

***VILLAGE OF CADIZ***

**HARRISON COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2006 & 2005**

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





# Mary Taylor, CPA

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, 2005 through December 31, 2006. 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

June 25, 2007

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**VILLAGE OF CADIZ**  
**HARRISON COUNTY, OHIO**  
**Audit Report**  
**For the Years ended December 31, 2006 & 2005**

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***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, 2006 & 2005. 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, 2006 & 2005. Instead of the combined funds the accompanying financial statements present for 2006 & 2005, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2006 & 2005. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure its 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, 2006 & 2005, 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, 2006 & 2005, 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 reserves for encumbrances of the Village of Cadiz, Harrison County as of December 31, 2006 & 2005, 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, 2006 & 2005. 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 June 13, 2007, 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.***  
June 13, 2007

VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
For the Year Ended December 31, 2006

	Governmental Fund Types			Fiduciary	(Memorandum Only) Total
	General	Special Revenue	Capital Projects	Fund Type Expendable Trust	
<b>RECEIPTS:</b>					
Property and Local Taxes	\$ 118,640	\$ 16,796	-	-	\$ 135,436
Municipal Income Tax	699,466	38,014	\$ 22,809	-	760,289
Intergovernmental	30,755	165,575	-	-	196,330
Special Assessment	1,147	-	-	-	1,147
Charges for Services	147,320	-	492	-	147,812
Fines, Licenses and Permits	49,449	600	-	-	50,049
Earnings on Investments	66,853	-	-	-	66,853
Miscellaneous	11,961	214	1,452	-	13,627
<b>Total Cash Receipts</b>	<b>1,125,591</b>	<b>221,199</b>	<b>24,753</b>	<b>-</b>	<b>1,371,543</b>
<b>DISBURSEMENTS:</b>					
Security of Persons and Property	413,176	-	-	-	413,176
Public Health Services	11,125	-	-	-	11,125
Leisure Time Activities	203,706	-	4,485	\$ 1,763	209,954
Community Environment	3,419	-	-	-	3,419
Basic Utility Charges	-	-	15,797	-	15,797
Transportation	175,439	220,668	-	-	396,107
General Government	312,454	-	1,823	-	314,277
Capital Outlay	3,718	70,486	-	-	74,204
<b>Debt Service:</b>					
Retirement of Principal	5,959	19,474	15,906	-	41,339
Interest and Fiscal Charges	-	5,590	8,319	-	13,909
<b>Total Cash Disbursements</b>	<b>1,128,996</b>	<b>316,218</b>	<b>46,330</b>	<b>1,763</b>	<b>1,493,307</b>
Cash Receipts Over/(Under) Cash Disbursements	(3,405)	(95,019)	(21,577)	(1,763)	(121,764)
<b>Other Financing Sources (Uses):</b>					
Sale of Notes	-	33,754	-	-	33,754
Sale of Fixed Assets	3,054	-	-	-	3,054
Proceeds of Insurance Claim	19,850	-	-	-	19,850
Other Financing Sources	10,896	13,678	-	-	24,574
Other Financing Uses	(18,850)	-	-	-	(18,850)
<b>Total Other Financing Sources (Uses)</b>	<b>14,950</b>	<b>47,432</b>	<b>-</b>	<b>-</b>	<b>62,382</b>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	11,545	(47,587)	(21,577)	(1,763)	(59,382)
Fund Cash Balance, January 1, 2006	774,863	254,134	78,646	44,732	1,152,375
Fund Cash Balance, December 31, 2006	\$ 786,408	\$ 206,547	\$ 57,069	\$ 42,969	\$ 1,092,993
Reserves for Encumbrances, December 31, 2006	\$ 4,522	\$ -	\$ -	\$ -	\$ 4,522

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, 2006

	<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	\$ 926,659	-	\$ 926,659
<b>Total Operating Cash Receipts</b>	<b>926,659</b>	<b>-</b>	<b>926,659</b>
<b>OPERATING CASH DISBURSEMENTS</b>			
Personal Services	227,885	-	227,885
Employee Fringe Benefits	133,226	-	133,226
Contractual Services	183,649	\$ 44,222	227,871
Materials and Supplies	127,448	7,789	135,237
Capital Outlay	116,393	400	116,793
Other Operating Disbursements	-	1,935	1,935
<b>Total Operating Cash Disbursements</b>	<b>788,601</b>	<b>54,346</b>	<b>842,947</b>
Operating Income (Loss)	138,058	(54,346)	83,712
<b>NON OPERATING CASH RECEIPTS (DISBURSEMENTS)</b>			
Intergovernmental	171,213	-	171,213
Earnings on Investment	-	20,502	20,502
Sale of Bonds	1,430,000	-	1,430,000
Miscellaneous Receipts	-	146,560	146,560
Other Financing Sources	-	88,099	88,099
Other Financing Uses	-	(1)	(1)
Debt Service:			
Retirement of Principal	(1,534,767)	-	(1,534,767)
Interest and Fiscal Charges	(131,991)	-	(131,991)
<b>Total Non Operating Cash Receipts (Disbursements)</b>	<b>(65,545)</b>	<b>255,160</b>	<b>189,615</b>
Excess of Cash Receipts Over/(Under) Cash Disbursements	72,513	200,814	273,327
Fund Cash Balance, January 1, 2006	776,367	\$ 484,624	1,260,991
Fund Cash Balance, December 31, 2006	\$ 848,880	\$ 685,438	\$ 1,534,318

