



**Auditor of State  
Betty Montgomery**



**VILLAGE OF REPUBLIC  
SENECA COUNTY**

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**Auditor of State  
Betty Montgomery**

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Republic  
Seneca County  
219 Washington St., P.O. Box 219  
Republic, Ohio 44867-0219

To the Village Council:

We have audited the accompanying financial statements of the Village of Republic, Seneca County, (the Village) as of and for the year ended December 31, 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 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 of Republic, Seneca County as of December 31, 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2003 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.

The accompanying federal awards expenditures schedule is presented for 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. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it 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 the audit committee, 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.



**Betty Montgomery**  
Auditor of State

March 5, 2004

**VILLAGE OF REPUBLIC  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property Tax and Other Local Taxes	\$ 31,132	\$ -	\$ 31,132
Intergovernmental Receipts	77,007	27,374	104,381
Fines, Licenses, and Permits	5,091	155	5,246
Earnings on Investments	10,218	216	10,434
	<u>123,448</u>	<u>27,745</u>	<u>151,193</u>
Total Cash Receipts			
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	36,913	-	36,913
Public Health Services	637	-	637
Leisure Time Activities	637	-	637
Community Environment	4,158	-	4,158
Transportation	19,809	9,292	29,101
General Government	55,988	-	55,988
Debt Service:			
Principal Payments	1,140	-	1,140
Capital Outlay	27,782	7,558	35,340
	<u>147,064</u>	<u>16,850</u>	<u>163,914</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(23,616)</u>	<u>10,895</u>	<u>(12,721)</u>
<b>Other Financing Disbursements</b>			
Transfers-Out	<u>(15,635)</u>	<u>-</u>	<u>(15,635)</u>
Total Other Financing Disbursements	<u>(15,635)</u>	<u>-</u>	<u>(15,635)</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements and Other Financing Disbursements	(39,251)	10,895	(28,356)
Fund Cash Balances, January 1	<u>90,318</u>	<u>15,222</u>	<u>105,540</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 51,067</b></u>	<u><b>\$ 26,117</b></u>	<u><b>\$ 77,184</b></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF REPUBLIC  
SENECA COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type
	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$ 397,255
Miscellaneous	15,154
Total Operating Cash Receipts	412,409
<b>Operating Cash Disbursements</b>	
Personal Services	73,697
Fringe Benefits	37
Contractual Services	361,882
Supplies and Materials	32,616
Capital Outlay	1,823,562
Total Operating Cash Disbursements	2,291,794
Operating Loss	(1,879,385)
<b>Non-Operating Cash Receipts</b>	
Intergovernmental Receipts	1,885,746
Other Non-Operating Receipts	196,827
Total Non-Operating Cash Receipts	2,082,573
<b>Non-Operating Cash Disbursements</b>	
Debt Service	2,834
Other Non-Operating Cash Disbursements	1,468
Total Non-Operating Cash Disbursements	4,302
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	198,886
Transfer-In	15,635
Net Receipts Over Disbursements	214,521
Fund Cash Balances, January 1	328,759
<b>Fund Cash Balances, December 31</b>	<b>\$ 543,280</b>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



**VILLAGE OF REPUBLIC  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Republic, Seneca 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 governmental services including water, sewer and electric utilities and police services.

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

**B. Basis of Accounting**

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

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

**C. Cash**

Certificates of deposit are valued at cost.

**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.

**VILLAGE OF REPUBLIC  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)

**2. Special Revenue Fund**

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

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

**3. Enterprise Funds**

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

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility. This fund also receives loan proceeds from the Ohio Water Development Authority to finance a water and sewer plant expansion project.

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

**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 and function level for the General Fund and by fund for the remaining funds 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.

**VILLAGE OF REPUBLIC  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) 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 encumber all commitments required by Ohio law.

A summary of 2003 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. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**2. EQUITY IN POOLED CASH**

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

	2003
Demand deposits	<u>\$ 320,464</u>
Certificates of deposit	<u>300,000</u>
Total deposits	<u><u>\$ 620,464</u></u>

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF REPUBLIC  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2003 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 110,000	\$ 123,448	\$ 13,448
Special Revenue	25,000	27,745	2,745
Enterprise	2,180,000	2,510,617	330,617
Total	\$ 2,315,000	\$ 2,661,810	\$ 346,810

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 199,900	\$ 162,699	\$ 37,201
Special Revenue	38,300	16,850	21,450
Enterprise	2,379,400	2,296,096	83,304
Total	\$ 2,617,600	\$ 2,475,645	\$ 141,955

Contrary to Ohio law, fifty-three percent of expenditure transactions tested were not certified by the fiscal officer at the time the commitment was incurred.

**4. 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.

**VILLAGE OF REPUBLIC  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)

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.

**5. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	\$ 17,002	0.00%
Ohio Water Development Authority Loan	1,645,000	2.56%
Total	<u>\$ 1,662,002</u>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$1,645,000 in loans to the Village for this project. The loans will be repaid once the project has been completed. The United States Department of Agriculture (USDA) through Rural Development will purchase bonds through the Village to pay off the OWDA loan in full. The USDA will then determine the scheduled payments based on the amounts actually borrowed. An amortization schedule of payments has not yet been received and as a result the schedule below does not include this loan. The loan is collateralized by sewer receipts.

