buren  
Hancock County  
103 South Main Street, P.O. Box 275  
Van Buren, Ohio 45889-0275

To the Village Council:

We have audited the financial statements of the Village of Van Buren, Hancock County, (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated September 15, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Village's management in a separate letter dated September 15, 2009.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance matters that we reported to the Village's management in a separate letter dated September 15, 2009.

We intend this report solely for the information and use of the finance committee, management, and Village Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

September 15, 2009



Mary Taylor, CPA  
Auditor of State

**VILLAGE OF VAN BUREN**

**HANCOCK 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  
OCTOBER 6, 2009**