

VILLAGE OF HEBRON

AUDIT REPORT

JANUARY 1, 2007 - DECEMBER 31, 2008

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



Mary Taylor, CPA

Auditor of State

Village Council
Village of Hebron
934 W. Main Street
P.O. Box 898
Hebron, Ohio 43025

We have reviewed the *Independent Auditors' Report* of the Village of Hebron, Licking County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Hebron is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 21, 2009

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

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**VILLAGE OF HEBRON
LICKING COUNTY
JANUARY 1, 2007 - DECEMBER 31, 2008**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Mayor and Village Council
Village of Hebron
934 W. Main Street
Hebron, Ohio 43025

We have audited the accompanying financial statements of the Village of Hebron, Licking County, as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village of Hebron'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 described more fully in Note 1, the Village of Hebron 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, 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 paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Hebron's combined funds as of December 31, 2008 and 2007, and their 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 of the Village of Hebron, Licking County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements and reserve for encumbrances and cash flows for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also require the Village to include Management's Discussion and Analysis for the year ended December 31, 2008 and 2007. 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 a report dated March 19, 2009, on our consideration of the Village of Hebron's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
March 19, 2009

**VILLAGE OF HEBRON
LICKING COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 1,136,291	\$ 594,646	\$ -	\$ 1,730,937
Intergovernmental Receipts	128,940	139,855	-	268,795
Charges for Services	121,645	453,827	-	575,472
Fines, Licenses, and Permits	-	24,406	-	24,406
Earnings on Investments	90,765	-	411,336	502,101
Miscellaneous	33,452	131,104	-	164,556
Total Cash Receipts	<u>1,511,093</u>	<u>1,343,838</u>	<u>411,336</u>	<u>3,266,267</u>
Cash Disbursements				
Current:				
Security of Persons and Property	38,992	1,524,289	-	1,563,281
Public Health Services	-	92	-	92
Leisure Time Activities	-	27,677	-	27,677
Community Environment	-	66,839	-	66,839
Transportation	-	300,359	-	300,359
General Government	302,710	-	-	302,710
Debt Service				
Principal	65,039	48,502	-	113,541
Interest	69,205	13,513	-	82,718
Capital Outlay	-	42,660	905,819	948,479
Total Cash Disbursements	<u>475,946</u>	<u>2,023,931</u>	<u>905,819</u>	<u>3,405,696</u>
Total Receipts Over/(Under) Disbursements	1,035,147	(680,093)	(494,483)	(139,429)
Other Financing Receipts/(Disbursements)				
Sale of Bonds/Notes	-	-	383,990	383,990
Other Financing Uses	(46,898)	-	-	(46,898)
Transfer In	-	867,518	103,102	970,620
Transfer Out	(970,620)	-	-	(970,620)
Total Other Financing Receipts/(Disbursements)	(1,017,518)	867,518	487,092	337,092
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ 17,629	\$ 187,426	\$ (7,391)	\$ 197,664
Fund Cash Balances, January 1, 2008	<u>907,572</u>	<u>679,340</u>	<u>1,097,059</u>	<u>2,683,971</u>
Fund Cash Balances, December 31, 2008	<u>\$ 925,201</u>	<u>\$ 866,766</u>	<u>\$ 1,089,668</u>	<u>\$ 2,881,635</u>
Reserve for Encumbrances, December 31, 2008	<u>\$ -</u>	<u>\$ 28,000</u>	<u>\$ -</u>	<u>\$ 28,000</u>

See notes to financial statements.

