



**VILLAGE OF HELENA
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006



Mary Taylor, CPA
Auditor of State

VILLAGE OF HELENA
SANDUSKY COUNTY

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Mary Taylor, CPA

Auditor of State

Village of Helena
Sandusky County
P.O. Box 85
Helena, Ohio 43435-0085

To the Governing Board:

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.

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

Mary Taylor, CPA
Auditor of State

August 9, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Helena
Sandusky County
P.O. Box 85
Helena, Ohio 43435-0085

To the Governing Board:

We have audited the accompanying financial statements of the Village of Helena, Sandusky County, (the Village) as of and for the years ended December 31, 2006 and 2005. 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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, 2006 and 2005, 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, 2006 and 2005, or its changes in financial position or cash flows of its proprietary fund 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 Helena, Sandusky County, as of December 31, 2006 and 2005, 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 August 9, 2007, 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

August 9, 2007

**VILLAGE OF HELENA
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$19,220	\$1,324	\$20,544
Intergovernmental	34,022	13,647	47,669
Charges for Services	96		96
Fines, Licenses and Permits	65		65
Earnings on Investments	7,241	2,998	10,239
Miscellaneous	161		161
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	60,805	17,969	78,774
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	6,005		6,005
Public Health Services	122		122
Leisure Time Activities	2,526		2,526
Community Environment	1,725		1,725
Basic Utility Service	13,106		13,106
Transportation		2,100	2,100
General Government	25,399		25,399
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	48,883	2,100	50,983
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	11,922	15,869	27,791
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	202,798	97,267	300,065
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$214,720</u>	<u>\$113,136</u>	<u>\$327,856</u>

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

**VILLAGE OF HELENA
SANDUSKY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$27,143
Operating Cash Disbursements:	
Personal Services	350
Contractual Services	67,874
Total Operating Cash Disbursements	68,224
Operating Loss	(41,081)
Non-Operating Cash Receipts:	
Intergovernmental	59,788
Earnings on Investments	52
Other Non-Operating Cash Receipts	40
Total Non-Operating Cash Receipts	59,880
Non-Operating Cash Disbursements:	
Capital Outlay	100
Redemption of Principal	2,500
Total Non-Operating Cash Disbursements	2,600
Net Receipts Over Disbursements	16,199
Fund Cash Balance, January 1	5,466
Fund Cash Balance, December 31	\$21,665

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

**VILLAGE OF HELENA
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$18,947	\$1,355	\$20,302
Intergovernmental	20,989	13,497	34,486
Charges for Services	46		46
Earnings on Investments	5,988	1,707	7,695
Miscellaneous	6		6
	<u>45,976</u>	<u>16,559</u>	<u>62,535</u>
Total Cash Receipts			
	<u>45,976</u>	<u>16,559</u>	<u>62,535</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	8,794		8,794
Public Health Services	153		153
Leisure Time Activities	3,375		3,375
Community Environment	6,603		6,603
Basic Utility Service	12,482		12,482
Transportation		3,228	3,228
General Government	29,404		29,404
	<u>60,811</u>	<u>3,228</u>	<u>64,039</u>
Total Cash Disbursements			
	<u>60,811</u>	<u>3,228</u>	<u>64,039</u>
Total Receipts Over/(Under) Disbursements	<u>(14,835)</u>	<u>13,331</u>	<u>(1,504)</u>
Fund Cash Balances, January 1	<u>217,633</u>	<u>83,936</u>	<u>301,569</u>
Fund Cash Balances, December 31	<u>\$202,798</u>	<u>\$97,267</u>	<u>\$300,065</u>
Reserve for Encumbrances, December 31	<u>\$709</u>	<u>\$709</u>	<u>\$709</u>

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

**VILLAGE OF HELENA
SANDUSKY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$24,525
Operating Cash Disbursements:	
Personal Services	625
Contractual Services	45,106
Total Operating Cash Disbursements	45,731
Operating Loss	(21,206)
Non-Operating Cash Receipts:	
Intergovernmental	10,000
Earnings on Investments	161
Total Non-Operating Cash Receipts	10,161
Net Receipts Under Disbursements	(11,045)
Fund Cash Balance, January 1	16,511
Fund Cash Balance, December 31	\$5,466

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

**VILLAGE OF HELENA
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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 Helena, Sandusky County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides park operations, fire and police services. The Village contracts with the Sandusky County Sheriff's department to provide security of persons and property. The Village contracts with Helena Community Volunteer Fire Department to receive fire protection services.

