



**Auditor of State  
Betty Montgomery**



VILLAGE OF CECIL  
PAULDING COUNTY

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**Auditor of State  
Betty Montgomery**

Village of Cecil  
Paulding County  
301 West Third Street  
P.O. Box 164  
Cecil, Ohio 45821-0164

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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**Betty Montgomery**  
Auditor of State

August 2, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Cecil  
Paulding County  
301 West Third Street  
P.O. Box 164  
Cecil, Ohio 45821-0164

To the Village Council:

We have audited the accompanying financial statements of the Village of Cecil, Paulding County, (the Village) as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004.

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 two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 and 2004, 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 fund cash balances of the Village of Cecil, Paulding County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ending December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2006, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

August 2, 2006



**VILLAGE OF CECIL  
PAULDING COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$5,452	\$489	\$5,941
Municipal Income Tax	17,476		17,476
Intergovernmental Receipts	16,536	9,509	26,045
Changes for Services	300		300
Fines, Licenses, and Permits	284		284
Earnings on Investments	261	40	301
	<u>40,309</u>	<u>10,038</u>	<u>50,347</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property		562	562
Public Health Services	101		101
Leisure Time Activities	24		24
Community Environment	124		124
Transportation		3,742	3,742
General Government	14,434	17	14,451
	<u>14,683</u>	<u>4,321</u>	<u>19,004</u>
<b>Total Cash Disbursements</b>	<u>14,683</u>	<u>4,321</u>	<u>19,004</u>
<b>Total Cash Receipts Over Cash Disbursements</b>	<u>25,626</u>	<u>5,717</u>	<u>31,343</u>
<b>Other Financing Disbursements:</b>			
Refund of prior years receipts	(1,553)		(1,553)
<b>Excess of Cash Receipts Over Cash Disbursements and Other Financing Disbursements</b>	<u>24,073</u>	<u>5,717</u>	<u>29,790</u>
Fund Cash Balances, January 1	(5,002)	47,814	42,812
<b>Fund Cash Balances, December 31</b>	<u><b>\$19,071</b></u>	<u><b>\$53,531</b></u>	<u><b>\$72,602</b></u>

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

**VILLAGE OF CECIL  
PAULDING COUNTY**

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$51,525
Fines, Licenses, and Permits	1,060
Miscellaneous	100
Total Operating Cash Receipts	52,685
<b>Operating Cash Disbursements:</b>	
Personal Services	2,435
Fringe Benefits	325
Contractual Services	25,560
Supplies and Materials	2,526
Other	3,000
Total Operating Cash Disbursements	33,846
Operating Income	18,839
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	25,074
Intergovernmental Receipts	322
Total Non-Operating Cash Receipts	25,396
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	32,768
Capital Outlay	885
Total Non-Operating Cash Disbursements	33,653
Net Receipts Over Disbursements	10,582
Fund Cash Balances, January 1	26,260
<b>Fund Cash Balances, December 31</b>	<b>\$36,842</b>

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

**VILLAGE OF CECIL  
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$7,139	\$528	\$7,667
Municipal Income Tax	9,242		9,242
Intergovernmental Receipts	16,550	7,697	24,247
Charges for Services	375		375
Fines, Licenses, and Permits	1,088		1,088
Earnings on Investments	154	20	174
Miscellaneous	96		96
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	34,644	8,245	42,889
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	767	568	1,335
Public Health Services	633		633
Leisure Time Activities	375		375
Transportation	417	4,370	4,787
General Government	17,310	1,147	18,457
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	19,502	6,085	25,587
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over Cash Disbursements	15,142	2,160	17,302
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	(20,144)	45,654	25,510
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>(\$5,002)</u></b>	<b><u>\$47,814</u></b>	<b><u>\$42,812</u></b>

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

**VILLAGE OF CECIL  
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$54,731
<b>Operating Cash Disbursements:</b>	
Personal Services	2,280
Fringe Benefits	271
Contractual Services	19,787
Supplies and Materials	1,883
Other	650
Capital Outlay	5,232
Total Operating Cash Disbursements	30,103
Operating Income	24,628
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	19,662
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	32,769
Net Cash Receipts Over Cash Disbursements	11,521
Fund Cash Balances, January 1	14,739
<b>Fund Cash Balances, December 31</b>	<b>\$26,260</b>

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

**VILLAGE OF CECIL  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Cecil, Paulding County, (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 sewer utilities and park operations. The Village contracts with Crane Township to provide fire protection services.

