

***VILLAGE OF CADIZ***

**HARRISON COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2010 & 2009**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Village Council  
Village of Cadiz  
128 Court Street  
Cadiz, Ohio 43907

We have reviewed the *Report of Independent Accountants* of the Village of Cadiz, Harrison County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2009 through December 31, 2010. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 Cadiz is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 14, 2011

**This Page is Intentionally Left Blank.**

**VILLAGE OF CADIZ**  
**HARRISON COUNTY, OHIO**  
**Audit Report**  
**For the Years ended December 31, 2010 & 2009**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Report of Independent Accountants	1-2
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Years Ended December 31, 2010	3
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances - All Proprietary Fund Types and Similar Fiduciary Funds - For the Years Ended December 31, 2010	4
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Years Ended December 31, 2009	5
Combined Statement of Receipts, Disbursements and Changes in Fund Cash Balances - All Proprietary Fund Types and Similar Fiduciary Funds - For the Years Ended December 31, 2009	6
Notes to the Financial Statements	7-18
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19-20
Schedule of Findings	21-25
Schedule of Prior Audit Findings	26

**This Page is Intentionally Left Blank.**

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306

Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Cadiz  
Harrison County  
128 Court Street  
Cadiz, Ohio 43907

To the Village Council:

We have audited the accompanying financial statements of the Village of Cadiz (Village), Harrison County, Ohio as and for the years ended December 31, 2010 & 2009. 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. 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.

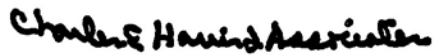
Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2010 & 2009. Instead of the combined funds the accompanying financial statements present for 2010 & 2009, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 & 2009. 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 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 years ended December 31, 2010 and 2009, 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, 2010 and 2009, or its changes in financial position or cash flows 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 and reserve for encumbrances of Village of Cadiz, as of December 31, 2010 and 2009, 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 ended December 31, 2010 and 2009. 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 April 29, 2011, 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, 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 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.



**Charles E. Harris & Associates, Inc.**  
April 29, 2011



VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2010

	Governmental Fund Types			(Memorandum Only) Total
	General	Special Revenue	Capital Projects	
<b>RECEIPTS:</b>				
Property and Local Taxes	\$ 117,289	\$ 19,038	-	\$ 136,327
Municipal Income Tax	566,169	30,770	\$ 18,462	615,401
Intergovernmental	81,101	152,424	-	233,525
Charges for Services	190,441	-	6,596	197,037
Fines, Licenses and Permits	41,253	844	-	42,097
Earnings on Investments	4,434	159	-	4,593
Miscellaneous	28,433	438	4,344	33,215
<b>Total Cash Receipts</b>	<b>1,029,120</b>	<b>203,673</b>	<b>29,402</b>	<b>1,262,195</b>
<b>DISBURSEMENTS:</b>				
Security of Persons and Property	416,479	-	-	416,479
Public Health Services	17,790	-	-	17,790
Leisure Time Activities	244,689	2,464	8,412	255,565
Community Environment	1,573	-	-	1,573
Transportation	196,098	144,368	-	340,466
General Government	348,736	16	121	348,873
Capital Outlay	32,807	89,745	-	122,552
Debt Service:				
Retirement of Principal	8,938	38,088	17,271	64,297
Interest and Fiscal Charges	-	1,511	6,955	8,466
<b>Total Cash Disbursements</b>	<b>1,267,110</b>	<b>276,192</b>	<b>32,759</b>	<b>1,576,061</b>
Cash Receipts Over/(Under) Cash Disbursements	(237,990)	(72,519)	(3,357)	(313,866)
<b>Other Financing Sources (Uses):</b>				
Proceeds of Loan	-	50,000	-	50,000
Other Financing Sources	17,037	9,630	-	26,667
Other Financing Uses	-	(250)	-	(250)
<b>Total Other Financing Sources (Uses)</b>	<b>17,037</b>	<b>59,380</b>	<b>-</b>	<b>76,417</b>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	(220,953)	(13,139)	(3,357)	(237,449)
Fund Cash Balance, January 1, 2010	656,303	256,753	27,395	940,451
Fund Cash Balance, December 31, 2010	\$ 435,350	\$ 243,614	\$ 24,038	\$ 703,002
Reserves for Encumbrances, December 31, 2010	\$ 5,058	\$ -	\$ -	\$ 5,058

