

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003



**Auditor of State
Betty Montgomery**

Village Council
Village of Cridersville
110 W. Main St.
Cridersville, OH 45806

We have reviewed the *Independent Auditor's Report* of the Village of Cridersville, Auglaize County, prepared by E.S. Evans and Company, for the audit period January 1, 2003 through December 31, 2004. 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 Cridersville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 2, 2006

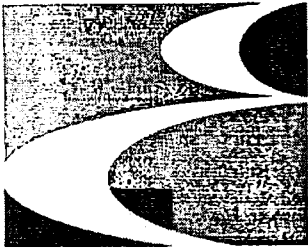
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VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

August 23, 2005

INDEPENDENT AUDITOR'S REPORT

Village of Cridersville
Auglaize County, Ohio

We have audited the accompanying financial statements of the Village of Cridersville, Auglaize County, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As 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.

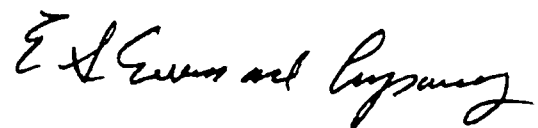
Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards require 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 the 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 year ended December 31, 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, 2004, or their changes in financial position or cash flows of its proprietary funds for the year 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 as of December 31, 2004 and 2003, 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 year ended December 31, 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 23, 2005, 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.



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VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2004

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Cash Receipts:</u>			
Property Tax and Other Local Taxes	\$ 103,183	\$ 57,242	\$ -
Municipal Income Tax	124,381	-	-
Intergovernmental Revenues	198,480	72,870	-
Charges for Services	-	53,301	-
Fines, Licenses, and Permits	20,538	3,004	-
Interest Revenues	2,619	-	-
Miscellaneous	9,771	200	-
Total Cash Receipts	458,972	186,617	-
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	204,052	62,128	-
Public Health Services	87	-	-
Leisure Time Activities	2,912	-	-
Community Environment	24,479	-	-
Basic Utility Services	3,319	-	-
Transportation	-	24,645	-
General Government	77,681	-	-
Capital Outlay	-	-	-
Debt Service:			
Redemption of Principal	-	-	47,021
Interest and Other Fiscal Charges	-	-	2,118
Total Cash Disbursements	312,530	86,773	49,139
Total Cash Receipts Over/(Under)			
Cash Disbursements	146,442	99,844	(49,139)
Other Financing Sources/(Uses):			
Proceeds from Loans/Sale of Notes	-	-	-
Transfers-In	4,008	-	31,002
Transfers-Out	(37,002)	-	-
Total Other Financing Sources/(Uses)	(32,994)	-	31,002
Excess of Cash Receipts and Other Financing Sources Over/(Under)			
Cash Disbursements	113,448	99,844	(18,137)
Fund Cash Balance - January 1, 2004	73,514	126,276	18,137
Fund Cash Balance - December 31, 2004	\$ 186,962	\$ 226,120	\$ -

The accompanying notes are an integral part
of these financial statements.

<u>Governmental Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
\$ -	\$ -	\$ 160,425
-	-	124,381
13,656	-	285,006
-	-	53,301
-	-	23,542
-	-	2,619
-	-	9,971
<u>13,656</u>	<u>-</u>	<u>659,245</u>
-	-	266,180
-	-	87
-	-	2,912
-	-	24,479
-	-	3,319
-	-	24,645
-	-	77,681
30,870	-	30,870
-	-	47,021
-	-	2,118
<u>30,870</u>	<u>-</u>	<u>479,312</u>
<u>(17,214)</u>	<u>-</u>	<u>179,933</u>
16,940	-	16,940
6,000	-	41,010
<u>(1,008)</u>	<u>-</u>	<u>(38,010)</u>
<u>21,932</u>	<u>-</u>	<u>19,940</u>
4,718	-	199,873
<u>1,008</u>	<u>828</u>	<u>219,763</u>
<u>\$ 5,726</u>	<u>\$ 828</u>	<u>\$ 419,636</u>

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VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPES

