

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2008 and 2007

EXIE SCRIBNER, FISCAL OFFICER



Mary Taylor, CPA
Auditor of State

Village Council
Village of Harpster
PO Box 96
Harpster, Ohio 43323

We have reviewed the *Independent Auditor's Report* of the Village of Harpster, Wyandot County, prepared by Julian & Grube, 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 Auditor's 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 Auditor's 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 Harpster is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 9, 2009

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**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

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Julian & Grube, Inc.
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Independent Auditor's Report

Members of Council and Mayor
Village of Harpster
P.O. Box 96
Harpster, OH 43323

We have audited the accompanying financial statements of the Village of Harpster, Wyandot County, Ohio, as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village of Harpster's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed more fully in Note 2, the Village of Harpster 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.

Revisions to GAAP would require the Village of Harpster to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for December 31, 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for December 31, 2008 and 2007. While the Village of Harpster 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 of Harpster has elected not to reformat its statements. Since the Village of Harpster 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.

Independent Auditors' Report
Village of Harpster
Page Two

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Harpster, Wyandot County, Ohio, as of and for the years ended December 31, 2008 and 2007, and its combined cash receipts and cash disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the accounting basis Note 2 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village of Harpster to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village of Harpster 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 May 15, 2009 on our consideration of the Village of Harpster's internal control over financial reporting and on 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.



Julian & Grube, Inc.
May 15, 2009

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2008 AND 2007

<u>Cash and Cash Equivalents</u>	<u>2008</u>	<u>2007</u>
Cash and Cash Equivalents	\$ 67,164	\$ 66,778
Total Cash and Cash Equivalents	<u>\$ 67,164</u>	<u>\$ 66,778</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 51,333	\$ 52,223
Special Revenue Funds	<u>15,831</u>	<u>14,555</u>
Total Governmental Fund Types	<u>67,164</u>	<u>66,778</u>
Total Fund Balances	<u>\$ 67,164</u>	<u>\$ 66,778</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 12,665	\$ 1,786	\$ 14,451
Intergovernmental	7,729	9,306	17,035
Interest	1,558	17	1,575
Miscellaneous	360	530	890
Total cash receipts	<u>22,312</u>	<u>11,639</u>	<u>33,951</u>
Cash disbursements:			
Current:			
Security of persons and property	4,358	-	4,358
Public health services	795	-	795
Leisure time activities	4,651	-	4,651
Basic utility services	455	-	455
Transportation	326	10,363	10,689
General government	12,425	-	12,425
Total cash disbursements	<u>23,010</u>	<u>10,363</u>	<u>33,373</u>
Total cash receipts over/(under) cash disbursements	<u>(698)</u>	<u>1,276</u>	<u>578</u>
Other financing receipts/(disbursements):			
Other financing uses	(192)	-	(192)
Total other financing receipts/(disbursements)	<u>(192)</u>	<u>-</u>	<u>(192)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(890)	1,276	386
Cash fund balances, January 1, 2008	<u>52,223</u>	<u>14,555</u>	<u>66,778</u>
Cash fund balances, December 31, 2008	<u>\$ 51,333</u>	<u>\$ 15,831</u>	<u>\$ 67,164</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

Fund Types	Receipts										Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2008 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2008 Appropriations	Total	Actual 2008 Disbursements	Encumbrances Outstanding at 12/31/08		Total
Governmental:												
General	\$ 52,223	\$ 21,579	\$ 73,802	\$ 22,312	\$ 733	\$ -	\$ 76,801	\$ 76,801	\$ 23,202	\$ -	\$ 23,202	\$ 53,599
Special Revenue	14,555	10,800	25,355	11,639	839	-	25,355	25,355	10,363	-	10,363	14,992
Total	\$ 66,778	\$ 32,379	\$ 99,157	\$ 33,951	\$ 1,572	\$ -	\$ 102,156	\$ 102,156	\$ 33,565	\$ -	\$ 33,565	\$ 68,591
(Memorandum Only)												

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 14,947	\$ 2,066	\$ 17,013
Intergovernmental	6,620	9,649	16,269
Interest	2,408	153	2,561
Miscellaneous	209	560	769
Total cash receipts	<u>24,184</u>	<u>12,428</u>	<u>36,612</u>
Cash disbursements:			
Current:			
Security of persons and property	5,066	-	5,066
Public health services	1,162	-	1,162
Leisure time activities	3,304	-	3,304
Transportation	-	29,822	29,822
General government	17,749	-	17,749
Total cash disbursements	<u>27,281</u>	<u>29,822</u>	<u>57,103</u>
Total cash receipts over/(under) cash disbursements	(3,097)	(17,394)	(20,491)
Cash fund balances, January 1, 2007	<u>55,320</u>	<u>31,949</u>	<u>87,269</u>
Cash fund balances, December 31, 2007	<u>\$ 52,223</u>	<u>\$ 14,555</u>	<u>\$ 66,778</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

Fund Types	Receipts										Variance Favorable (Unfavorable)	Total	Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2007 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2007 Appropriations	Total	Actual 2007 Disbursements	Encumbrances Outstanding at 12/31/07				
Governmental:														
General	\$ 55,320	\$ 21,525	\$ 76,845	\$ 24,184	\$ 2,659	\$ -	\$ 80,945	\$ 80,945	\$ 27,281	\$ -	\$ 27,281	\$ 53,664	\$ -	\$ 27,281
Special Revenue	31,949	8,801	40,750	12,428	3,627	-	40,750	40,750	29,822	-	29,822	10,928	-	29,822
Total (Memorandum Only)	\$ 87,269	\$ 30,326	\$ 117,595	\$ 36,612	\$ 6,286	\$ -	\$ 121,695	\$ 121,695	\$ 57,103	\$ -	\$ 57,103	\$ 64,592	\$ -	\$ 57,103

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Harpster, Wyandot County, Ohio, (the “Village”) is a body corporate and politic established for exercising 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 and lighting. The Village contracts with Wyandot County to provide ambulance services.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

Governmental Fund Types

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specific purposes.

