



**VILLAGE OF CECIL
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CECIL
PAULDING COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Cecil
Paulding County
103 North Main 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, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. 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 audits.

Except as discussed in the following paragraph, we conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

Because of inadequacies in the Village's accounting records we were unable to obtain supporting documentation regarding the amounts reported as charges for services, for the years 1999 and 2000, in the Enterprise Fund Type.

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, except for the effects of such adjustments, if any, as might have been determined to be necessary had records concerning charges for services been adequate, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and 1999, 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 July 30, 2001 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 audits.

This report is intended solely for the information and use of 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.

Jim Petro
Auditor of State

July 30, 2001

**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, 2000**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax | \$9,116 | \$6,312 | \$15,428 |
| Intergovernmental Receipts | 28,342 | 10,548 | 38,890 |
| Fines, Licenses, and Permits | 799 | | 799 |
| Earnings on Investments | 2,021 | | 2,021 |
| Miscellaneous | 164 | | 164 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 40,442 | 16,860 | 57,302 |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 5,529 | 629 | 6,158 |
| Leisure Time Activities | 1,376 | | 1,376 |
| Transportation | 1,703 | 5,395 | 7,098 |
| General Government | 20,428 | 212 | 20,640 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 29,036 | 6,236 | 35,272 |
| Total Receipts Over Disbursements | 11,406 | 10,624 | 22,030 |
| Fund Cash Balances, January 1 | (26,157) | 26,310 | 153 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | <u>(\$14,751)</u> | <u>\$36,934</u> | <u>\$22,183</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, 2000**

| | Proprietary Fund Type |
|--|----------------------------------|
| | Enterprise |
| Operating Cash Receipts: | |
| Charges for Services | \$23,360 |
| Operating Cash Disbursements: | |
| Personal Services | 1,800 |
| Contractual Services | 15,006 |
| Supplies and Materials | 3,219 |
| Total Operating Cash Disbursements | 20,025 |
| Operating Income | 3,335 |
| Non-Operating Cash Receipts: | |
| Interest | 182 |
| Special Assessments | 35,157 |
| Total Non-Operating Cash Receipts | 35,339 |
| Non-Operating Cash Disbursements: | |
| Debt Service | 32,769 |
| Net Receipts Over Disbursements | 5,905 |
| Fund Cash Balances, January 1 | 23,519 |
| Fund Cash Balances, December 31 | \$29,424 |

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, 1999**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax | \$2,465 | \$249 | \$2,714 |
| Intergovernmental Receipts | 20,892 | 7,390 | 28,282 |
| Fines, Licenses, and Permits | 415 | | 415 |
| Earnings on Investments | 562 | | 562 |
| Miscellaneous | 1,525 | | 1,525 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 25,859 | 7,639 | 33,498 |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 3,063 | | 3,063 |
| Public Health Services | 629 | 636 | 1,265 |
| Basic Utility Services | 2,606 | | 2,606 |
| Transportation | | 1,416 | 1,416 |
| General Government | 23,851 | | 23,851 |
| Capital Outlay | 15,287 | | 15,287 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 45,436 | 2,052 | 47,488 |
| Total Receipts Over/(Under) Disbursements | (19,577) | 5,587 | (13,990) |
| Fund Cash Balances, January 1 | (6,580) | 20,723 | 14,143 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | <u>(\$26,157)</u> | <u>\$26,310</u> | <u>\$153</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, 1999**

| | Proprietary Fund Type |
|--|----------------------------------|
| | Enterprise |
| Operating Cash Receipts: | |
| Charges for Services | |
| Charges for Services | \$34,735 |
| Operating Cash Disbursements: | |
| Personal Services | 600 |
| Contractual Services | 11,608 |
| Supplies and Materials | 2,144 |
| Total Operating Cash Disbursements | 14,352 |
| Operating Income | 20,383 |
| Non-Operating Cash Receipts: | |
| Interest | 381 |
| Special Assessments | 8,287 |
| Total Non-Operating Cash Receipts | 8,668 |
| Non-Operating Cash Disbursements: | |
| Debt Service | 49,429 |
| Other Non-Operating Disbursements | 403 |
| Total Non-Operating Cash Disbursements | 49,832 |
| Net Disbursements Over Receipts | (20,781) |
| Fund Cash Balances, January 1 | 44,300 |
| Fund Cash Balances, December 31 | \$23,519 |

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, 2000 AND 1999**

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 general governmental services, sewer utility, park operations (leisure time activities), and police 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

Certificates of deposit are valued at cost.