For the Year Ended December 31, 2004

<u>Operating Cash Receipts:</u>	
Charges for Services	\$ <u>537,282</u>
<u>Operating Cash Disbursements:</u>	
Personal Services	234,240
Contractual Services	107,570
Material and Supplies	59,832
Capital Outlay	<u>34,939</u>
Total Operating Cash Disbursements	<u>436,581</u>
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	<u>100,701</u>
<u>Non-Operating Cash Receipts/(Disbursements):</u>	
Intergovernmental Receipts	99
Debt Service -	
Principal	(99,602)
Interest	<u>(50,850)</u>
Total Non-Operating Cash Receipts/(Disbursements)	<u>(150,353)</u>
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	<u>(49,652)</u>
Operating Transfers-In	-
Operating Transfers-Out	<u>(3,000)</u>
Total Transfers and Advances	<u>(3,000)</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	(52,652)
<u>Fund Cash Balance</u> - January 1, 2004	<u>216,502</u>
<u>Fund Cash Balance</u> - December 31, 2004	<u>\$ <u>163,850</u></u>

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
<u>Cash Receipts:</u>			
Property Tax and Other Local Taxes	\$ 124,940	\$ 38,481	\$ -
Intergovernmental Revenues	212,029	61,537	-
Charges for Services	-	54,790	-
Fines, Licenses, and Permits	21,938	1,547	-
Interest Revenues	2,481	-	-
Miscellaneous	28,896	3,897	-
Total Cash Receipts	390,284	160,252	-
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	231,751	46,984	-
Leisure Time Activities	10,200	-	-
Community Environment	25,754	-	-
Basic Utility Services	1,575	-	-
Transportation	-	68,134	-
General Government	123,755	-	-
Capital Outlay	9,932	168,763	-
Debt Service:			
Redemption of Principal	-	-	11,935
Interest and Other Fiscal Charges	-	-	950
Total Cash Disbursements	402,967	283,881	12,885
Total Cash Receipts Over/(Under)			
Cash Disbursements	(12,683)	(123,629)	(12,885)
<u>Other Financing Sources/(Uses):</u>			
Proceeds from Loans/Sale of Notes	-	51,862	18,138
Transfers-In	3,000	-	11,190
Transfers-Out	(11,190)	-	-
Total Other Financing Sources/(Uses)	(8,190)	51,862	29,328
<u>Excess of Cash Receipts and Other Financing Sources Over/(Under)</u>			
Cash Disbursements	(20,873)	(71,767)	16,443
Fund Cash Balance - January 1, 2003	94,387	198,043	1,694
Fund Cash Balance - December 31, 2003	\$ 73,514	\$ 126,276	\$ 18,137

The accompanying notes are an integral part
of these financial statements.

<u>Governmental Fund Type</u> Capital Projects	<u>Fiduciary Fund Type</u> Expendable Trust	<u>Totals</u> (Memorandum Only)
\$ -	\$ -	\$ 163,421
-	-	273,566
-	-	54,790
-	-	23,485
-	-	2,481
-	-	32,793
<u>-</u>	<u>-</u>	<u>550,536</u>
-	-	278,735
-	-	10,200
-	-	25,754
-	-	1,575
-	-	68,134
-	-	123,755
-	-	178,695
-	-	11,935
-	-	950
<u>-</u>	<u>-</u>	<u>699,733</u>
<u>-</u>	<u>-</u>	<u>(149,197)</u>
-	-	70,000
-	-	14,190
-	-	(11,190)
<u>-</u>	<u>-</u>	<u>73,000</u>
-	-	(76,197)
<u>1,008</u>	<u>828</u>	<u>295,960</u>
\$ <u>1,008</u>	\$ <u>828</u>	\$ <u>219,763</u>

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VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPES

For the Year Ended December 31, 2003

<u>Operating Cash Receipts:</u>	
Charges for Services	\$ <u>531,648</u>
<u>Operating Cash Disbursements:</u>	
Personal Services	190,412
Travel Transportation	130
Contractual Services	112,378
Material and Supplies	48,628
Capital Outlay	<u>137,154</u>
Total Operating Cash Disbursements	<u>488,702</u>
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	<u>42,946</u>
<u>Non-Operating Cash Receipts/(Disbursements):</u>	
Intergovernmental Receipts	4,387
Proceeds from Loans/Sale of Notes	102,500
Debt Service -	
Principal	(62,160)
Interest	<u>(50,599)</u>
Total Non-Operating Cash Receipts/(Disbursements)	<u>(5,872)</u>
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	<u>37,074</u>
Operating Transfers-In	-
Operating Transfers-Out	<u>(3,000)</u>
Total Transfers and Advances	<u>(3,000)</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	34,074
<u>Fund Cash Balance</u> - January 1, 2003	<u>182,428</u>
<u>Fund Cash Balance</u> - December 31, 2003	\$ <u><u>216,502</u></u>