The Village had the following significant special revenue fund:

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

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 matter, as prescribed or permitted by the Auditor of State.

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the object level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council. The Village had several budget modifications throughout the years ended December 31, 2008 and 2007.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates. Wyandot County waived this requirement for 2008 and 2007.

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2008 or December 31, 2007.

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$1,575 and \$2,561 for the years ended December 31, 2008 and 2007, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Village’s funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Village.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village’s cash basis method of accounting.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned “Total (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - CASH AND CASH EQUIVALENTS

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 cash equivalents at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Deposits:		
Demand deposits	<u>\$ 67,164</u>	<u>\$ 66,778</u>
Total Cash and Cash Equivalents	<u>\$ 67,164</u>	<u>\$ 66,778</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

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

NOTE 4 - COMPLIANCE

The Village had appropriations in excess of estimated resources for the years ended December 31, 2008 and 2007 in noncompliance with Ohio Revised Code Sections 5705.36 and 5705.39.

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. 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. Real property taxes are payable annually or semiannually to the County. Under certain circumstances, State Statute permits later payment dates to be established.

In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 18.75% for 2006. This percentage will be reduced to 12.5% for 2007, 6.25% for 2008, and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2008-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

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

NOTE 6 - RETIREMENT SYSTEMS

One Village elected official belongs to the Ohio Public Employees Retirement System (OPERS). OPERS' is a cost sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The remaining elected officials contribute to social security and Medicare, if applicable.

Contribution rates are also prescribed by the Ohio Revised Code. OPERS members contributed 10.0% and 9.5% for 2008 and 2007, respectively, of their gross salaries. The village contributed an amount equal to 14.0% and 13.85%, respectively, of participants' gross salaries for 2008 and 2007.

Social Security and Medicare contribution rates are 6.2% and 1.45%, respectively, for employee and employer for the years ended December 31, 2008 and 2007. At December 31, 2008 and 2007, all amounts have been paid.

NOTE 7 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

NOTE 8 - CONTINGENT LIABILITIES

The Village is not currently involved in litigation.



Julian & Grube, Inc.
Serving Ohio Local Governments

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Members of Council and Mayor
Village of Harpster
P.O. Box 96
Harpster, Ohio 43323

We have audited the financial statements of the Village of Harpster, Wyandot County, Ohio, as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 15, 2009, wherein we noted the Village of Harpster 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 *Government Auditing Standards*, issued by the Comptroller General of the United States'.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Harpster's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Harpster's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Harpster'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 the normal course of 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 of Harpster'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 a misstatement of the Village of Harpster's financial statements that is more than inconsequential will not be prevented or detected by the Village of Harpster's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Harpster's internal control.

Members of Council and Mayor
Village of Harpster

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

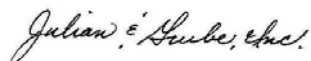
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Harpster's 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 or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2008-VOH-001 and 2008-VOH-002.

We noted a certain matter that we reported to the management of the Village of Harpster in a separate letter dated May 15, 2009.

The Village of Harpster'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 Harpster's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information of the management and Council of the Village of Harpster and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
May 15, 2009

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2008-VOH-001

Ohio Revised Code Section 5705.36 in part requires that the total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

The Village had appropriations exceeding estimated resources and thus did not request timely amended certificates throughout the years or at the years ended December 31, 2008 and 2007.

With appropriations exceeding estimated resources the Village is appropriating monies that are not in the treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend that the Village comply with the Ohio Revised Code by keeping more accurate appropriations versus estimated resources records and amending the budget prior to year end. If it is determined that estimated resources will be greater than initially anticipated, the Village should amend its official estimate in order to provide for any additional appropriations; however, appropriations should not exceed estimated resources. In addition, the Village should monitor its budgetary process on a regular basis.

Client Response: The Fiscal Officer will attempt to prepare modifications to amended certificates throughout the year and certify them to the County Auditor.

Finding Number	2008-VOH-002
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Ohio Revised Code Section 5705.39 requires that no subdivision is to appropriate more monies than estimated resources.

**VILLAGE OF HARPSTER
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOH-002 - (Continued)

The Village had appropriations exceeding estimated resources throughout the years and at the years ended December 31, 2008 and 2007:

<u>December 31, 2008</u>	<u>Appropriations</u>	<u>Resources</u>	<u>Excess</u>
<u>Fund Type</u>			
General Fund	\$ 76,801	\$ 73,802	\$ 2,999
<u>June 30, 2008</u>			
<u>Fund Type</u>			
General Fund	76,801	73,802	2,999
<u>December 31, 2007</u>	<u>Appropriations</u>	<u>Resources</u>	<u>Excess</u>
<u>Fund Type</u>			
General Fund	\$ 80,945	\$ 76,845	\$ 4,100
<u>June 30, 2007</u>			
<u>Fund Type</u>			
General Fund	80,945	76,845	4,100

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend that the Village Fiscal Officer comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The current Fiscal Officer began May 2008. The 2009 budget was appropriated correctly.



Mary Taylor, CPA
Auditor of State

VILLAGE OF HARPSTER

WYANDOT 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 23, 2009