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. Cash

The Village values certificates of deposit at cost. Amounts on deposit with the Sandusky County Treasurer are valued at the County Treasurers carrying amount.

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 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 HELENA
SANDUSKY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for maintenance of state highways within the Village.

3. 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:

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

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, 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.

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 2006 and 2005 budgetary activity appears in Note 3.

F. 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.

**VILLAGE OF HELENA
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. EQUITY IN POOLED CASH

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

	2006	2005
Demand deposits	\$57,555	\$25,041
Funds on deposit with Sandusky County Treasurer	9,609	8,285
Certificates of deposit	282,357	272,205
Total deposits	\$349,521	\$305,531

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool. Funds on deposit with the County Treasurer are held in the County's cash and investment pool. The County Treasurer is responsible for obtaining sufficient collateral for such funds.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,955	\$60,805	\$2,850
Special Revenue	13,855	17,969	4,114
Enterprise	42,000	87,023	45,023
Total	\$113,810	\$165,797	\$51,987

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,626	\$48,883	\$19,743
Special Revenue	16,967	2,100	14,867
Enterprise	73,600	70,824	2,776
Total	\$159,193	\$121,807	\$37,386

**VILLAGE OF HELENA
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY – (CONTINUED)

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,434	\$45,976	\$2,542
Special Revenue	15,581	16,559	978
Enterprise	32,156	34,686	2,530
Total	\$91,171	\$97,221	\$6,050

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$104,690	\$61,520	\$43,170
Special Revenue	32,200	3,228	28,972
Enterprise	45,315	45,731	(416)
Total	\$182,205	\$110,479	\$71,726

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.

Unpaid sewer tap-in fees owed by residence of the Village are included on the tax bills the residents receive from the County.

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 HELENA
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

5. DEBT

Debt outstanding at December 31, 2006, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #4183	\$22,500	0%
Ohio Water Development Authority Loan #4484	44,788	0%
Total	\$67,288	

The Ohio Water Development Authority (OWDA) loan #4183 relates to a wastewater system project the Ohio Environmental Protection Agency mandated. The OWDA approved \$25,000 in loans to the Village for the planning of this project. The Village will repay the loans in annual installments of \$2,500, over 10 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan #4484 relates to a wastewater system project the Ohio Environmental Protection Agency mandated. The OWDA approved \$50,000 in loans to the Village for the design of this project. The Village will repay the loans in annual installments of \$4,479, over 10 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Amortization of the above debt is scheduled as follows:

Year ending December 31:	OWDA #4183	OWDA #4484
2007	\$2,500	
2008	2,500	\$4,478
2009	2,500	4,478
2010	2,500	4,479
2011	2,500	4,479
2012-2016	10,000	22,395
2017		4,479
Total	\$22,500	\$44,788

6. RETIREMENT SYSTEM

The Fiscal Officer and two Council members 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 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Village contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

**VILLAGE OF HELENA
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. RETIREMENT SYSTEM – (CONTINUED)

Effective July 1, 1991, all employees not otherwise covered by a state retirement system have an option to choose Social Security or the appropriate state system. As of December 31, 2006, council members and the Mayor have elected Social Security. The Village's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Crime;
- Contractors Equipment;
- Electronic Data Processing;
- Vehicles;
- Terrorism; and
- Errors and omissions.



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 Helena
Sandusky County
P.O. Box 85
Helena, Ohio 43435-0085

To the Governing Board:

We have audited the financial statements of the Village of Helena, Sandusky County, (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated August 9, 2007, 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.

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www.auditor.state.oh.us

We noted certain matters that we reported to the Village's management in a separate letter dated August 9, 2007.

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 a certain noncompliance that we reported to the Village's management in a separate letter dated August 9, 2007.

We intend this report solely for the information and use of the audit committee, management and the Governing Board. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 9, 2007



Mary Taylor, CPA
Auditor of State

VILLAGE OF HELENA

SANDUSKY 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 6, 2007