



**VILLAGE OF TERRACE PARK
HAMILTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF TERRACE PARK
HAMILTON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Village of Terrace Park
Hamilton County
428 Elm Avenue
Terrace Park, Ohio 45174

To the Village Council:

We have audited the accompanying financial statements of the Village of Terrace Park, Hamilton County, Ohio (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 and reserves for encumbrances 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 May 9, 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 the 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 stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

May 9, 2002

**VILLAGE OF TERRACE PARK
HAMILTON COUNTY**

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property Tax and Other Local Taxes	\$1,098,993	\$0	\$0	\$1,098,993
Special Assessments		39,701		39,701
Intergovernmental Receipts	154,356	90,389		244,745
Fines, Licenses, and Permits	90,859	5,937		96,796
Earnings on Investments	42,772	2,313		45,085
Miscellaneous	46,652	725		47,377
 Total Cash Receipts	 1,433,632	 139,065	 0	 1,572,697
Cash Disbursements:				
Current:				
Security of Persons and Property	608,467	650		609,117
Public Health Services	4,392			4,392
Leisure Time Activities	1,020			1,020
Community Environment	58,533	26,219		84,752
Basic Utility Services	74,959			74,959
Transportation	317,480	87,743		405,223
General Government	240,483	2,239		242,722
Debt Service:				
Principal Payments	10,000			10,000
 Total Cash Disbursements	 1,315,334	 116,851	 0	 1,432,185
 Total Receipts Over/(Under) Disbursements	 118,298	 22,214	 0	 140,512
Other Financing Receipts:				
Other Financing Sources	1,287			1,287
 Total Other Financing Receipts	 1,287	 0	 0	 1,287
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	 119,585	 22,214	 0	 141,799
 Fund Cash Balances, January 1	 841,569	 121,686	 16,740	 979,995
 Fund Cash Balances, December 31	 \$961,154	 \$143,900	 \$16,740	 \$1,121,794
 Reserves for Encumbrances, December 31	 \$59,246	 \$0	 \$0	 \$59,246

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

VILLAGE OF TERRACE PARK
HAMILTON COUNTY

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

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$73,263</u>
Total Non-Operating Cash Receipts	<u>73,263</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>75,622</u>
Total Non-Operating Cash Disbursements	<u>75,622</u>
Net Receipts Over/(Under) Disbursements	(2,359)
Fund Cash Balance, January 1	<u>3,721</u>
Fund Cash Balance, December 31	<u>\$1,362</u>

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

**VILLAGE OF TERRACE PARK
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property Tax and Other Local Taxes	\$715,642	\$9,721	\$0	\$725,363
Special Assessments		39,365		39,365
Intergovernmental Receipts	154,655	56,293		210,948
Fines, Licenses, and Permits	89,159	6,245		95,404
Earnings on Investments	84,039	3,105		87,144
Miscellaneous	27,953	110		28,063
	<u>1,071,448</u>	<u>114,839</u>	<u>0</u>	<u>1,186,287</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	617,720	700	0	618,420
Public Health Services	3,781			3,781
Leisure Time Activities	3,665			3,665
Community Environment	46,434	33,327		79,761
Basic Utility Services	74,190			74,190
Transportation	752,278	63,255		815,533
General Government	231,624	1,733		233,357
Debt Service:				
Principal Payments	10,000			10,000
	<u>1,739,692</u>	<u>99,015</u>	<u>0</u>	<u>1,838,707</u>
Total Receipts Over/(Under) Disbursements	<u>(668,244)</u>	<u>15,824</u>	<u>0</u>	<u>(652,420)</u>
Other Financing Receipts:				
Other Financing Sources	91			91
Total Other Financing Receipts	<u>91</u>	<u>0</u>	<u>0</u>	<u>91</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(668,153)	15,824	0	(652,329)
Fund Cash Balances January 1	<u>1,509,722</u>	<u>105,862</u>	<u>16,740</u>	<u>1,632,324</u>
Fund Cash Balances, December 31	<u>\$841,569</u>	<u>\$121,686</u>	<u>\$16,740</u>	<u>\$979,995</u>
Reserves for Encumbrances, December 31	<u>\$15,473</u>	<u>\$0</u>	<u>\$0</u>	<u>\$15,473</u>

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

VILLAGE OF TERRACE PARK
HAMILTON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$79,534</u>
Total Non-Operating Cash Receipts	<u>79,534</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>76,643</u>
Total Non-Operating Cash Disbursements	<u>76,643</u>
Net Receipts Over/(Under) Disbursements	2,891
Fund Cash Balance, January 1	<u>830</u>
Fund Cash Balance, December 31	<u><u>\$3,721</u></u>

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

**VILLAGE OF VILLAGE OF TERRACE PARK
HAMILTON 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 Terrace Park, Hamilton 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. The Village provides general government services, including road maintenance, fire and EMS services, and police services. The Village contracts with the Hamilton County Sheriff's department to provide security of persons and property. The Village contracts with Miami Township to provide advanced life support 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. Cash and Investments

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, purchases 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:

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:

**VILLAGE OF VILLAGE OF TERRACE PARK
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Street Construction, Maintenance and Repair Fund

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

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant capital projects fund:

Issue II Elm Road

This fund accounts for the proceeds remaining from a road improvement project.

4. Fiduciary Fund (Agency Fund)

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

Mayor's Court Fund

This fund receives fines and costs from criminal and traffic citations heard in Mayor's Court. The Village and State distributions are made to the appropriate agency.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

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

**VILLAGE OF VILLAGE OF TERRACE PARK
HAMILTON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment 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:

	2001	2000
Demand deposits	\$ 213,831	\$ 108,159
Mayor's Court demand deposits	1,361	3,721
Total deposits	215,192	111,880
STAR Ohio	907,964	871,836
Total investments	907,964	871,836
Total deposits and investments	\$1,123,156	\$983,716

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

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF VILLAGE OF TERRACE PARK
HAMILTON COUNTY**

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,432,665	\$1,434,919	\$2,254
Special Revenue	137,884	139,065	1,181
Total	\$1,570,549	\$1,573,984	\$3,435

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,510,749	\$1,374,580	\$136,169
Special Revenue	131,664	116,851	14,813
Total	\$1,642,413	\$1,491,431	\$150,982

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$929,229	\$1,071,539	\$142,310
Special Revenue	91,050	114,839	23,789
Total	\$1,020,279	\$1,186,378	\$166,099

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,838,805	\$1,755,165	\$83,640
Special Revenue	104,567	99,015	5,552
Total	\$1,943,372	\$1,854,180	\$89,192

4. PROPERTY TAX

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

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 VILLAGE OF TERRACE PARK
HAMILTON COUNTY**

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

The Village purchased land in 1999 to be paid over a three year period. The purchase price was \$42,000 with \$1,000 earnest money and \$14,000 due at closing. The remaining \$27,000 is being paid by the Village through a no interest promissory note. The Village retired \$10,000 in 2000 and \$10,000 in 2001. Payment of the remaining \$7,000 is scheduled to be made in 2002 as follows:

<u>Due October 1</u>	<u>Payments</u>
2002	<u><u>\$ 7,000</u></u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance, dental, life, and disability coverage to full-time employees through a private carrier.

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

Village of Village of Terrace Park
Hamilton County
428 Elm Avenue
Terrace Park, Ohio 45174

To the Village Council:

We have audited the accompanying financial statements of the Village of Terrace Park, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 9, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 9, 2002.

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 May 9, 2002.

Village of Village of Terrace Park
Hamilton County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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 fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

May 9, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF TERRACE PARK

HAMILTON 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 6, 2002**