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 AND SIMILAR FIDUCIARY FUNDS  
For the Year Ended December 31, 2005

	Governmental Fund Types				Fiduciary	(Memorandum Only) Total
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	
<b>RECEIPTS:</b>						
Property and Local Taxes	\$ 100,529	\$ 13,412	-	-	-	\$ 113,941
Municipal Income Tax	716,660	38,949	-	\$ 23,369	-	778,978
Intergovernmental	34,240	172,074	-	259,224	-	465,538
Special Assessment	663	-	-	22,464	-	23,127
Charges for Services	154,552	-	-	1,325	-	155,877
Fines, Licenses and Permits	39,972	260	-	-	-	40,232
Earnings on Investments	36,585	-	-	-	-	36,585
Miscellaneous	3,398	1,851	-	3,916	-	9,165
<b>Total Cash Receipts</b>	<b>1,086,599</b>	<b>226,546</b>	<b>-</b>	<b>310,298</b>		<b>1,623,443</b>
<b>DISBURSEMENTS:</b>						
Security of Persons and Property	421,627	-	-	-	-	421,627
Public Health Services	12,149	-	-	-	-	12,149
Leisure Time Activities	183,234	-	-	7,440	-	190,674
Community Environment	14,692	-	-	29,757	-	44,449
Basic Utility Charges	3,737	-	-	4,183	-	7,920
Transportation	137,276	204,202	-	262,031	-	603,509
General Government	312,742	-	-	-	-	312,742
Capital Outlay	-	142,245	-	-	-	142,245
Debt Service:						
Retirement of Principal	5,959	-	\$ 415	14,970	-	21,344
Interest and Fiscal Charges	-	-	-	8,841	-	8,841
<b>Total Cash Disbursements</b>	<b>1,091,416</b>	<b>346,447</b>	<b>415</b>	<b>327,222</b>	<b>-</b>	<b>1,765,500</b>
Cash Receipts Over/(Under) Cash Disbursements	(4,817)	(119,901)	(415)	(16,924)	-	(142,057)
<b>Other Financing Sources (Uses):</b>						
Sale of Notes	-	116,746	-	-	-	116,746
Other Financing Sources	19,349	17,752	-	-	-	37,101
Other Financing Uses	(2,280)	(19,521)	-	-	-	(21,801)
<b>Total Other Financing Sources (Uses)</b>	<b>17,069</b>	<b>114,977</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,046</b>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Uses	12,252	(4,924)	(415)	(16,924)	-	(10,011)
Fund Cash Balance, January 1, 2005	762,611	259,058	415	95,570	\$ 44,732	1,162,386
Fund Cash Balance, December 31, 2005	\$ 774,863	\$ 254,134	\$ -	\$ 78,646	\$ 44,732	\$ 1,152,375
Reserves for Encumbrances, December 31, 2005	\$ 4,423	\$ -	\$ -	\$ -	\$ -	\$ 4,423