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

**B. Basis of Accounting**

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

These statements adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

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.

Certificates of deposit are valued at cost.

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF CECIL  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

Emergency Medical Services (EMS) Fund -This fund receives local tax revenue for the purpose of providing EMS services.

**3. Enterprise Funds**

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

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

Sewer Special Assessment Debt Fund – The sewer project was financed with a loan from the Ohio Water Development Authority. This debt is being retired from special assessments levied against the benefiting property owners.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF CECIL  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**2. EQUITY IN POOLED CASH**

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

	2005	2004
Demand deposits	\$104,456	\$64,207
Certificates of deposit	4,988	4,865
Total deposits	\$109,444	\$69,072

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

**3. BUDGETARY ACTIVITY**

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

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,932	\$40,309	(\$23,623)
Special Revenue	8,524	10,038	1,514
Enterprise	67,452	78,081	10,629
Total	\$139,908	\$128,428	(\$11,480)

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$59,915	\$16,236	\$43,679
Special Revenue	26,056	4,321	21,735
Enterprise	93,713	67,499	26,214
Total	\$179,684	\$88,056	\$91,628

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,092	\$34,624	(\$17,468)
Special Revenue	7,053	8,245	1,192
Enterprise	66,452	74,393	7,941
Total	\$125,597	\$117,262	(\$8,335)

**VILLAGE OF CECIL  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$31,948	\$19,502	\$12,446
Special Revenue	22,666	6,085	16,581
Enterprise	81,191	62,872	18,319
Total	\$135,805	\$88,459	\$47,346

The following occurred contrary to Ohio law:

The General Fund had a cash deficit balance of \$5,002 at December 31, 2004.

Incorrect fund unencumbered balances were certified to the County Auditor for the General Fund \$25,983 and the Street Construction, Maintenance & Repair Fund \$16,224 at January 1, 2005, and General Fund \$10,842 and the Street Construction, Maintenance & Repair Fund \$14,022 at January 1, 2004.

Appropriations exceeded actual amounts available for expenditures in the General Fund by \$24,608 during 2005 and in the General Fund by \$17,468 and the Street Construction, Maintenance & Repair Fund \$1,938 during 2004.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency, either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.



**VILLAGE OF CECIL  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2005, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$333,625	2.00%

The Ohio Water Development Authority (OWDA) loan relates to a wastewater plant expansion project. The loan will be repaid in semiannual installments of \$16,385, including interest, over 25 years from the Sewer Debt Service or the Sewer Operating Funds. A total amount of \$639,766 was borrowed from OWDA. The loan is collateralized by sewer assessments levied against the benefiting property owners. The Village has agreed to assess property owners' amounts sufficient to cover the debt service requirements.

Amortization of the above debt, including interest, follows:

<u>Year ending December 31:</u>	<u>OWDA Loan</u>
2006	\$32,769
2007	32,769
2008	32,769
2009	32,769
2010	32,769
2011-2015	163,846
2016-2017	49,154
Total	\$376,845

**7. RETIREMENT SYSTEMS**

Elected officials and employees of the Village belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

**8. RISK POOL MEMBERSHIP**

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 program and other administrative services to approximately 460 Ohio governments ("Members").

**VILLAGE OF CECIL  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**8. RISK POOL MEMBERSHIP – (Continued)**

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 Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004:

	<u><b>2005</b></u>	<u><b>2004</b></u>
Assets	\$8,219,430	\$6,685,522
Liabilities	<u>(2,748,639)</u>	<u>(2,227,808)</u>
Members' Equity	<u>\$5,470,791</u>	<u>\$4,457,714</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



**Auditor of State  
Betty Montgomery**

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

Village of Cecil  
Paulding County  
301 West Third Street  
P.O. Box 164  
Cecil, Ohio 45821-0164

We have audited the financial statements of the Village of Cecil, Paulding County (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 2, 2006, 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 also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-003. In a separate letter to the Village's management dated August 2, 2006, we reported other matters related to noncompliance we deemed immaterial.