See Accompanying Notes to the Financial Statements

**VILLAGE OF CADIZ**  
**HARRISON COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES**  
**ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2010**

	Proprietary Fund Type	Fiduciary Fund Type	(Memorandum Only) Total
	Enterprise	Agency	
<b>OPERATING CASH RECEIPTS:</b>			
Charges for Services	\$ 1,133,882	-	\$ 1,133,882
<b>Total Operating Cash Receipts</b>	<b>1,133,882</b>	<b>-</b>	<b>1,133,882</b>
<b>OPERATING CASH DISBURSEMENTS</b>			
Personal Services	227,136	-	227,136
Employee Fringe Benefits	143,221	-	143,221
Contractual Services	326,284	\$ 71,108	397,392
Materials and Supplies	169,669	-	169,669
Capital Outlay	2,160	27,800	29,960
Other Operating Disbursements	76	29,616	29,692
<b>Total Operating Cash Disbursements</b>	<b>868,546</b>	<b>128,524</b>	<b>997,070</b>
Operating Income (Loss)	265,336	(128,524)	136,812
<b>NON OPERATING CASH RECEIPTS (DISBURSEMENTS)</b>			
Intergovernmental	166,031	-	166,031
Proceeds of Loan	42,113	-	42,113
Miscellaneous Receipts	100	59,399	59,499
Other Financing Sources	-	130,278	130,278
Debt Service:			
Retirement of Principal	(134,164)	-	(134,164)
Interest and Fiscal Charges	(151,065)	-	(151,065)
<b>Total Non Operating Cash Receipts (Disbursements)</b>	<b>(76,985)</b>	<b>189,677</b>	<b>112,692</b>
Excess of Cash Receipts Over/(Under) Cash Disbursements	188,351	61,153	249,504
Fund Cash Balance, January 1, 2010	858,846	255,138	1,113,984
Fund Cash Balance, December 31, 2010	\$ 1,047,197	\$ 316,291	\$ 1,363,488
Reserves for Encumbrances, December 31, 2010	\$ 2,633	\$ -	\$ 2,633

See Accompanying Notes to the Financial Statements

VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2009

	Governmental Fund Types			(Memorandum Only) Total
	General	Special Revenue	Capital Projects	
<b>RECEIPTS:</b>				
Property and Local Taxes	\$ 114,592	\$ 19,283	-	\$ 133,875
Municipal Income Tax	576,670	31,340	\$ 18,804	626,814
Intergovernmental	45,142	189,405	-	234,547
Charges for Services	178,272	-	3,473	181,745
Fines, Licenses and Permits	66,533	312	-	66,845
Earnings on Investments	10,560	359	-	10,919
Miscellaneous	25,244	1,572	4,527	31,343
<b>Total Cash Receipts</b>	<b>1,017,013</b>	<b>242,271</b>	<b>26,804</b>	<b>1,286,088</b>
<b>DISBURSEMENTS:</b>				
Security of Persons and Property	402,003	292	-	402,295
Public Health Services	15,786	-	-	15,786
Leisure Time Activities	205,854	-	5,300	211,154
Community Environment	10,412	-	1,070	11,482
Transportation	183,164	134,516	-	317,680
General Government	341,479	12,105	3,900	357,484
Capital Outlay	-	49,459	438	49,897
Debt Service:				
Retirement of Principal	2,979	39,527	16,988	59,494
Interest and Fiscal Charges	-	3,280	7,239	10,519
<b>Total Cash Disbursements</b>	<b>1,161,677</b>	<b>239,179</b>	<b>34,935</b>	<b>1,435,791</b>
Cash Receipts Over/(Under) Cash Disbursements	(144,664)	3,092	(8,131)	(149,703)
<b>Other Financing Sources (Uses):</b>				
Other Financing Sources	15,968	14,160	-	30,128
Other Financing Uses	(1,643)	-	-	(1,643)
<b>Total Other Financing Sources (Uses)</b>	<b>14,325</b>	<b>14,160</b>	<b>-</b>	<b>28,485</b>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	(130,339)	17,252	(8,131)	(121,218)
Fund Cash Balance, January 1, 2009	786,642	239,501	35,526	1,061,669
Fund Cash Balance, December 31, 2009	\$ 656,303	\$ 256,753	\$ 27,395	\$ 940,451
Reserves for Encumbrances, December 31, 2009	\$ 9,538	\$ -	\$ -	\$ 9,538