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Cridersville, Auglaize County, (the Village), as a political and corporate body. A publicly-elected six-member Council governs the Village. The Village provides general governmental services including public safety, street maintenance, and water and sewer facilities.

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

Basis of Accounting

These financial statements follow the accounting basis prescribed or permitted by the Auditor of State. This basis is similar to the cash receipts and disbursements basis of accounting. Consequently, receipts are recognized when received 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.

Cash and Investments

The Village maintains three checking accounts and two savings accounts which are valued at cost.

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:

General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Special Revenue Funds

The Special Revenue Funds account for proceeds from specific sources (other than 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 construction, maintaining and repairing Village streets.

Fire & Rescue Fund – This fund receives property tax money and contract income from surrounding Townships to provide fire protection services.

Permissive Motor Vehicle License Fund – This fund receives the proceeds of a levied license fee for constructing, maintaining, and repairing roads.

Capital Project Funds

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

Construction Capital Improvement Fund - This fund accounts for various grants and loans to pay for needed improvements.

Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

E. Main Street Loan Retirement Fund - This fund is responsible for paying the debt from a commercial loan used for a street paving project.

Enterprise Funds

Enterprise 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:

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Enterprise Funds – (continued)

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

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

First Mortgage Sewer Revenue Fund – This fund transfers money in to pay the related debt of the Village.

Water Tower Loan Fund – This fund transfers money in to pay the related debt of the Village.

Sanitary Sewer Improvement Fund – This fund transfers money in to pay the related debt of the Village.

Meadowbrook Lift Station Fund – This fund transfers money in to pay the related debt of the Village.

Expendable Trust Fund

The Expendable Trust fund is used to account for resources restricted by legally binding trust agreements.

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

Note 1 - Summary of Significant Accounting Policies - (continued)

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted.

Estimated Resources

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

Appropriations

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

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. The Village did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

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.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

Note 2 – Equity in Pooled Cash

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

		<u>2004</u>		<u>2003</u>
Demand Deposits	\$	<u>583,486</u>	\$	<u>436,265</u>

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

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 375,598	\$ 462,980	\$ 87,382
Special Revenue	300,233	186,617	(113,616)
Debt Service	50,556	31,002	(19,554)
Capital Projects	91,604	36,596	(55,008)
Expendable Trust	928	-	(928)
Enterprise	904,082	537,381	(366,701)
	<u>\$ 1,723,001</u>	<u>\$ 1,254,576</u>	<u>\$ (468,425)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 351,263	\$ 349,532	\$ 1,731
Special Revenue	132,435	86,773	45,662
Debt Service	50,556	49,139	1,417
Capital Projects	91,604	31,878	59,726
Expendable Trust	100	-	100
Enterprise	804,566	590,033	214,533
	<u>\$ 1,430,524</u>	<u>\$ 1,107,355</u>	<u>\$ 323,169</u>

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

Note 3 – Budgetary Activity – (continued)

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 439,088	\$ 393,284	\$ (45,804)
Special Revenue	463,935	212,114	(251,821)
Debt Service	40,183	29,328	(10,855)
Capital Projects	1,008	-	(1,008)
Expendable Trust	928	-	(928)
Enterprise	920,430	638,535	(281,895)
	<u>\$ 1,865,572</u>	<u>\$ 1,273,261</u>	<u>\$ (592,311)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$ 407,460	\$ 414,157	\$ (6,697)
Special Revenue	368,755	283,881	84,874
Debt Service	39,488	12,885	26,603
Capital Projects	1,008	-	1,008
Expendable Trust	100	-	100
Enterprise	782,600	604,461	178,139
	<u>\$ 1,599,411</u>	<u>\$ 1,315,384</u>	<u>\$ 284,027</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund (\$6,697) at December 31, 2003. In addition, at various times throughout the year, budgetary expenditures exceeded appropriation authority in the Street Construction, Maintenance and Repair fund (\$13,506), Drug Law Enforcement and Education fund (\$200), Water fund (\$20,234), Sanitary Sewer fund (\$16,468), and the Utility Deposits fund (\$214) during 2003. At various times throughout 2004, budgetary expenditures exceeded appropriation authority in the Drug Law Enforcement and Education fund (\$1,125), Fire and Rescue fund (\$1,909), Utility Deposits fund (\$830), Sewer Replacement and Improvement fund (\$6,266), Wastewater Planning Loan Retirement fund (\$2,050), and the Construction Capital Improvement fund (\$31,878).