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 Fund:

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, 2000 AND 1999
(Continued)**

3. 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:

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 benefitting 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, 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. 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. The Village did not use the encumbrance method of accounting.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

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.

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:

**VILLAGE OF CECIL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

| | <u>2000</u> | <u>1999</u> |
|-------------------------|-------------|-------------|
| Demand deposits | \$47,187 | \$19,434 |
| Certificates of deposit | 4,420 | 4,238 |
| Total deposits | \$51,607 | \$23,672 |

Deposits are insured by the Federal Depository Insurance Corporation.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|----------|
| General | \$31,965 | \$40,442 | \$8,477 |
| Special Revenue | 691 | 16,860 | 16,169 |
| Enterprise | 43,547 | 58,699 | 15,152 |
| Total | \$76,203 | \$116,001 | \$39,798 |

2000 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|------------|
| General | \$27,233 | \$29,036 | (\$1,803) |
| Special Revenue | 700 | 6,236 | (5,536) |
| Enterprise | 46,100 | 52,794 | (6,694) |
| Total | \$74,033 | \$88,066 | (\$14,033) |

1999 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|-----------|
| General | \$28,100 | \$25,859 | (\$2,241) |
| Special Revenue | 8,660 | 7,639 | (1,021) |
| Enterprise | 44,000 | 43,403 | (597) |
| Total | \$80,760 | \$76,901 | (\$3,859) |

1999 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|------------|
| General | \$19,785 | \$45,436 | (\$25,651) |
| Special Revenue | 18,745 | 2,052 | 16,693 |
| Enterprise | 66,065 | 64,184 | 1,881 |
| Total | \$104,595 | \$111,672 | (\$7,077) |

**VILLAGE OF CECIL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. COMPLIANCE

Contrary to Ohio Revised Code § 5705.10, at December 31, 2000 and 1999 the General Fund had a deficit balance of \$14,751 and \$26,157, respectively.

Contrary to Ohio Revised Code § 5705.39 appropriations exceeded estimated revenue in the following fund, at the date indicated:

| Fund | Estimated Resources | Amount Appropriated | Excess of Appropriations over Estimated Resources |
|--|--------------------------------|--------------------------------|--|
| December 31, 2000 | | | |
| Street Construction Maintenance and Repair Fund | | \$700 | \$700 |
| Sewer Debt Fund | \$8,027 | 12,100 | 4,073 |
| December 31, 1999 | | | |
| Sewer Revenue Fund | 38,693 | 50,065 | 11,372 |

Contrary to Ohio Revised Code § 5705.41(B) expenditures exceeded appropriations in the following funds at the dates indicated:

| Fund | Amount Appropriated | Amount Expended | Excess of Expenditures Over Appropriations |
|--------------------------|--------------------------------|----------------------------|---|
| December 31, 2000 | | | |
| General Fund | \$27,233 | \$29,036 | \$ 1,803 |
| EMS Fund | | 664 | 664 |
| Permissive Tax Fund | | 5,395 | 5,395 |
| Sewer Debt Fund | 12,100 | 32,769 | 20,669 |
| December 31, 1999 | | | |
| General Fund | 19,785 | 45,436 | 25,651 |
| Sewer Revenue Fund | 50,065 | 54,719 | 4,654 |

The Village did not certify expenditures in 1999 or 2000, as required by Ohio Revised Code § 5705.41(D).

**VILLAGE OF CECIL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. 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 payments, the first half 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.

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.

6. DEBT

Debt outstanding at December 31, 2000 was as follows:

| | Principal | Interest Rate |
|---------------------------------------|-----------|------------------|
| Ohio Water Development Authority Loan | \$456,631 | 2% |

The Ohio Water Development Authority (OWDA) loan relates to a wastewater treatment system project. The loan will be repaid in semiannual installments of \$16,385, including interest, over 25 years. The scheduled payment amount below was adjusted to reflect revisions in the amounts actually borrowed. \$639,772 was the actual amount borrowed. The loan is collateralized by sewer assessments levied against the benefitting property owners. The Village has agreed to assess property owners sufficient amounts to cover OWDA debt service requirement.