See Accompanying Notes to the Financial Statements

**VILLAGE OF CADIZ**  
**HARRISON COUNTY, OHIO**  
**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES**  
**ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS**  
**For the Year Ended December 31, 2009**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>(Memorandum Only) Total</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>OPERATING CASH RECEIPTS:</b>			
Charges for Services	\$ 1,101,366	-	\$ 1,101,366
<b>Total Operating Cash Receipts</b>	<b>1,101,366</b>	<b>-</b>	<b>1,101,366</b>
<b>OPERATING CASH DISBURSEMENTS</b>			
Personal Services	232,461	-	232,461
Employee Fringe Benefits	149,099	-	149,099
Contractual Services	179,103	\$ 33,089	212,192
Materials and Supplies	114,416	719	115,135
Capital Outlay	135,843	3,294	139,137
Other Operating Disbursements	-	27,416	27,416
<b>Total Operating Cash Disbursements</b>	<b>810,922</b>	<b>64,518</b>	<b>875,440</b>
Operating Income (Loss)	290,444	(64,518)	225,926
<b>NON OPERATING CASH RECEIPTS (DISBURSEMENTS)</b>			
Intergovernmental	32,089	-	32,089
Earnings on Investment	2,497	621	3,118
Proceeds of Loans	72,210	-	72,210
Miscellaneous Receipts	-	49,839	49,839
Other Financing Sources	-	82,511	82,511
Other Financing Uses	-	(100,016)	(100,016)
Debt Service:			
Retirement of Principal	(135,971)	-	(135,971)
Interest and Fiscal Charges	(154,695)	-	(154,695)
<b>Total Non Operating Cash Receipts (Disbursements)</b>	<b>(183,870)</b>	<b>32,955</b>	<b>(150,915)</b>
Excess of Cash Receipts Over/(Under) Cash Disbursements	106,574	(31,563)	75,011
Fund Cash Balance, January 1, 2009	752,272	286,701	1,038,973
Fund Cash Balance, December 31, 2009	\$ 858,846	\$ 255,138	\$ 1,113,984
Reserves for Encumbrances, December 31, 2009	\$ 2,477	\$ -	\$ 2,477

See Accompanying Notes to the Financial Statements

**VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Village of Cadiz, (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 Village Council. The Village provides general governmental services including water and sewer utilities, park operations (leisure time activities), street repair and maintenance and police protection. The Village contracts with the Cadiz Volunteer Fire Department for fire protection 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 by the Auditor of State.

**C. CASH AND INVESTMENTS**

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investments purchases or receipts for investments sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposits 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.

VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

D. **FUND ACCOUNTING** - (continued)

2. **Special Revenue Funds**

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

*Street Construction, Maintenance and Repair Fund* – This fund receives gasoline and motor vehicle tax money for construction, maintenance and repairing of Village streets.

*Sally Buffalo/SA Trust Fund* - This fund was created using funds left by a Village resident for park improvements at the discretion of the park superintendent.

3. **Capital Projects 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 projects fund:

*Water/Sewer Capital Projects Fund*- This fund receives local income tax revenue and grants for water/sewer capital projects.

4. **Enterprise Funds**

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

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

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

*Water Debt Fund*– This fund pays the Village’s debt related to the Water Fund and the Sewer Fund.

VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - (continued)

5. **Fiduciary Funds**

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

*Community Improvement Corporation (CIC) Fund (Agency Fund)*- This fund is used to account for monies the CIC lends to new and existing businesses within the Village to promote economic development and the repayment of these loans. Also, the CIC charges monthly rent to a corporation for property owned by the CIC.