**VILLAGE OF HEBRON
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUNDS AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type			Fiduciary Fund Types		Totals (Memorandum Only)
	Water Fund	Sewer Fund	Total Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:						
Charges for Services	\$ 1,024,700	\$ 1,492,276	\$ 2,516,976	\$ -	\$ -	\$ 2,516,976
Total Operating Cash Receipts	<u>1,024,700</u>	<u>1,492,276</u>	<u>2,516,976</u>	<u>-</u>	<u>-</u>	<u>\$ 2,516,976</u>
Operating Cash Disbursements:						
Personal Services	315,926	479,870	795,796	-	-	795,796
Travel Transportation	-	-	-	-	-	-
Contractual Services	104,905	299,059	403,964	-	-	403,964
Supplies and Materials	90,246	34,044	124,290	-	-	124,290
Capital Outlay	-	-	-	-	-	-
Total Operating Cash Disbursements	<u>511,077</u>	<u>812,973</u>	<u>1,324,050</u>	<u>-</u>	<u>-</u>	<u>1,324,050</u>
Operating Income/(Loss)	<u>513,623</u>	<u>679,303</u>	<u>1,192,926</u>	<u>-</u>	<u>-</u>	<u>1,192,926</u>
Non-Operating Cash Receipts:						
Miscellaneous	3,153	171,969	175,122	-	-	175,122
Interest	8,695	4,190	12,885	3	-	12,888
Other Non-operating Receipts	86,578	306,681	393,259	-	29,115	422,374
Total Non-Operating Cash Receipts	<u>98,426</u>	<u>482,840</u>	<u>581,266</u>	<u>3</u>	<u>29,115</u>	<u>610,384</u>
Non-Operating Cash Disbursements:						
Other Non-operating Cash Disbursements	424,491	-	424,491	-	29,200	453,691
Debt Service						
Principal	86,465	855,680	942,145	-	-	942,145
Interest	363,295	212,978	576,273	-	-	576,273
Total Non-Operating Cash Disbursements	<u>874,251</u>	<u>1,068,658</u>	<u>1,942,909</u>	<u>-</u>	<u>29,200</u>	<u>1,972,109</u>
Net Receipts Over/(Under) Disbursements	<u>(262,202)</u>	<u>93,485</u>	<u>(168,717)</u>	<u>3</u>	<u>(85)</u>	<u>(168,799)</u>
Fund Cash Balances, January 1, 2008	<u>2,131,163</u>	<u>1,318,768</u>	<u>3,449,931</u>	<u>4,409</u>	<u>2,205</u>	<u>3,456,545</u>
Fund Cash Balances, December 31, 2008	<u>\$ 1,868,961</u>	<u>\$ 1,412,253</u>	<u>\$ 3,281,214</u>	<u>\$ 4,412</u>	<u>\$ 2,120</u>	<u>\$ 3,287,746</u>
Reserve for Encumbrances, December 31, 2008	<u>\$ 9,800</u>	<u>\$ -</u>	<u>\$ 9,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,800</u>

See notes to financial statements.

**VILLAGE OF HEBRON
LICKING COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts				
Property Tax and Other Local Taxes	\$ 1,108,909	\$ 584,389	\$ -	\$ 1,693,298
Intergovernmental Receipts	103,842	140,798	-	244,640
Charges for Services	-	672,394	-	672,394
Fines, Licenses, and Permits	-	30,971	-	30,971
Earnings on Investments	228,150	-	411,437	639,587
Miscellaneous	70,754	85,686	27,218	183,658
Total Cash Receipts	<u>1,511,655</u>	<u>1,514,238</u>	<u>438,655</u>	<u>3,464,548</u>
Cash Disbursements				
Current:				
Security of Persons and Property	27,753	1,473,420	-	1,501,173
Public Health Services	4,438	2,077	-	6,515
Leisure Time Activities	-	49,941	-	49,941
Community Environment	-	103,179	-	103,179
Transportation	-	361,328	-	361,328
General Government	285,882	-	-	285,882
Debt Service				
Principal	126,888	32,330	-	159,218
Interest	78,050	2,533	-	80,583
Capital Outlay	-	311,243	2,445,491	2,756,734
Total Cash Disbursements	<u>523,011</u>	<u>2,336,051</u>	<u>2,445,491</u>	<u>5,304,553</u>
Total Receipts Over/(Under) Disbursements	988,644	(821,813)	(2,006,836)	(1,840,005)
Other Financing Receipts/(Disbursements)				
Sale of Bonds/Notes	-	103,704	1,965,797	2,069,501
Other Financing Sources	-	-	196,285	196,285
Transfer In	-	847,000	4,804	851,804
Transfer Out	(851,804)	-	-	(851,804)
Total Other Financing Receipts/(Disbursements)	(851,804)	950,704	2,166,886	2,265,786
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$ 136,840	\$ 128,891	\$ 160,050	\$ 425,781
Fund Cash Balances, January 1, 2007	<u>770,732</u>	<u>550,449</u>	<u>937,009</u>	<u>2,258,190</u>
Fund Cash Balances, December 31, 2007	<u>\$ 907,572</u>	<u>\$ 679,340</u>	<u>\$ 1,097,059</u>	<u>\$ 2,683,971</u>
Reserve for Encumbrances, December 31, 2007	<u>\$ 14,225</u>	<u>\$ 39,600</u>	<u>\$ -</u>	<u>\$ 53,825</u>