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

| Year ending December 31: | OWDA Loan |
|--------------------------|--------------|
| 1999 | \$32,769 |
| 2000 | 32,769 |
| 2001 | 32,769 |
| 2002 | 32,769 |
| 2003 | 32,769 |
| Subsequent | 376,845 |
| Total | \$540,690 |

**VILLAGE OF CECIL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RETIREMENT SYSTEMS

Some of the Village belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Village has paid all contributions required through December 31, 2000.

8. RISK POOL MEMBERSHIP

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed 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 uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

9. GENERAL FUND BALANCE

Due to audit adjustments made to the financial statements, the Village had significant negative General Fund balances as of December 31, 1999 and 2000 in the amount of \$26,157 and \$14,751, respectively. The Village is looking into the possibility of obtaining a court order to transfer funds from the Street Construction Maintenance and Repair Fund to the General Fund in order to offset the deficit and will monitor expenditures in the future to alleviate these deficits.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

Village of Cecil
Paulding County
103 North Main 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, Ohio (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 30, 2001, which report was qualified due to the inadequacy of the records to support Enterprise Fund Type charges for services. Except as indicated in the preceding sentence, we conducted our audits 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30263-001 through 2000-30263-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. However, we noted instances involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2000-30263-006 and 2000-30263-007.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable conditions described above are material weaknesses. We also 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 July 30, 2001.

This report is intended 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.

Jim Petro
Auditor of State

July 30, 2001

VILLAGE OF CECIL
PAULDING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-30263-001

Finding For Recovery

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose.

Randy Crawford, Police Chief was issued check number 2786 in the amount of two hundred and ninety-five dollars and fifty-seven cents \$295.57 on March 4, 1997, the check was cashed and cleared the bank on March 7, 1997. However, the bank had improperly coded the check as number 9539 and the Village included check number 2786 as outstanding until May 1999. At this time the Village issued another check in the amount two hundred and eighty dollars and fifty-seven cents \$280.57, to replace what was believed to be a lost check, resulting in Mr. Crawford being overcompensated by \$280.57.

Ohio Revised Code § 117.28 states that when an audit report sets forth that any public money has been illegally expended, the Village's legal counsel may institute civil action to recover the money illegally expended.

In accordance with the forgoing facts a Finding for Recovery for public money illegally expended is hereby returned against Police Chief, Randy Crawford, in the amount of two hundred eighty dollars and fifty-seven cent (\$280.57) in favor of the Village's General Fund.

FINDING NUMBER 2000-30263-002

Noncompliance Citation

Ohio Revised Code § 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established.

The existence of a deficit balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund or funds carrying the deficit balance. At December 31, 2000 and 1999 the General Fund had a deficit balance of \$14,751 and \$26,157, respectively, due to audit adjustments that are reflected in the accompanying financial statements.

We recommend the Village review planned expenditures to ensure funds are sufficient to support the obligations and if resources are not sufficient expenditures should be delayed until funds are available.

FINDING NUMBER 2000-30263-003

Noncompliance Citation

Ohio Revised Code § 5705.39 provides that appropriations from each fund shall not exceed estimated revenue.

**FINDING NUMBER 2000-30263-003
 (Continued)**

Appropriations exceeded estimated revenue in the following fund, at the date indicated:

| Fund | Estimated Resources | Amount Appropriated | Excess of Appropriations over Estimated Resources |
|--|----------------------------|----------------------------|--|
| December 31, 2000 | | | |
| Street Construction, Maintenance and Repair Fund | | \$700 | \$700 |
| Sewer Debt Fund | \$8,027 | 12,100 | 4,073 |
| December 31, 1999 | | | |
| Sewer Revenue Fund | 38,693 | 50,065 | 11,372 |

We recommend prior to appropriating funds, the Village review estimated resources to ensure they are sufficient to support planned appropriations. If estimated resources are not sufficient planned appropriations should be adjusted or an amended certificate of estimated resources be obtained.

FINDING NUMBER 2000-30263-004

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter.