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, 2005**

	<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	\$ 896,831	-	\$ 896,831
<b>Total Operating Cash Receipts</b>	<b>896,831</b>	<b>-</b>	<b>896,831</b>
<b>OPERATING CASH DISBURSEMENTS</b>			
Personal Services	222,363	-	222,363
Employee Fringe Benefits	125,199	-	125,199
Contractual Services	201,163	\$ 15,123	216,286
Materials and Supplies	120,623	5,982	126,605
Capital Outlay	458,703	84,885	543,588
Other Operating Disbursements	-	9,579	9,579
<b>Total Operating Cash Disbursements</b>	<b>1,128,051</b>	<b>115,569</b>	<b>1,243,620</b>
<b>Operating Income (Loss)</b>	<b>(231,220)</b>	<b>(115,569)</b>	<b>(346,789)</b>
<b>NON OPERATING CASH RECEIPTS (DISBURSEMENTS)</b>			
Intergovernmental	540,951	32,675	573,626
Earnings on Investment	-	12,400	12,400
Sale of Notes	60,000	-	60,000
Miscellaneous Receipts	-	148,209	148,209
Other Financing Sources	-	41,425	41,425
Other Financing Uses	-	(118,984)	(118,984)
Debt Service:			
Retirement of Principal	(75,561)	-	(75,561)
Interest and Fiscal Charges	(146,289)	-	(146,289)
<b>Total Non Operating Cash Receipts (Disbursements)</b>	<b>379,101</b>	<b>115,725</b>	<b>494,826</b>
<b>Excess of Cash Receipts Over/(Under) Cash Disbursements</b>	<b>147,881</b>	<b>156</b>	<b>148,037</b>
<b>Fund Cash Balance, January 1, 2005</b>	<b>628,486</b>	<b>484,468</b>	<b>1,112,954</b>
<b>Fund Cash Balance, December 31, 2005</b>	<b>\$ 776,367</b>	<b>\$ 484,624</b>	<b>\$ 1,260,991</b>

See Accompanying Notes to the Financial Statements

**VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2006 & 2005**

**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, 2006 & 2005

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 Fund:

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

3. **Debt Service**

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following debt service fund:

*Lincoln Avenue OWDA Loan Fund* – This fund was established to accumulate funds and make a payment on a loan. The loan was obtained to build a water tank and build water lines.

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.

*Tappan Waterline Project Fund* – This fund receives intergovernmental receipts to cover the cost of the Tappan Waterline Project.

VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2006 & 2005

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

5. **Fiduciary Funds**

Trust Funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

*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.

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

E. **BUDGETARY PROCESS**

The Ohio Revised Code requires that each fund be budgeted annually.

1. **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The 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, 2006 & 2005

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 statement 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:

	<b>2005</b>		<b>2006</b>
<b>Demand Deposits</b>	<b>\$ 519,290</b>	<b>\$</b>	<b>663,020</b>
<b>STAR-Ohio</b>	<b>1,407,059</b>		<b>1,477,274</b>
<b>Certificates of Deposit</b>	<b>486,577</b>		<b>486,577</b>
<b>Cash on Hand</b>	<b>440</b>		<b>440</b>
<b>Total</b>	<b>\$ 2,413,366</b>	<b>\$</b>	<b>2,627,311</b>

*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, 2006 & 2005

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 & 2005 is as follows:

<u>Fund Type</u>	<u>2005 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,100,413	\$ 1,105,948	\$ 5,535
Special Revenue	352,759	361,044	8,285
Debt Service	-	-	-
Capital Projects	310,301	310,298	(3)
Enterprise	1,497,785	1,497,782	(3)
<b>Total</b>	<b>\$ 3,261,258</b>	<b>\$ 3,275,072</b>	<b>\$ 13,814</b>

<u>Fund Type</u>	<u>2005 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Total Appropriations</u>	<u>Total Expenditures</u>	<u>Variance</u>
General	\$ 1,225,690	\$ 1,098,119	\$ 127,571
Special Revenue	485,433	365,968	119,465
Debt Service	415	415	-
Capital Projects	335,647	327,222	8,425
Enterprise	1,522,024	1,349,901	172,123
<b>Total</b>	<b>\$ 3,569,209</b>	<b>\$ 3,141,625</b>	<b>\$ 427,584</b>

<u>Fund Type</u>	<u>2006 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,198,553	\$ 1,159,391	\$ (39,162)
Special Revenue	283,436	268,631	(14,805)
Capital Projects	25,200	24,753	(447)
Expendable Trust	-	-	-
Enterprise	2,336,542	2,527,872	191,330
<b>Total</b>	<b>\$ 3,843,731</b>	<b>\$ 3,980,647</b>	<b>\$ 136,916</b>



**VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2006 & 2005**

**3. BUDGETARY ACTIVITY - (continued)**

<u>Fund Type</u>	<u>2006 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	Total Appropriations	Total Expenditures	Variance
General	\$ 1,176,984	\$ 1,152,368	\$ 24,616
Special Revenue	316,218	316,218	-
Capital Projects	46,330	46,330	-
Expendable Trust	1,763	1,763	-
Enterprise	2,221,177	2,455,359	(234,182)
<b>Total</b>	<b>\$ 3,762,472</b>	<b>\$ 3,972,038</b>	<b>\$ (209,566)</b>

**4. PROPERTY TAXES**

Real property becomes 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 on the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS are a cost sharing, multiple-employer plans. This plan provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries during the years. For 2006, OPERS members contributed 9% of their wages. The Village contributed an amount equal to 13.70% of participants' gross salaries during the year. The Village has paid all contributions required through December 31, 2006 and 2005.