See notes to financial statements.

**VILLAGE OF HEBRON
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUNDS AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Proprietary Fund Type			Fiduciary Fund Types		Totals (Memorandum Only)
	Water Fund	Sewer Fund	Total Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:						
Charges for Services	\$ 925,688	\$ 1,857,200	\$ 2,782,888	\$ -	\$ -	\$ 2,782,888
Total Operating Cash Receipts	925,688	1,857,200	2,782,888	-	-	\$ 2,782,888
Operating Cash Disbursements:						
Personal Services	269,078	339,646	608,724	-	-	608,724
Travel Transportation	184	133	317	-	-	317
Contractual Services	97,625	402,053	499,678	-	-	499,678
Supplies and Materials	111,716	119,408	231,124	-	-	231,124
Capital Outlay	120,903	39,501	160,404	-	-	160,404
Total Operating Cash Disbursements	599,506	900,741	1,500,247	-	-	1,500,247
Operating Income/(Loss)	326,182	956,459	1,282,641	-	-	1,282,641
Non-Operating Cash Receipts:						
Miscellaneous	37,816	160,598	198,414	-	-	198,414
Interest	5,536	1,016	6,552	4	-	6,556
Other Non-operating Receipts	-	-	-	-	24,796	24,796
Total Non-Operating Cash Receipts	43,352	161,614	204,966	4	24,796	229,766
Non-Operating Cash Disbursements:						
Other Non-operating Cash Disbursements	-	-	-	-	22,591	22,591
Debt Service						
Principal	146,465	850,680	997,145	-	-	997,145
Interest	325,222	315,382	640,604	-	-	640,604
Total Non-Operating Cash Disbursements	471,687	1,166,062	1,637,749	-	22,591	1,660,340
Net Receipts Over/(Under) Disbursements	(102,153)	(47,989)	(150,142)	4	2,205	(147,933)
Fund Cash Balances, January 1, 2007	2,233,316	1,366,757	3,600,073	4,405	-	3,604,478
Fund Cash Balances, December 31, 2007	\$ 2,131,163	\$ 1,318,768	\$ 3,449,931	\$ 4,409	\$ 2,205	\$ 3,456,545
Reserve for Encumbrances, December 31, 2007	\$ 28,325	\$ 19,350	\$ 47,675	\$ -	\$ -	\$ 47,675

See notes to financial statements.

**VILLAGE OF HEBRON
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Hebron, Licking County, Ohio (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council and provides general governmental services, street construction and maintenance, water and sewer utility services, park operations (leisure time activities), and police services.

The Village participates in the Ohio Government Risk Management Plan public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated, non-profit association providing a formalized, jointly administered self insurance risk management plan. Member governments pay annual premiums to fund the Plan. The Plan pays judgments, settlements and other expenses resulting from covered claims exceeding the member's deductible.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Investments are reported as assets. Accordingly, purchase of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**VILLAGE OF HEBRON
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Governmental Funds

General Fund

The General fund is the operating fund. It is used to accounts for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than form trusts or for capital projects) that are restricted to expenditures 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.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Funds:

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

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

OWDA WWTP Fund - This fund receives proceeds from a OWDA loan for the expansion of the wastewater treatment plant.

Enterprise Funds

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

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

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

**VILLAGE OF HEBRON
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Mayors Court Fund - This fund receives money from citations issued the Village's Police Department. Money collected is distributed in accordance with the Ohio Revised Code to the Village and State.

