



**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF ARCADIA  
HANCOCK COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Arcadia  
Hancock County  
104 Gibson Street  
P.O. Box 235  
Arcadia, Ohio 44804-0235

To the Village Council:

We have audited the accompanying financial statements of the Village of Arcadia, Hancock County, Ohio, (the Village) as of and for the year ended December 31, 2000. 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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Village, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

July 26, 2001

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$10,746	\$9,372	\$20,118
Intergovernmental Receipts	61,995	17,831	79,826
Fines, Licenses, and Permits	170		170
Earnings on Investments	34,120	3,408	37,528
Miscellaneous	1,878		1,878
	<u>108,909</u>	<u>30,611</u>	<u>139,520</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Public Health Services	1,634		1,634
Leisure Time Activities	1,433		1,433
Transportation	2,823	21,099	23,922
General Government	48,211		48,211
Capital Outlay	20,188	26,150	46,338
	<u>74,289</u>	<u>47,249</u>	<u>121,538</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	34,620	(16,638)	17,982
Fund Cash Balances, January 1	145,229	108,863	254,092
<b>Fund Cash Balances, December 31</b>	<u><b>\$179,849</b></u>	<u><b>\$92,225</b></u>	<u><b>\$272,074</b></u>

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

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$407,704</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	38,796
Contractual Services	198,995
Supplies and Materials	24,241
Capital Outlay	<u>2,725,254</u>
Total Operating Cash Disbursements	<u>2,987,286</u>
Operating Loss	<u>(2,579,582)</u>
<b>Non-Operating Cash Receipts:</b>	
Special Assessments	33,558
Intergovernmental Receipts	1,147,382
Proceeds from Loans	1,474,684
Loans from Other Funds	60,000
Other Non-Operating Receipts	<u>15,501</u>
Total Non-Operating Cash Receipts	<u>2,731,125</u>
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	84,704
Loans to Other Funds	60,000
Other Non-Operating Cash Disbursements	<u>1,712</u>
Total Non-Operating Cash Disbursements	<u>146,416</u>
Net Receipts Over Disbursements	5,127
Fund Cash Balances, January 1	<u>494,880</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$500,007</u></u></b>

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



**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Arcadia, Hancock County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water, sewer, and electric utilities.

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

**B. Basis of Accounting**

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

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

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

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

VILLAGE OF ARCADIA  
HANCOCK COUNTY

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

*Storm Sewer Fund* - This fund receives property tax money to help pay for the installation and maintenance of storm sewers within the Village.

**3. Enterprise Funds**

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

*Water Capital Improvement Fund* - This fund receives federal proceeds from United States Department of Agriculture-Rural Development to bring water to the Village from the City of Fostoria.

**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, line-item level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<b>2000</b>
Demand deposits	\$602,081
Certificates of deposit	170,000
Total deposits	\$772,081

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

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,388	\$108,909	\$41,521
Special Revenue	22,611	30,611	8,000
Enterprise	2,252,400	3,138,829	886,429
Total	\$2,342,399	\$3,278,349	\$935,950

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$212,618	\$74,289	\$138,329
Special Revenue	131,473	47,249	84,224
Enterprise	3,246,727	3,133,702	113,025
Total	\$3,590,818	\$3,255,240	\$335,578

**4. COMPLIANCE**

The Village did not certify the availability of funds throughout the year as required by Ohio Revised Code § 5705.41(D).

Contrary to Ohio Revised Code § 5705.39 the Red Hawk Run Water Construction Fund had appropriations exceeding estimated revenue by \$499,450.

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

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

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**6. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 0215	\$537,960	2%
Ohio Water Development Authority Loan 0783	142,596	7.36%
Ohio Water Development Authority Loan RE021	1,124,000	6.13%
Ohio Water Development Authority Loan 9048	473,536	6.13%
Promissory Note (Electric Fund)	33,723	5%
Promissory Note (Water Construction Fund)	60,000	5%
Total	\$2,371,815	

The Ohio Water Development Authority (OWDA) loans #0215 and 0783 relate to a sewer system construction project that was mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments of \$32,408, including interest, over 25 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The OWDA loan #RE021 relates to a waterline and water tank project. The OWDA has approved up to \$1,124,000 in loans to the Village for this project. As of December 31, 2000, the Village has received the approved loan. No amortization schedule is provided for this loan, the annual debt service requirements will be determined when the project is complete.

The OWDA loan #9048 relates to a waterline to the Red Hawk Run subdivision. The OWDA has approved up to \$613,305 in loans to the Village for this project. As of December 31, 2000, the Village has received \$473,536. No amortization schedule is provided for this loan, the annual debt service requirements will be determined when the project is complete.

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

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

The Sewer Debt Service Fund loaned the Electric Fund \$60,000 in 1996 for the purchase of an aerial bucket truck. The electric fund agreed to make monthly payments of \$637, including interest, over 10 years.

The Sewer Debt Service Fund loaned the Water Construction Fund \$60,000 in 2000 to pay part of the cost of the waterline and water tank project. A note was signed promising payment of 5% interest. No amortization schedule has been provided for this loan, nor was a due date specified. The note did not specify the source of the money to be used to repay the Sewer Debt Service Fund.