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 and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations at year-end are carried over to the subsequent year.

2. **Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered balances 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 cancelled with the exception of encumbrances for pension payments.

VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

F. PROPERTY, PLANT AND EQUIPMENT

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

G. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2010</u>	<u>2009</u>
Demand Deposits	\$444,134	\$435,603
STAR-Ohio	1,132,493	1,131,254
Certificates of Deposit	489,413	487,128
Cash on Hand	<u>450</u>	<u>450</u>
Total	<u><u>\$2,066,490</u></u>	<u><u>\$2,054,435</u></u>

*Deposits:* Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit pool.

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



VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009

3. **BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 & 2009 is as follows:

**2009 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$887,960	\$1,032,981	\$145,021
Special Revenue	251,401	256,431	5,030
Capital Projects	26,628	26,804	176
Enterprise	1,892,612	1,208,162	(684,450)

**2009 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
General	\$1,178,220	\$1,172,858	\$5,362
Special Revenue	239,179	239,179	-
Capital Projects	34,935	34,935	-
Enterprise	1,054,080	1,104,065	(49,985)

**2010 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	-	\$1,046,157	\$1,046,157
Special Revenue	-	263,303	263,303
Capital Projects	-	29,402	29,402
Enterprise	-	1,342,126	1,342,126

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
General	\$1,273,107	\$1,272,168	\$939
Special Revenue	276,442	276,442	-
Capital Projects	32,759	32,759	-
Enterprise	1,153,104	1,156,408	(3,304)

**VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**4. PROPERTY TAXES**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the Village. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Harrison County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the Village was completed in 2010. The next update is scheduled for 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is usually due December 31, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) received during calendar year 2010 represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes on business inventory, manufacturing and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied April 1, 2009 on the values listed as of December 31, 2009. Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Harrison County Treasurer collects property taxes on behalf of the Village. The Harrison County Auditor remits the collected taxes to the Village. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

**5. RETIREMENT SYSTEMS**

Employees of the Village belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a state operated, 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.

Contribution rates are prescribed by the Ohio Revised Code. Non-police OPERS members contributed 10% of their gross pay while the Village contributed an amount equal to 14% of covered payroll. The Village paid all required contributions through 2010.

For 2009 and 2010, police OPERS members contributed 10.1% and 11.1% of their gross pay while the Village contributed an amount equal to 17.63% and 17.87% of covered payroll, respectively. The Village paid all required contributions through 2010.

**VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**6. 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 corporation limits as well as certain income of residents earned outside the Village corporate limits.

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

All sums collected were receipted into the General Fund with the following exceptions:

Equipment Fund (2%) for the replacement of equipment and machinery as needed,  
Street Paving Fund (3%) for maintenance, repair, paving and resurfacing of Village roadways, streets and alleys,  
Capital Projects Fund (3%) for the construction and reconstruction for water and sewer projects.

**7. DEBT**

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Bonds 1999	\$ 1,671,700	4.50%
USDA Bonds 2006	1,131,500	4.38%
OWDA Loan #3199	284,981	2.00%
OWDA Loan #3971	606,991	2.00%
OPWC Loan #CN009	38,730	0.00%
OPWC Loan #CN19I	7,400	0.00%
PNC Dump Truck	50,000	5.14%
PNC Bonds Series 2006	198,663	5.54%
PNC Roller Loan	3,769	5.32%
Cadiz CIC Water Tower	204,000	1.50%
Cadiz CIC Street Paving	8,000	0.00%
OPWC Loan #CN12L	16,128	0.00%
OWDA Loan #4883	81,067	5.28%
	<u>\$ 4,302,929</u>	

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds were issued on March 15, 1999 in the amount of \$1,920,000 to help cover the cost of constructing the Village's waterworks system. The bonds will mature on March 1, 2039. The Village has agreed to set utility rates sufficient to cover the debt service requirement of the mortgage revenue bonds.