Expenditures exceeded appropriations in the following funds at the dates indicated:

| Fund | Amount Appropriated | Amount Expended | Excess of Expenditures Over Appropriations |
|--------------------------|----------------------------|------------------------|---|
| December 31, 2000 | | | |
| General Fund | \$27,233 | \$29,036 | \$ 1,803 |
| EMS Fund | | 664 | 664 |
| Permissive Tax Fund | | 5,395 | 5,395 |
| Sewer Debt Fund | 12,100 | 32,769 | 20,669 |
| December 31, 1999 | | | |
| General Fund | 19,785 | 45,436 | 25,651 |
| Sewer Revenue Fund | 50,065 | 54,719 | 4,654 |

**FINDING NUMBER 2000-30263-004
(Continued)**

The Clerk should not issue checks for expenditures that would exceed appropriations. The Clerk should inform Council of the insufficiency of appropriations, and whether current resources permit an increase to appropriations. The Council should determine if they wish to increase appropriations and if needed, obtain an amended certificate of estimated resources.

FINDING NUMBER 2000-30263-005

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of the Village Council, if such expenditure is otherwise valid.

The Village did not certify expenditures in 1999 or 2000. Certification is not only required by Ohio law but is also a key control in the disbursement process to help assure that purchase commitments receive prior approval and to help reduce the possibility of Village funds being over expended. To improve controls over disbursements it is recommended that all Village disbursements receive prior certification of the Clerk and that the Village Council periodically review the expenditures made to ensure they are properly certified by the Clerk and recorded against appropriations.

FINDING NUMBER 2000-30263-006

Material Weakness - Financial Monitoring by Council

The Village had no bank reconciliations, receipt ledger or appropriation ledger for 1999 and there was no annual financial report prepared or submitted for 1999 and the 2000 report was not filed with the Auditor of State. The 2000 bank reconciliations showed significant variances between the bank and the monthly book balances with no explanations. Starting in 2000 the Village began using the UAN, however, none of the reports produced by the system are used to monitor the financial position of the Village.

FINDING NUMBER 2000-30263-006
(Continued)

To properly maintain the records of the Village, the receipts and appropriations records should be reconciled to the cash journal monthly and all activity of the Village should be recorded. To ensure that the records are up to date and in balance, Council and/or an Audit Committee should review the records to ensure all amounts are properly posted, all the records are in agreement and in balance with the bank and that an annual financial report accurately reflects the activity and balances of the Village. To assist with this review, the Clerk/Treasurer should provide the Council with monthly financial statements that include comparisons of budget and actual receipts and disbursements. The Village could gain efficiencies in both financial accounting and reporting if Council would ensure the Clerk/Treasurer attends annual training provided by the Auditor of State.

FINDING NUMBER 2000-30263-007

Material Weakness - Sewer Billing System

The Village uses a software package to process all sewer billings and collections. During the audit period, no reports were generated showing account balances, monthly activity, adjusting entries, etc. and the last complete delinquency report was printed as of October 17, 1999. A collection report, only, was generated each month showing a breakdown of total collections. There were some instances that the Village was collecting more than the rates authorized by Council. There was no policy for levying late penalties and based on the last complete delinquency listing available (10/17/1999) and a partial listing as of December 31, 2000 it is estimated that there is more than \$53,000 in delinquent accounts, which represents almost 2 full years of total sewer billings, that the Village has not made any effort to collect.

This lack of information does not provide sufficient information with which to monitor sewer billings and collections, could cause delay or neglect in billing and posting of revenues, and errors or irregularities could occur and not be detected timely. In addition, failure to enforce collection of past due accounts restricts the Village's cash flow and could result in the inability to pay obligations of the sewer utility.

We recommend that monthly reports be completed and maintained for each month, showing amounts billed, penalties assessed, amounts paid and balances outstanding. In addition, the Village should amend the utility collection ordinance to coincide with the amounts charged, adopt a policy for assessing penalties to past due accounts and consult with their legal counsel for procedures to collect past due accounts, including but not limited to, certifying the amounts to the County Auditor and having them added to the property owners tax bill.

**VILLAGE OF CECIL
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|--|------------------|--|
| 1998-30263-001 | ORC § 5705.41(D) Prior Certification of Funds | No | No improvement noted |
| 1998-30263-002 | ORC § 5705.41(B) Prior Certification of Funds | No | No improvement noted |
| 1998-30263-003 | ORC § 5705.39 Appropriations exceed Estimated Revenues | No | No improvement noted |
| 1998-30263-004 | ORC § 5705.10 Deficit Fund Balance | No | No improvement noted |
| 1998-30263-005 | Sewer Billing System | No | No improvement noted |
| 1998-30263-006 | Financial Monitoring by Council | No | No improvement noted |
| 1998-30263-007 | Year 2000 Compliance | Yes | Finding No Longer Valid |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
SEPTEMBER 18, 2001**