E. Budgetary Process

The Ohio Revised Code requires that the Village budget annually.

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF HEBRON
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 4,574,491	\$ 4,511,798
Certificates of deposit	295,875	295,875
Total Deposits	<u>4,870,366</u>	<u>4,807,673</u>
STAR Ohio	207,547	202,365
Treasury Bonds and Notes	1,091,468	1,130,478
Total deposits and investments	<u>\$ 6,169,381</u>	<u>\$ 6,140,516</u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. Treasury Bonds and Notes are held in book-entry form at the Federal Reserve, in the name of the Village's financial institution.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2008 and 2007 is as follows:

2008 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 279,520	\$ 1,511,093	\$ 1,231,573
Special Revenue	2,369,342	2,211,356	(157,986)
Capital Projects	444,343	898,428	454,085
Enterprise	2,565,906	3,098,242	532,336
Fiduciary	5	3	(2)
Total	<u>\$ 5,659,116</u>	<u>\$ 7,719,122</u>	<u>\$ 2,060,006</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,843,277	\$ 1,493,464	\$ 349,813
Special Revenue	2,435,297	2,051,931	383,366
Capital Projects	103,150	905,819	(802,669)
Enterprise	3,037,627	3,276,759	(239,132)
Fiduciary	-	-	-
Total	<u>\$ 7,419,351</u>	<u>\$ 7,727,973</u>	<u>\$ (308,622)</u>

**VILLAGE OF HEBRON
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

3. BUDGETARY ACTIVITY (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,648,452	\$ 1,511,655	\$ (136,797)
Special Revenue	1,590,846	2,464,942	874,096
Capital Projects	-	2,605,541	2,605,541
Enterprise	2,492,000	2,987,854	495,854
Fiduciary	5	4	(1)
Total	\$ 5,731,303	\$ 9,569,996	\$ 3,838,693

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,905,190	\$ 1,389,040	\$ 516,150
Special Revenue	2,555,125	2,375,651	179,474
Capital Projects	3,216,363	2,445,491	770,872
Enterprise	6,211,392	3,185,671	3,025,721
Fiduciary	-	-	-
Total	\$13,888,070	\$ 9,395,853	\$ 4,492,217

Contrary to Ohio Revised Code Section 5705.39, the Village had funds with appropriations greater than estimated resources.

Contrary to Ohio Revised Code Section 5705.41(B), the Village had funds that expended more than the appropriation authority.

4. PROPERTY TAX

Property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF HEBRON
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	2008	
	<u>Principal</u>	<u>%</u>
Ohio Water Development Authority Loans	\$ 12,424,213	0.0
Sanitary Sewer Mortgage Revenue Bonds	4,165,000	5.8
Water Mortgage Revenue Bonds 2002	2,420,000	3.7
Building Bond 2006 Note	200,068	5.2
OPWC Loan CQ912	85,988	0.0
OPWC Loan CQ05J	568,598	0.0
Municipal Building Bond	1,040,000	6.0
Water System 2004 Mort Rev Bonds	2,975,000	5.9
Total	<u>\$ 23,878,867</u>	

The Public Works Commission (OPWC) loan (CQ912) relates to water and sewer plant expansion projects that were mandated by the Ohio Environmental Protection Agency. OPWC approved up to \$229,300, to the Village for this project. The OPWC loan CQ912 will be repaid in semiannual installments of \$5,733 with no interest, over 20 years. OPWC loan CQ05J relates to West Main Street paving, curbs, and gutters. This was project was approved for \$614,700 with \$614,700 being disbursed as of December 31, 2008. The OPWC loan CQ05J will be repaid in semiannual installments of \$15,368 with no interest, over 20 years.

On January 15, 2002, the Village issued Sanitary Sewer System Mortgage Revenue Bonds were issued to improve the Village's sanitary sewer system.

On August 15, 2001, the Village issued Municipal Building Bonds to finance the completion of the Municipal Building.

On September 12, 2002, the Village issued Water System Mortgage Revenue Bonds, for improving the Village's water system.

On September 25, 2006, the Village issued Building Bond Anticipation Note, due October 12, 2016 with payments made monthly.