Village of Cecil  
Paulding County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the finance committee, management and the Village Council. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

August 2, 2006

**VILLAGE OF CECIL  
PAULDING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

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

**FINDING NUMBER 2005-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.10 requires that money paid into any fund shall be used only for the purposes for which such fund is established. The existence of a deficit balance in any fund indicates that money from another fund or funds has been used to pay the obligation of the fund or funds carrying the deficit balance.

The General fund had a deficit fund balance during the period of January 1, 2004, through December 31, 2005, including \$20,144 at January 1, 2004, and \$5,002 at January 1, 2005. Fund balances and activity should be monitored and planned expenditures reduced to avoid deficit fund cash balances.

**FINDING NUMBER 2005-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.36 (A) (1) requires that on or about the first day of each fiscal year, the fiscal officer of each subdivision shall certify to the county auditor, the total amount from all sources available for expenditures from each fund. The amount certified shall include any unencumbered balances that existed at the end of the preceding year. The balances for the following funds certified to the county auditor by the Village were incorrect:

	<b>Amounts Certified</b>	<b>Actual Balances</b>	<b>Difference</b>
<b>At January 1, 2004</b>			
General Fund	\$ 10,842	\$ (20,144)	\$ 30,986
Street Construction, Maintenance, and Repair Fund	14,022	44,022	(30,000)
<b>At January 1, 2005</b>			
General Fund	25,983	(4,931)	30,914
Street Construction, Maintenance, and Repair Fund	16,224	46,224	(30,000)

In addition, the certificate for fiscal 2005 was not submitted until February 10, 2005.

These amounts are carried forward to the original amended certificate of estimated resources which is used to base annual appropriations. As a result, the annual appropriations could be overstated and allowing deficit spending.

We recommend that the Village Clerk-Treasurer complete this certification after the general ledger is closed for the year and include accurate fund balances.

**FINDING NUMBER 2005-003**

**Noncompliance Citation**

Ohio Revised Code § 5705.36 (A) (2) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included in an official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the deficiency or excess.

Ohio Revised Code § 5705.36 (A) (4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Additionally, Ohio Revised Code § 5705.39, states in part that the total appropriations from each fund shall not exceed the total of the estimated resources available for expenditures as certified by the budget commission or in case of appeal, by the board of tax appeals.

The following funds had actual amounts available for appropriations and/or the amounts estimated in the official certificate less than the current level of appropriations.

	<u>Estimated Resources</u>	<u>Actual Resources</u>	<u>Total Appropriations</u>
<b><u>2004</u></b>			
General Fund	\$ 962	\$ 14,480	\$ 31,948
Street Construction Maintenance & Repair Fund	22,619	20,679	22,617
<b><u>2005</u></b>			
General Fund	28,928	35,307	59,915

These funds did not have sufficient actual resources to increase the estimated revenues. The Treasurer should have requested an amended certificate of estimated resources from the commission to adjust the estimated resources and decrease the current level of appropriations, to the level of available resources.

We recommend that Clerk compare appropriations with the actual revenues and with the estimated revenues during the year and make changes when necessary.

**Officials' Response**

The Client did not respond to these findings.

**VILLAGE OF CECIL  
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2003-001	Ohio Revised Code § 5705.10, Deficit Fund Balance	No	Not Corrected. Reissued as finding number 2005-001
2003-002	Ohio Revised Code § 5705.36(A)(1), Incorrect Fund Balance Certification	No	Not Corrected. Reissued as finding number 2005-002
2003-003	Ohio Revised Code § 5705.36(A)(4), Appropriations greater than actual resources	No	Not Corrected. Reissued as finding number 2005-003
2003-004	Ohio Revised Code § 5705.36 (A)(5), Appropriations greater than estimated resources	No	Not Corrected. Reissued as finding number 2005-003
2003-005	Ohio Revised Code § 5705.40 Appropriation amendments	Yes	
2003-006	Ohio Revised Code § 5705.41 (B) Expenditures exceeded appropriations	Yes	
2003-007	Ohio Revised Code § 5705.41 (D) Improper certification of expenditures	Yes	
2003-008	Sewer Billing System Inaccuracies	Yes	







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**VILLAGE OF CECIL**

**PAULDING 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  
AUGUST 24, 2006**