The United States Department of Agriculture (USDA) Water System Mortgage Revenue Bonds, Series 2006, were issued in the amount of \$1,180,000 on April 28, 2006 to refund the National City Bank Bond Anticipation Notes issued on October 28, 2003. The Village will make annual payments with the first payment due on April 1, 2009. The bonds mature on April 1, 2046.

**VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**7. DEBT - (continued)**

The Ohio Water Development Authority (OWDA) loan #3199 relates to the construction of a water tank and water sewer line project. The loan will be repaid in semi-annual installments of \$17,379 including interest over a twenty-year period. The Village borrowed \$570,210. The loan is collateralized by water receipts and income tax.

The Ohio Water Development Authority (OWDA) loan #3971 relates to the construction of the Tappan Lake Raw Water Transmission Line project. The original loan was for \$845,954 with a 2% interest rate. The loan has a maturity date of twenty years with the first payment due on January 1, 2009 and the final payment due on July 1, 2024. The loan is collateralized by utility receipts and the full faith and credit of the Village.

The Ohio Public Works Commission (OPWC) loan #CN009 was issued for the East Market Street Water Main Project in the Village. The original loan was issued for \$119,170 for a term of twenty years with a semi-annual payment of \$2,979 each year beginning on January 1, 1998. The loan is collateralized by the Village's taxing authority.

The Ohio Public Works Commission (OPWC) loan #CN19I was issued for the 2009 Street Program in the Village. The original loan was issued for \$14,800 for a term of ten years with semi-annual payments of \$740 each year beginning on July 1, 2010. The loan is collateralized by the Village's taxing authority.

The PNC dump truck loan was issued in the amount of \$50,000. The Village will make four annual payments of \$11,616 with the first payment due on March 3, 2011.

The PNC Water System Improvement Bond, Series 2006, was issued in the amount of \$250,000 for improvement to the water lines of the Village. The bond matures on April 28, 2021. The first payment is due on April 28, 2009. The loan is collateralized by water receipts.

In the previous audit period, the Cadiz Community Improvement Corporation (CIC) Loan was issued in the amount of \$60,000 for the purpose of paying for a study that will identify the sources of infiltration in the sewer system and determine the feasibility of servicing 56 homes within the Village the currently do not have the connection to the system. The Village received a \$20,000 state grant used towards payment of the loan. The Village makes thirty-two monthly payments of \$1,250 with the first payment due in July 2007. The Village placed a sewer surcharge on customer's bills to cover the cost of the study. In 2007, the Village received \$16,500 of additional funds from the CIC for further studies.

The PNC 2007 Five Year General Obligation Bond Anticipation Note was issued in the amount of \$17,000 for the purpose of paying for a roller for the street department. The note matures in October 2011. The Village makes annual payments of \$3,961 with the first payment due on October 1, 2007. The loan is collateralized by the Village's taxing authority.

The Cadiz Community Improvement Corporation Loan (CIC) was issued in the amount of \$195,000 for construction of the Industrial Park waterline and water tower that is jointly conducted with Harrison County. An additional \$59,000 was added to the loan in 2009. The Village will makes annual payments of \$25,000.

The Cadiz Community Improvement Corporation Loan (CIC) was issued in the amount of \$24,000 for the purpose of conducting various paving projects within the Village. The Village will make annual payments of \$8,000 with the first payment due in December 2007.

**VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**7. DEBT - (continued)**

The Ohio Public Works Commission (OPWC) loan #CN12L was issued for the purpose of conducting various paving projects within the Village. The original loan was issued for \$20,160 for a term of ten years with semi-annual payments of \$1,008 each year beginning on July 1, 2009. The loan is collateralized by the Village's taxing authority.

The Ohio Water Development Authority (OWDA) loan #4883 relates to the inflow sewer study. The Village has expended \$90,067. During 2009 and 2010, the Village drew down \$13,210 and \$42,113 in additional loan proceeds, respectively. The Village makes semi-annual payments of \$2,250. The loan has a maturity date of January 1, 2014. The loan is collateralized by utility receipts and the full faith and credit of the Village. The amortization schedule is not available.