The OWDA loan is for expansion of the wastewater treatment plant. This project was approved for \$14,313,600. \$14,213,413 has been drawn on this project through December 31, 2008. No amortization schedule has been completed and is not included in the schedule below.

On September 1, 2004, the Village issued Water System Improvement Mortgage Revenue Bonds, Series 2004, for improving the Village's water system.

**VILLAGE OF HEBRON
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

5. DEBT (Continued)

LEASE PURCHASE AGREEMENTS

On January 4, 2006, the Village entered into a lease purchase agreement with Park National Bank for the purchase of a 2006 Ford F450 Dump Truck. The lease will be paid in yearly payments including interest total \$19,495, over three years. The balance as of December 31, 2008 is \$18,609.

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

Year ending December 31	Building Bond Note	OPWC Loan	Sewer Bonds	Municipal Building	Leases
2009	\$ 31,142	\$ 42,200	\$ 381,245	\$ 116,303	\$ 19,495
2010	31,159	42,200	379,575	113,783	-
2011	31,175	42,200	382,525	111,173	-
2012	31,174	42,200	383,325	99,663	-
2013	31,211	42,200	378,550	103,103	-
2014-2018	88,537	182,338	1,885,313	644,120	-
2019-2023	-	153,675	1,864,976	272,500	-
2024-2028	-	107,573	1,111,438	-	-
2029-2034	-	-	-	-	-
	<u>\$ 244,398</u>	<u>\$ 654,586</u>	<u>\$6,766,947</u>	<u>\$1,460,645</u>	<u>\$ 19,495</u>

Year ending December 31	Water Bonds
2009	\$ 466,319
2010	463,413
2011	465,213
2012	466,500
2013	467,275
2014-2018	2,320,707
2019-2023	2,329,888
2024-2028	2,099,495
2029-2034	249,394
	<u>\$ 9,328,204</u>

6. RETIREMENT SYSTEMS

The Villages law enforcement officers and firefighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members of PFDPF contributed 10% of their wages to PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 10.0% and 9.5% of their gross salaries for 2008 and 2007, respectively. The Village contributed an amount equal to 14.00% and 13.85% of participants gross salaries for 2008 and 2007, respectively. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF HEBRON
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

7. RISK MANAGEMENT

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 Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

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

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

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

	<u>2007</u>	<u>2006</u>
Assets	\$ 11,136,455	\$ 9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Retained Earnings	<u>\$ 6,862,902</u>	<u>\$ 6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Mayor and Village Council
Village of Hebron
934 W. Main Street
Hebron, Ohio 43025

We have audited the financial statements of The Village of Hebron as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 19, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financing Reporting

In planning and performing our audit, we considered Village of Hebron'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 Villages 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 a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purposes 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 have reported to management in a separate letter dated March 19, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Hebron's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 two instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and response as items 2008-01 and 2008-02. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Hebron in a separate letter dated March 19, 2009.

The Village of Hebron's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Hebron's responses and, accordingly, we express no opinion on it.

This report is intended for the information of the Mayor, Clerk, Council and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
March 19, 2009

**VILLAGE OF HEBRON
LICKING COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008**

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

FINDING NUMBER 2008-01

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. In 2008 total appropriations exceeded estimated resources in the General Fund and FEMA Fund. In 2007, total appropriations exceeded estimated resources in the Street Fund, Parks and Recreation Fund, Zoning Fund, Police Fund, Sewer Replacement Fund and the Sewer Surplus Fund.

Client Response: We agree with finding and will try to improve in the future.

FINDING NUMBER 2008-02

Ohio Revised Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it had been appropriated. In 2008, expenditures exceeded appropriations in the EMS Billing Fund, Sanitary Sewer Bond Capital Projects Fund, OWDA-WWTP Expansion Fund, and Water Operating Fund. In 2007, expenditures exceeded appropriations in the Zoning Fund, Fire Levy 2 Fund, EMS Billing Fund, and Municipal Building Bond Capital Projects Fund.

Client Response: We agree with finding and will try to improve in the future.



Mary Taylor, CPA
Auditor of State

VILLAGE OF HEBRON

LICKING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 4, 2009**