Contrary to Ohio law, a resolution authorizing transfers was not passed by Councilors for various transfers during the period of January 1, 2003 through December 31, 2004.

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

Note 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.

Note 5 – Local Income Tax

The Village levies a municipal income tax of one 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 the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The Village has a contract with City of Cleveland - Central Collection Agency to collect income tax on behalf of the Village.

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 6 - Debt Obligations

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission - CM506	\$ 14,894	0.00%
Ohio Public Works Commission - CM31E	31,803	0.00%
Ohio Public Works Commission - CM29A	35,911	0.00%
Ohio Public Works Commission - CM21D	70,525	0.00%
Ohio Public Works Commission - CM15H	8,740	0.00%
Ohio Water Development Authority Note	598,803	6.41%
Ohio Water Development Authority Planning Loan	6,150	0.00%
First Mortgage Revenue Bonds	21,000	4.50%
Sanitary Sewer Improvement Bonds	90,000	6.65%
East Main Street Resurfacing Loan	37,914	4.74%
Meadowbrook Liftstation Loan	82,589	4.74%
Total	<u>\$ 998,329</u>	

The Village has five non-interest bearing loans at December 31, 2004 that were obtained through the Ohio Public Works Commission. Proceeds from these loans were used for street resurfacing, street reconstruction, and water treatment improvements. Each loan has a repayment period of 20 years with semi-annual payment due. Loan CM15H had additional draws in 2005 for a total loan of \$207,443.

The Ohio Water Development Authority note is a 25 year note requiring semi-annual payments of principal and interest. The proceeds of this loan was used for water tower construction.

The Ohio Water Development Authority Planning Loan is an interest free loan that the Village borrowed for wastewater planning. Annual payments are due over a period of 10 years.

The East Main Street Resurfacing Loan and the Meadowbrook Lift station Loan were two separate loans obtained from a local bank to finance the respective projects. Each loan carries an interest rate of 4.74% and requires semi-annual principal and interest payments with the final payments on each note due December 28, 2007.

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 6 - Debt Obligations - (continued)

1st Mortgage Revenue Bonds were issued in 1965 at an interest rate of 6.65% under authority of Ordinance #1238. Monthly payments are made to a trustee for the redemption of these bonds. At December 31, 2004, the Bond Fund has a balance of \$10,511 and the Debt Service Reserve Fund has a balance of \$45,065. These funds will be used to retire the final bonds in 2005 with any remaining excess funds being returned to the Village.

Sanitary Sewer Improvement Bonds were issued in order to finance the improvements of the sanitary sewer system. These were issued in 1965 at a rate of 4 ½% interest. Interest is paid bi-annually with principal redeemed once per year. The final payment is due in 2005.

The annual requirements to amortize all debt outstanding as of December 31, 2004, including interest payments of \$511,478 are scheduled as follows:

<u>Year Ending December 31,</u>	<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>Bank Loans</u>	<u>Bonds</u>	<u>TOTAL</u>
2005	\$ 28,190	\$ 16,121	\$ 39,594	\$ 68,036	\$ 151,941
2006	54,330	14,489	39,594	46,564	154,977
2007	54,330	10,935	31,412	-	96,677
2008	52,280	10,935	18,710	-	81,925
2009	52,280	10,935	-	-	63,215
2010-2014	261,398	52,048	-	-	313,446
2015-2019	261,398	40,391	-	-	301,789
2020-2024	261,398	6,017	-	-	267,415
2025-2029	78,419	-	-	-	78,419
	<u>\$ 1,104,023</u>	<u>\$ 161,871</u>	<u>\$ 129,310</u>	<u>\$ 114,600</u>	<u>\$ 1,509,804</u>

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

Note 7 – Retirement Systems

Ohio Public Employees Retirement System (OPERS)

The Village's employees, excluding the Village's uniformed Police employees, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salary. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all required contributions through December 31, 2004.