The Village issued revenue improvement bonds on behalf of the Harrison Community Hospital in the amount of \$3,000,000 dated December 1, 2006. The interest rate is variable. The hospital is responsible for the principal and interest payments. The Hospital only provided the agreed upon principal. The interest due by year was not available.

The agreed principal redemption amounts by year are as follows:

<u>Year Ending December 31</u>	<u>Hospital Bonds</u>
2011	\$60,000
2012	65,000
2013	70,000
2014	75,000
2015	80,000
2016-2020	475,000
2021-2025	640,000
2026-2030	860,000
2029-2033	535,000
<b>Total</b>	<b><u><u>\$2,860,000</u></u></b>

**VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

7. **DEBT** - (continued)

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

Year Ending December 31	USDA Bonds 1999	USDA Bonds 2006	OWDA Loan #3199	OWDA Loan #3971	OWPC Loan #CN009
2011	\$104,326	\$63,003	\$34,757	\$51,528	\$5,959
2012	104,317	63,013	34,757	51,528	5,959
2013	104,349	62,996	34,757	51,528	5,959
2014	104,318	62,952	34,757	51,528	5,959
2015	104,424	62,983	34,757	51,528	5,959
2016-2020	521,622	314,885	156,408	231,876	8,935
2021-2025	521,764	314,929	-	231,876	-
2026-2030	521,671	314,975	-	-	-
2031-2035	521,692	314,884	-	-	-
2036-2040	417,333	314,927	-	-	-
2041-2045	-	314,992	-	-	-
<b>Total</b>	<b>\$3,025,816</b>	<b>\$2,204,539</b>	<b>\$330,193</b>	<b>\$721,392</b>	<b>\$38,730</b>

Year Ending December 31	OPWC CN19I	PNC Dump Truck	PNC 2006 Bond	PNC Roller	CIC Water Tower
2011	\$1,480	\$11,616	\$24,973	\$3,961	\$25,000
2012	1,480	11,616	24,973	-	25,000
2013	1,480	11,616	24,973	-	25,000
2014	1,480	11,616	24,973	-	25,000
2015	1,480	11,616	24,973	-	25,000
2016-2020	-	-	124,860	-	100,000
2019-2021	-	-	24,968	-	-
<b>Total</b>	<b>\$7,400</b>	<b>\$58,080</b>	<b>\$274,693</b>	<b>\$3,961</b>	<b>\$225,000</b>

Year Ending December 31	CIC Street Loan	OPWC CN12L
2011	\$8,000	\$2,016
2012	-	2,016
2013	-	2,016
2014	-	2,016
2015	-	2,016
2016-2020	-	6,048
<b>Total</b>	<b>\$8,000</b>	<b>\$16,128</b>

**VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**8. RISK MANAGEMENT**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 governments ("Members").

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 issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 17.5% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 17.5% or \$43,750 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.

Plan Members are responsible to notify the Plan of their intent to renew coverages by their renewal date. If a Member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former Member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been significant reductions in insurance coverage from last year.

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

	<u>2009</u>	<u>2008</u>
Assets	\$ 11,176,186	\$ 10,471,114
Liabilities	(4,852,485)	(5,286,781)
Members' Equity	\$ 6,323,701	\$ 5,184,333

The Village also provides health insurance coverage to full-time employees through a private carrier.

**9. CONTINGENT LIABILITIES**

The Village may be a defendant in various lawsuits. Although, the outcome of the lawsuits is not presently determinable, in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the Village.

**VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2010 & 2009**

**10. LEGAL COMPLIANCE**

Contrary to Ohio Revised Code Section 5705.41 (D), no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer 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. The Village did not always certify funds.

Contrary to Ohio Revised Code Section 5705.41 (B), prohibits a subdivision from making expenditures unless they have been appropriated. The Village had expenditures exceeding appropriations in various funds in both years.

Contrary to Ohio Revised Code Section 5705.36(A)(3) and 5705.36(A)(5), the Village did not obtain a certificate of estimated resources in 2010 causing appropriations to exceed estimated resources.

Contrary to Ohio Revised Code Section 5705.39, the Village had appropriations exceeding estimated resources.



Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

---

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

Village of Cadiz  
Harrison County  
128 Court Street  
Cadiz, Ohio 43907

To the Village of Council:

We have audited the financial statements of Village of Cadiz, Harrison County Ohio (the Village) as of and for the years ended December 31, 2010 & 2009, which collectively comprise the Village's financial statements and have issued our report thereon dated April 29, 2011, 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Controls Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-VCHC-02 and 2010-VCHC-03 described in the accompanying schedule of findings to be 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 grants 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 such 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 2010-VCHC-01, 2010-VCHC-02, 2010-VCHC-04 through 2010-VCHC-06.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We also noted certain matters that we have reported to management of the Village in a separate letter dated April 29, 2011.

We intend this report solely for the information and use of management, the Village of Council and others within the Village. We intend it for no one other than these specified parties.



**Charles E. Harris and Associates, Inc.**

April 29, 2011

VILLAGE OF CADIZ  
HARRISON COUNTY

SCHEDULE OF FINDINGS  
December 31, 2010 and 2009

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

Finding Number 2010-VCHC-01 – Non-compliance Citation

Ohio Rev. Code Section 5705.41 (D) (1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D)(1) and 5705.41 (D)(3), respectively, of the Ohio Revised Code.

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

Amounts of less than \$3,000 may be paid by the fiscal officer 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.

2. Blanket Certificates - Fiscal officers may prepare "blanket" certificates for a certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificates – The Village may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

VILLAGE OF CADIZ  
HARRISON COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2010 and 2009

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</p>
--

**Finding Number 2010-VCHC-01 – Non-Compliance Citation**

The Village did not make the proper certification of funds in all instances. Thirty Five of 60 selections tested during the audit period had the certifications after the obligation date. Also, there were eight instances where “then and now certificates” were not approved by Council. We recommend that the Village institute the use of purchase orders for any expenditure to be made and certify expenditures prior to incurring the liability. In instances where prior certification is not practical, we recommend the issuance of a “Then and Now” certificate. Also, we recommend that Council approve all “then and now certificates.”

**Management Response:** Departments routinely purchase items without informing the Fiscal Officer.

**Finding Number 2010-VCHC-02 – Non-Compliance Citation and Material Weakness**

Ohio Revised Code Section 5705.36(A)(3) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater than the amount included in an official certificate and the legislative authority intends to appropriate and expend the excess revenue, the fiscal officer shall certify the amount of the 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 excess.

5705.36(A)(5) states that the total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During 2010, the Village failed to obtain an official certificate of estimated resources. This caused appropriations to exceed estimated resources in all funds for that year. Also, although the Village filed their appropriations with Harrison County, they did not obtain a “Do Not Exceed Certificate” since there were no certificates of estimated resources on file.

We recommend that the Village obtain a certificate of estimated resources upon determination of an increase or decrease in revenues.

**Management’s Response:** Management forgot to submit the completed form to the Harrison County Auditor’s Office.

VILLAGE OF CADIZ  
HARRISON COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2010 and 2009

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</p>
--

**Finding Number 2010-VCHC-03 Material Weakness**

The Village of Cadiz has multiple loans with the Community Improvement Court of Cadiz (CIC). The Village owed \$170,000 in principal for the CIC Water Tower loan on December 31, 2009. On February 24, 2010, the Village agreed with the CIC to increase the loan principal balance by \$59,000 to include the Village's share of a CDBG grant related to the Jamison Avenue construction. The new principal balance increased to \$229,000. The Village did not record the proceeds of the loan nor the capital outlay in their books.

The modified loan agreement between the Cadiz CIC and the Village required the Village to make semi-annual payments of \$12,500 annual payments until the loan is paid in full. The agreed upon annual interest rate is 1.5%. However, no amortization schedule or term in number of years was set. In 2010, the Village recorded \$25,000 payments in their books. They did not separate the payment between principal and interest.

The Village had a separate loan with the Cadiz CIC having a \$10,250 outstanding principal balance at December 31, 2008. The Village was required to make \$1,250 monthly payments. In 2009, the Village made 10 monthly payments totaling \$12,500. As a result, the Village overpaid the CIC by \$2,250. The CIC Fund – Agency Fund has not repaid the Enterprise Fund.