The Ohio Public Works Commission (OPWC) loan relates to a valve replacement project. The OPWC has approved up to \$28,338 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$1,417 over 10 years. The scheduled payment amount below assumes that \$28,338 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water and sewer receipts. Amortization of the above debt, including interest, is scheduled as follows:

**VILLAGE OF REPUBLIC  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)

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

<u>Year ending December 31:</u>	<u>OWPC Loan</u>
2004	\$ 2,834
2005	2,834
2006	2,834
2007	2,834
2008	2,834
2009	2,832
Total	<u><u>\$ 17,002</u></u>

**6. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003, OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2003.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability.
- Vehicles.
- Public and Police Liability.

**8. CONTRACTUAL COMMITMENTS**

As of December 31, 2003, the Village had the following contractual commitments:

**VILLAGE OF REPUBLIC  
SENECA COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003  
(Continued)

Contractor	Fund	Amount Due as of 12/31/02 plus 2003 change orders	Paid as of 12/31/2003	Balance of Contract
McMillan Construction	Sewer	\$ 257,784	\$ 238,111	\$ 19,673
Spring Electrical Co.	Sewer	145,503	71,406	74,097
Underground Utilities	Sewer	1,611,967	1,456,411	155,556
Total		<u>\$ 2,015,254</u>	<u>\$ 1,765,928</u>	<u>\$ 249,326</u>

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**VILLAGE OF REPUBLIC  
SENECA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>Passed Through Ohio Department of Health</i>			
Water and Waste Disposal Systems for Rural Communities	N/A	10.760	<u>\$ 1,576,534</u>
Total U.S. Department of Agriculture			<u><b>1,576,534</b></u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b> <i>Passed Through Ohio Department of Development</i>			
Community Development Block Grant - Small Cities Program	C-W-00-233-1	14.228	<u>30,700</u>
Total U.S. Department of Housing and Urban Development			<u><b>30,700</b></u>
<b>Total Federal Awards Expenditures</b>			<u><b>\$ 1,607,234</b></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF REPUBLIC  
SENECA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
DECEMBER 31, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - WATER AND WASTE DISPOSAL SYSTEMS FOR RURAL COMMUNITIES, UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)**

The Village has determined to undertake a project for construction of a waste water system to serve the area under its jurisdiction. The U.S. Department of Agriculture has agreed to finance not more than \$3,010,000 of the development costs to be repaid through revenues, charges, taxes or assessments, or funds otherwise available to the Village resulting in a reasonable user charge.

At December 31, 2003, \$1,340,734 represents expenditures that are subject to the loan agreement.



**Auditor of State  
Betty Montgomery**

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

Village of Republic  
Seneca County  
219 Washington St., P.O. Box 219  
Republic, Ohio 44867-0219

To the Village Council:

We have audited the accompanying financial statements of the Village of Republic, Seneca County, (the Village) as of and for the year ended December 31, 2003, and have issued our report thereon dated March 5, 2004. 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2003-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated March 5, 2004.

**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 March 5, 2004.

This report is intended solely for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

March 5, 2004



**Auditor of State  
Betty Montgomery**

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

Village of Republic  
Seneca County  
219 Washington St., P.O. Box 219  
Republic, Ohio 44867-0219

To the Village Council:

**Compliance**

We have audited the compliance of the Village of Republic 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 each of its major federal programs for the year ended December 31, 2003. 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 each of its major federal programs 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.

Village of Republic  
Seneca County  
Independent Accountants' Report on Compliance with Requirements  
Applicable to Major Federal Programs and Internal Control Over  
Compliance in Accordance with *OMB Circular A-133*  
Page 2

In our opinion, the Village of Republic 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, 2004.

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 the audit committee, 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.



**Betty Montgomery**  
Auditor of State

March 5, 2004

**VILLAGE OF REPUBLIC  
SENECA COUNTY**

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
DECEMBER 31, 2003

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

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

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

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41(D), states 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 null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirement:

- 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 contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Council may authorize the issuance of a warrant 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 \$3,000, the fiscal officer may authorize it to be paid without the affirmation of the Council, if such expenditure is otherwise valid.

Fifty-three percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and neither of the exceptions provided for were used. Certificates used for encumbering Village expenses should indicate if it is a purchase order or a blanket certificate. During our disbursement testing, no evidence was presented on the certificate if it was a purchase order or blanket certificate. Also, ten percent of the transactions tested had "Then and Now" certificates attached. "Then and Now" certificates should be issued as the exception and not the rule for encumbering Village expenses. To improve controls over disbursements, we recommend that all Council disbursements receive certification of the fiscal officer that the funds are or will be available. We also recommend "Then and Now" certificates be issued as the exception and not the rule and certificates indicate if it is a purchase order or a blanket certificate.

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

None.



**VILLAGE OF REPUBLIC  
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> :
2002-30574-001	Ohio Revised Code § 5705.41(D), failure to certify all funds.	No	Not corrected. Repeated as Finding #2003-001.

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**Auditor of State  
Betty Montgomery**

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**VILLAGE OF REPUBLIC**

**SENECA 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  
APRIL 8, 2004**