Police and Firemen's Disability and Pension Fund

The Village of Cridersville's uniformed police employees participate in the police and firemen's disability and pension fund. This is a multi-employer cost sharing public employees' retirement system created by the State of Ohio. The fund provides pension disability and health care to qualified police personnel and survivors and death benefits to qualified spouses, children and dependent parents.

Employees contribute 10.0 percent of gross salaries and the employer contributes 19.5 percent of gross salaries. The Village has paid all required contributions through December 31, 2004.

Note 8 - Risk Management

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 500 Ohio governments ("Members").

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

The Plan issues its own policies and reinsures the Plan with A-Vii or better rated carries, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 or property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

Note 8 - Risk Management – (continued)

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and Member's Equity at December 31:

		<u>2004</u>		<u>2003</u>
Assets	\$	6,685,522	\$	5,402,167
Liabilities		<u>2,227,808</u>		<u>1,871,123</u>
Member's Equity	\$	<u><u>4,457,714</u></u>	\$	<u><u>3,531,044</u></u>

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

Note 9 – Lease Purchase Agreement

On March 1, 2002, the Village entered into a lease-purchase agreement in the amount of \$25,996 for a Case 580M loader backhoe. As of December 31, 2004, \$11,334 was remaining to be paid in equal payments of \$5,667 on March 1, 2005 and 2006.

Note 10 - Subsequent Events

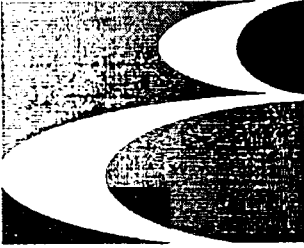
The Village had the following material matters occur after December 31, 2004:

- An approximately \$230,000 water treatment plant improvement project was started in 2004. However, only \$8,888 was expended in 2004 and the remaining was expended in 2005. This was financed by an approximately \$207,000 Ohio Public Works Commission interest-free loan with a 10% (\$23,000) Village match of funds.
- In 2005, Council passed an Ordinance for the issuance of notes in anticipation of bonds for sanitary sewer rehabilitation and improvements in the amount of \$162,581 at an interest rate of 3.9235%.

Note 11 – Other Material Noncompliance

Contrary to Ohio law, the records of the Village did not contain accurate posting for all revenues, expenditures, and transfers of the Village.

Contrary to Ohio law, the Village did not issue a purchase order prior to making some purchases of goods and services.



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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-199

August 23, 2005

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

Village of Cridersville
Auglaize County, Ohio

We have audited the financial statements of the Village of Cridersville, Auglaize County, Ohio, (the Village as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated August 23, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

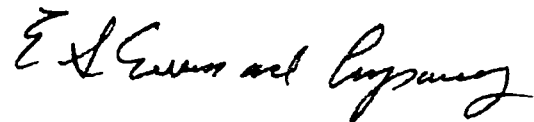
In planning and performing our audit, we considered the Village of Cridersville's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider 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 judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

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 caused by error or fraud in amounts material to the financial statements being audited may occur and not be timely detected 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 material weaknesses. We consider reportable condition 2004-001 listed above to be a material weakness. In a separate letter to the Village of Cridersville's management dated August 23, 2005, we reported other matters involving internal control over financial reporting that we did not deem to be reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village of Cridersville'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 that we must report under Government Auditing Standards which are described in the accompanying schedule of findings as items 2004-001 through 2004-004. In a separate letter to the Village of Cridersville's management dated August 23, 2005, we reported other matters related to noncompliance which we deemed immaterial.

We intend this report solely for the information and use of management of the Village of Cridersville and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "E. L. Green and Company".