Further, the Village recorded proceeds of loans in the intergovernmental line item rather than in the proceeds of loan line item. The financial statements were adjusted to reflect the correct activity for all adjustments above.

We recommend that the Village properly record reduction of principal and interest, proceeds of new loans and agree upon an amortization schedule.

**Management's Response:** Management believes that if they record the CIC loan, this would be inflating their revenues.

VILLAGE OF CADIZ  
HARRISON COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2010 and 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
--

**Finding Number 2010-VCHC-04 – Non-Compliance Citation**

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

The adjustments in finding 2010-VCHC-03 caused to the expenditures plus encumbrances to exceed appropriations for 2009 in the Water Fund – Enterprise Fund by \$57,433 contrary to Ohio Revised Code 5705.41(B).

Also, at December 31, 2010, the following funds' expenditures exceeded total appropriations:

- Enterprise Funds:
  - Water Fund (\$1,684)
  - Sewer Fund (\$792)

Management's Response: Management believes that if they record the CIC loan, this would be inflating their revenues.

**Finding Number 2010-VCHC-05 – Non-Compliance Citation**

Ohio Revised Code Section 735.29 stipulates the general powers and duties of the board of trustees of public affairs. The board of trustees shall manage, conduct, and control the waterworks, electric light plants, artificial or natural gas plants, or other similar public utilities, furnish supplies of water, electric, or gas, collect all water, electric, and gas rents or charges, and appoint necessary officers, employees, and agents.

The board may make such bylaws and rules as it determines to be necessary for the safe, economical, and efficient management and protection of such works, plants, and public utilities. These bylaws and rules, when not repugnant to municipal ordinances or to the constitution or laws of this state, shall have the same validity as ordinances.

For the purpose of paying the expenses of conducting and managing such waterworks, plants, and public utilities or of making necessary additions thereto and extensions and repairs thereon, the board may assess a water rent or charge, or a light, power, gas, or utility rent, of sufficient amount, and in such manner as it determines to be most equitable, upon all tenements and premises supplied therewith.

The Board of Public Affairs increased the wages and salaries of Water and Sewer Department employees without Village Council passing an ordinance increasing wages and salaries. Ohio Revised Code Section 735.29 does not grant power to the Board of Public Affairs to set wages and salaries.

VILLAGE OF CADIZ  
HARRISON COUNTY

SCHEDULE OF FINDINGS (continued)  
December 31, 2010 and 2009

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</p>
--

**Finding Number 2010-VCHC-05 – Non-Compliance Citation (continued)**

We recommend that the Board of Public Affairs not increase wages and salaries without the permission of Village Council.

**Management's Response:** Management has addressed and resolved this issue.

**Finding Number 2010-VCHC-06 – Non-Compliance Citation**

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund as certified by the county budget commission. This section also provides that no appropriation measure shall become effective until the Village obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

At December 31, 2010, the following funds' appropriations exceeded total estimated resources:

Special Revenue Fund:  
FEMA Fund (\$12,105)

Enterprise Funds:  
Tappan Water Fund (\$4,722)  
Omega/Sewer Jetter Grant (\$36,305)

**Management's Response:** Management understands that they need to apply for an amended certificate of estimated resources when they receive additional funds.

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2010 and 2009**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2008-VCHC-01	Ohio Revised Code Section 5705.41 (D)- Expenditures were not properly certified.	No	Repeated as 2010-VCHC-01
2008-VCHC-02	Ohio Revised Code Section 5705.10 and 5705.09, the Village purchased police vehicle from numerous funds.	Yes	No Longer valid
2008-VCHC-03	The Village did not properly record loan proceeds.	No	Repeated as 2010-VCHC-03
2008-VCHC-04	The Village improperly recorded transactions related to certificates of deposit.	Yes	No Longer valid
2008-VCHC-05	Contrary to Ohio Rev. Code Section 5705.36 (A)(4), estimated resources are higher than actual receipts	Yes	No Longer valid





# Dave Yost • Auditor of State

VILLAGE OF CADIZ

HARRISON COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 28, 2011