



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF HARBOR VIEW
LUCAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Harbor View
Lucas County
P.O. Box 96
Harbor View, Ohio 43434-0096

To the Village Council:

We have audited the accompanying financial statements of the Village of Harbor View (the Village) as of and for the years ended December 31, 2001 and 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2001 and 2000, 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 August 26, 2002 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 § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end of the last name.

Jim Petro
Auditor of State

August 26, 2002

**VILLAGE OF HARBOR VIEW
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<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	\$7,030		\$7,030
Special Assessments		\$2,340	2,340
Intergovernmental Receipts	7,196	3,108	10,304
Fines, Licenses, and Permits	55		55
Miscellaneous	10,397		10,397
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	24,678	5,448	30,126
Cash Disbursements:			
Current:			
Security of Persons and Property	2,935		2,935
Leisure Time Activities	512		512
Basic Utility Services		1,542	1,542
Transportation		5,152	5,152
General Government	25,827		25,827
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	29,274	6,694	35,968
	<hr/>	<hr/>	<hr/>
Total Disbursements Over Receipts	(4,596)	(1,246)	(5,842)
Other Financing Receipts and (Disbursements):			
Transfers-In		44	44
Transfers-Out	(44)		(44)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(44)	44	
	<hr/>	<hr/>	<hr/>
Excess of Cash Disbursements and Other Financing Disbursements Over Cash Receipts and Other Financing Receipts	(4,640)	(1,202)	(5,842)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	12,791	19,036	31,827
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$8,151</u>	<u>\$17,834</u>	<u>\$25,985</u>

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

**VILLAGE OF HARBOR VIEW
LUCAS 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>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$6,739		\$6,739
Special Assessments		\$2,123	2,123
Intergovernmental Receipts	8,016	2,934	10,950
Charges for Services	384		384
Fines, Licenses, and Permits	10		10
Miscellaneous	7,672	130	7,802
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	22,821	5,187	28,008
Cash Disbursements:			
Current:			
Security of Persons and Property	2,835		2,835
Public Health Services	81		81
Leisure Time Activities	574		574
Basic Utility Services		1,784	1,784
Transportation		1,160	1,160
General Government	20,093		20,093
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	23,583	2,944	26,527
Total Receipts Over/(Under) Disbursements	(762)	2,243	1,481
Fund Cash Balances, January 1	13,553	16,793	30,346
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$12,791</u>	<u>\$19,036</u>	<u>\$31,827</u>

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

**VILLAGE OF HARBOR VIEW
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Harbor View (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 public service and recreation. The Village contracts with the Lucas County Sheriff's department to provide security of persons and property. The Village contracts with the City of Oregon to provide fire protection 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. 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 Funds:

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

Street Lighting Fund - This fund receives revenues from special assessments for street lighting.

D. Budgetary Process

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

**VILLAGE OF HARBOR VIEW
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

E. 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. The carrying amount of cash at December 31 was as follows:

	2001	2000
Demand deposits	\$25,985	\$31,827

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,525	\$24,678	\$1,153
Special Revenue	5,057	5,492	435
Total	\$28,582	\$30,170	\$1,588

**VILLAGE OF HARBOR VIEW
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,624	\$29,318	\$5,306
Special Revenue	13,450	6,694	6,756
Total	<u>\$48,074</u>	<u>\$36,012</u>	<u>\$12,062</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,190	\$22,821	\$631
Special Revenue	4,694	5,187	493
Total	<u>\$26,884</u>	<u>\$28,008</u>	<u>\$1,124</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$25,477	\$23,583	\$1,894
Special Revenue	17,700	2,944	14,756
Total	<u>\$43,177</u>	<u>\$26,527</u>	<u>\$16,650</u>

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund by \$11,099 for 2001 and \$3,287 for 2000. Appropriations also exceeded estimated resources for the following Special Revenue Funds for the years ended December 31, 2001 and 2000 respectively: Street Construction Maintenance and Repair Fund \$6,246 and \$7,450, Permissive Motor Vehicle License Tax Fund \$1,270 and \$1,200, and the Street Lighting Fund \$878 and \$4,356. Additionally, Contrary to Ohio Law, the village made expenditures without the certificate of the fiscal officer attached.

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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 payments, 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.

**VILLAGE OF HARBOR VIEW
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. RETIREMENT SYSTEMS

The Village Mayor, Clerk, and Council elected to belong to the Social Security System.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

7. MISCELLANEOUS REVENUE

The Village leases space to the United States Post Office and the Harbor View Yacht Club. During fiscal year 2001 lease revenue made up 83% of the Miscellaneous Revenue line item on the financial statements and 97% for fiscal year 2000.



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

Village of Harbor View
Lucas County
P.O. Box 96
Harbor View, Ohio 43434-0096

To the Village Council:

We have audited the accompanying financial statements of the Village of Harbor View (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 26, 2002. 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 *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 2001-30148-001 and 2001-30148-002.

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 August 26, 2002.

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

August 26, 2002

**VILLAGE OF HARBOR VIEW
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-30148-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) prohibits making any contract or giving any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer that the money is appropriated and is available or is in the process of collection and free from previous encumbrances. This section also provides two exceptions to the above requirements:

- A. Then an Now Certificate: If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, is such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Council.

If the date of the fiscal certificate is later than the date of the invoice, the certificate could not have been attached to the contract or order.

Ninety Two percent of disbursements tested had the invoice date which preceded the purchase order authorization date and neither exception was used.

We recommend the clerk certify that money is appropriated and is available or is in the process of collection and free from pervious encumbrance before making any contract or giving any order involving the expenditure of money. When prior certification is not feasible, we recommend the clerk utilize then and now certificates.

FINDING NUMBER 2001-30148-002

Noncompliance Citation

Ohio Revised Code § 5705.36 states that total appropriations must not exceed amount contained in the Certificate of Estimated Resources.

The Village's appropriations for the general and special revenue fund exceeded the amount contained in the Certificate of Estimated Resources for fiscal year 2001 and 2000.

**FINDING NUMBER 2001-30148-002
 (Continued)**

FY 2001:	Estimated Revenues	Appropriations	Variance
General Fund	\$23,525	\$34,624	\$11,099
Special Revenue Fund:			
Street CMR	2,704	8,950	6,246
Permissive MVLТ	230	1,500	1,270
Street Lighting	2,122	3,000	878
FY 2000:			
General Fund	\$22,190	\$25,477	\$3,287
Special Revenue Fund:			
Street CMR	3,550	11,000	7,450
Permissive MVLТ		1,200	1,200
Street Lighting	1,144	5,500	4,356

We recommend Village Council monitor the budget to assure that the total amount appropriated for each fund does not exceed the amount contained in the Certificate of Estimated resources for that fund.

**VILLAGE OF HARBOR VIEW
LUCAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-30148-001	Ohio Revised Code § 5705.41(D), Invoice date preceded the purchase order date.	No	Not corrected. Re-issued as finding number 2001-30148-001



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VILLAGE OF HARBOR VIEW

LUCAS 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
SEPTEMBER 26, 2002**