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2004 and 2003

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2004-001 – Noncompliance/Reportable Condition

Ohio Revised Code Section 733.28 requires that the Village Clerk/Treasurer maintain the books of the Village and exhibit accurate statements of monies received and expended. Ohio Administrative Code Section 117-9-01 provides suggested account classifications. These accounts classify receipts by source and classify disbursements by program or object. In auditing the Village's books, we found many receipts and disbursements were not properly classified when posted to the Village books. Audit adjustments were proposed to address these exceptions and thus, the accompanying financial statements reflect the proper classifications.

We recommend that the Village Clerk/Treasurer accurately maintain the Village's accounting records in accordance with the Ohio Administrative Code Section 117-9-01 and utilize the Village Officer's Handbook for additional guidance.

VILLAGE RESPONSE – The Village Clerk/Treasurer and the Assistant are currently working together to resolve this problem.

Finding Number 2004-002 – Noncompliance

Ohio Revised Code § 5705.41 (D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required for the order or contract 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 encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

We found that a purchase order is not always issued for all purchases, and some purchase orders are being issued after invoices are received, but the Village is not using "then and now" certifications. Using a "then and now" certificate is provided for in sections 5705.41(D)(1) of the Ohio Revised Code.

"Then and Now" certificate — If the Village Clerk/Treasurer can certify that both at the time that the contract or order was made ("then"), and at the time that the Clerk/Treasurer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

However, if the amount is less than \$3,000 (\$1,000 prior to April 7, 2003), it may be paid by the Clerk/Treasurer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village Council.

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2004 and 2003

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

Finding Number 2004-002 – Noncompliance – (continued)

To improve controls over disbursements, we recommend all Village purchases be made using a purchase order and that those who do not receive prior certification of the Clerk/Treasurer utilize the "then and now" certification.

VILLAGE RESPONSE – The Village Administration will work harder to issue blanket purchase orders and utilize the "then and now" certification to be in compliance with the Ohio Revised Code 5705.41(D)(1).

Finding Number 2004-003 – Noncompliance

Ohio Revised Code Section 5705.41(B) states that "no subdivision or taxing unit is to expend money unless it has been appropriated. During 2003 and 2004, we noted the following expenditures in excess of appropriations:

<u>In 2003:</u>	<u>Excess</u>
General Fund	\$ 6,697
Street Construction, Maintenance & Repair Fund	13,506
Drug Law Enforcement & Education Fund	200
Water Fund	20,234
Sanitary Sewer Fund	16,468
Utility Deposits Fund	214

<u>In 2004:</u>	<u>Excess</u>
Drug Law Enforcement & Education Fund	\$ 1,125
Fire and Rescue Fund	1,909
Utility Deposits Fund	830
Sewer Replacement & Improvement Fund	6,266
Wastewater Planning Loan Retirement Fund	2,050
Construction Capital Improvement Fund	31,878

VILLAGE RESPONSE – The Village will monitor budgetary compliance throughout the year and make amended appropriations and estimated resource adjustments as necessary.

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2004 and 2003

Finding Number 2004-004 – Noncompliance

Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16 outline various requirements regarding the transfer of funds. One of these requirements states that “except in the case of transfers from the general fund, transfers can be made only by resolution of the taxing authority passed with the affirmative vote of two thirds of the members. Transfers from the general fund require a resolution passed by a simple majority of the board members (i.e., a two thirds vote is not required for general fund transfers though a resolution is required)”.

We found that not all transfers were approved by a resolution, and that the Village Clerk/Treasurer did not consistently post transfers. A transfer out of one fund must be classified as a transfer into another fund.

VILLAGE RESPONSE – The Village will have Council approve all transfers and monitor the posting of these to the Village records.

VILLAGE OF CRIDERSVILLE
 AUGLAIZE COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2004 and 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-001	Purchase Orders not always issued	NO	Reissued as Finding 2004-002
2002-002	Expenditures exceeding Appropriations	NO	Reissued as Finding 2004-003
2002-003	Payroll Bank Account Reconciliations	YES	
2002-004	Finance Committee Reviews	YES	
2002-005	Cash Basis Annual Financial Report Fund Classifications	YES	
2002-006	Loan Proceeds	NO	Reissued as Finding 2004-001
2002-007	On-Behalf-Of Grants/Loan	YES	



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VILLAGE OF CRIDERSVILLE

AUGLAIZE 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
MARCH 14, 2006**