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

<u>Year ending December 31:</u>	<u>OWDA Loan #0215</u>	<u>OWDA Loan #0783</u>	<u>Promissory Note (Electric Fund)</u>
2001	\$23,702	\$8,706	\$7,637
2002	47,404	17,412	7,637
2003	47,404	17,412	7,637
2004	47,404	17,412	7,637
2005	47,404	17,412	7,637
Subsequent	<u>402,924</u>	<u>148,000</u>	
Total	<u><u>\$616,242</u></u>	<u><u>\$226,354</u></u>	<u><u>\$38,185</u></u>

**7. RETIREMENT SYSTEMS**

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. 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 also prescribed by the Ohio Revised Code. For 2000, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84% of participants' gross salaries for 2000. The Village has paid all contributions required through December 31, 2000.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

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

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

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

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

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

**9. JOINT VENTURE**

The Village is a participant with forty-one other municipalities in the Ohio Municipal Electric Generation Agency Joint Venture 5 - Belleville Project. The Village of Arcadia's ownership share of this project is 0.11 percent. Each member is required to make debt service payments for the project based upon their percentage of ownership. Payment began in 1994.

<u>Year ending December 31:</u>	<u>Participant Principal</u>	<u>Participant Interest</u>	<u>Participant Debt Service</u>
2001	\$3,443	\$8,562	\$12,005
2002	3,608	8,394	12,002
2003	3,790	8,214	12,004
2004	3,982	8,025	12,007
2005	4,180	7,822	12,002
Subsequent	<u>140,315</u>	<u>87,756</u>	<u>228,071</u>
Total	<u><u>\$159,318</u></u>	<u><u>\$128,773</u></u>	<u><u>\$288,091</u></u>

The joint venture was defendant in a lawsuit seeking damages for a construction project. As a result of the settlement of this suit, the Village will be required to pay an additional \$14,080 plus interest.

**10. OUTSTANDING CONTRACTUAL COMMITMENTS**

The Village had outstanding contractual commitments at December 31, 2000 in the amount of \$81,508 for the waterline project.

**11. SUBSEQUENT EVENTS**

The Village is in the process of bringing water to the Village of Arcadia from the City of Fostoria. Funding for this project was originally paid by a construction loan from Ohio Water Development Authority and a grant from United States Department of Agriculture. The United States Department of Agriculture is loaned the Village \$1,184,555 on June 28, 2001 to pay off the Ohio Water Development Authority loan.

VILLAGE OF ARCADIA  
HANCOCK COUNTY

SCHEDULE OF FEDERAL AWARD EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2000

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b> <i>Direct Program:</i>		
Water and Waste Disposal Systems for Rural Communities	10.760	\$1,114,366
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> <i>Ohio Department of Development</i>		
Community Development Block Grant	14.228	<u>5,000</u>
<b>Total Federal Award Expenditures</b>		<b><u><u>\$1,119,366</u></u></b>

*The accompanying notes are an integral part of this statement.*

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures ( the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting.





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

Village of Arcadia  
Hancock County  
104 Gibson Street  
P.O. Box 235  
Arcadia, Ohio 44804-0235

To the Village Council:

We have audited the accompanying financial statements of the Village of Arcadia, Hancock County, Ohio, (the Village) as of and for the year ended December 31, 2000, and have issued our report thereon dated July 26, 2001. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30232-001 and 2000-30232-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 26, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 26, 2001.

Village of Arcadia  
Hancock County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of management, Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

July 26, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of Arcadia  
Hancock County  
104 Gibson Street  
P.O. Box 235  
Arcadia, Ohio 44804-0235

To the Village Council:

**Compliance**

We have audited the compliance of the Village of Arcadia, Hancock County, Ohio, (the Village) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2000. The Village's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2000.

**Internal Control Over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of management, Village Council, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

July 26, 2001

**VILLAGE OF ARCADIA  
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2000**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Water and Waste Disposal Systems for Rural Communities CFDA #10.760
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

**FINDING NUMBER 2000-30232-001**

**Noncompliance Citation**

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

**FINDING NUMBER 2000-30232-001  
(Continued)**

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Village Council may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of the Village Council, if such expenditure is otherwise valid.

Although all transactions had a then-and-now certification attached, none of the certifications were authenticated with the Clerk/Treasurer's signature. In addition, enterprise expenditures in excess of \$1000 were not approved by Council. These procedures are not only required by Ohio law but are also a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Village funds bring over expended or exceeding budgetary spending limitations as set by the Village Council.

We recommend the Clerk/Treasurer approve all then-and-now certifications by signing and dating the certificate and that all then-and-now certifications over \$1000 be approved by Council. In addition, Council should periodically review the utility expenditures made to ensure they are within appropriations adopted by the Council certified by the Clerk and recorded against appropriations.

**FINDING NUMBER 2000-30232-002**

**Noncompliance Citation**

Ohio Revised Code § 5705.39 states the total appropriation from each fund should not exceed the total estimated revenue. The Red Hawk Run Water Construction Fund had appropriations (\$500,000) exceeding estimated revenue (\$550) by \$499,450.

We recommend prior to appropriating funds, the Village ensure that estimated resources are sufficient to support the planned appropriations. If estimated resources are not sufficient the Village should reduce the planned appropriations or request and amended certificate or estimated resources, if actual resources are sufficient to allow for the additional certification.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

VILLAGE OF ARCADIA  
HANCOCK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
*OMB CIRCULAR A -133 § .315 (b)*  
DECEMBER 31, 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-30232-001	<b>ORC § 5705.41(D)</b> Certification of Funds.	No	This finding has been repeated in the current audit.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF ARCADIA**

**HANCOCK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 21, 2001**