Contribution rates are also prescribed by the Ohio Revised Code. For both years, OP&F members contributed 10% of their wages. The Village contributed an amount equal to 19.5% for police officers of participants' gross salaries during the years. The Village has paid all contributions required through December 31, 2006 and 2005.

VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2006 & 2005

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 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 allocated to the General Fund with distribution to the following funds:

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, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
<b>USDA Bonds 1999</b>	<b>\$ 1,776,100</b>	<b>4.50%</b>
<b>USDA Bonds 2006</b>	<b>1,180,000</b>	<b>4.38%</b>
<b>OWDA Loan #3199</b>	<b>409,436</b>	<b>2.00%</b>
<b>OWDA Loan #3971</b>	<b>757,684</b>	<b>2.00%</b>
<b>OPWC Loan #CN009</b>	<b>62,564</b>	<b>0.00%</b>
<b>OPWC Loan #CN191</b>	<b>13,320</b>	<b>0.00%</b>
<b>NCB 2005 BAN</b>	<b>57,004</b>	<b>5.06%</b>
<b>NCB Bonds Series 2006</b>	<b>250,000</b>	<b>5.54%</b>
<b>Cadiz CIC Loan</b>	<b>17,500</b>	<b>0.00%</b>
<b>NCB Police Cruiser</b>	<b>16,754</b>	<b>5.71%</b>
<b>NCB Roller Loan</b>	<b>17,000</b>	<b>5.32%</b>
<b>NCB Mower Loan</b>	<b>22,918</b>	<b>4.89%</b>
	<b><u>\$ 4,580,280</u></b>	

The outstanding principal balance from the previous audit report was incorrect. The balance has been increased by \$6,792.

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.

**VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2006 & 2005**

**7. DEBT - (continued)**

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, 2007. The bonds mature on April 1, 2046.

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, 2005 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 2005 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, 2006. The loan is collateralized by the Village's taxing authority.

The National City Bank (NCB) 2005 Five Year General Obligation Bond Anticipation Note was issued in the amount of \$69,646 for the purpose of paying for an International 7400 dump/plow truck for the Village's transportation department. The note matures on March 11, 2010. The Village makes annual payments of \$16,116 with the first payment due on March 11, 2006. The loan is collateralized by the Village's taxing authority.

The National City Bank (NCB) 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, 2007. The first payment is due on April 28, 2007. The loan is collateralized by water receipts.

The Cadiz Community Improvement Corporation Loan (CIC) 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 2005. The Village placed a sewer surcharge on customer's bills to cover the cost of the study.

The National City Bank (NCB) 2006 Three Year General Obligation Bond Anticipation Note was issued in the amount of \$16,754 for the purpose of paying for a 2006 Chevrolet Impala Police Cruiser. The note matures in July 2009. The Village makes annual payments of \$6,234 with the first payment due on July 1, 2007. The loan is collateralized by the Village's taxing authority.

VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2006 & 2005

7. DEBT - (continued)

The National City Bank (NCB) 2005 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 National City Bank (NCB) 2005 Five Year General Obligation Bond Anticipation Note was issued in the amount of \$28,000 for the purpose of paying for a mower for the street department. The note matures in June 2010. The Village makes annual payments of \$6,448 with the first payment due on June 6, 2006. The loan is collateralized by the Village's taxing authority.

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
2007	\$104,325	\$62,989	\$34,757	\$25,764	\$5,959
2008	104,327	62,989	34,757	51,528	5,959
2009	104,279	62,989	34,757	51,528	5,959
2010	104,382	62,989	34,757	51,528	5,959
2011	104,326	62,989	34,757	51,528	5,959
2012-2016	521,666	314,945	173,787	231,876	29,795
2017-2021	521,693	314,945	121,653	283,404	2,974
2022-2026	521,732	314,945	-	154,585	-
2027-2031	521,702	314,945	-	-	-
2032-2036	521,708	314,945	-	-	-
2037-2041	312,990	314,945	-	-	-
2042-2046	-	314,945	-	-	-
<b>Total</b>	<b>\$3,443,130</b>	<b>\$2,519,560</b>	<b>\$469,225</b>	<b>\$901,741</b>	<b>\$62,564</b>

Year Ending December 31	OWPC CN19I	NCB 2006 Bond	NCB BAN	Cadiz CIC Loan	NCB Police Cruiser
2007	\$740	\$25,843	\$16,116	\$15,000	\$6,234
2008	1,480	25,723	16,116	2,500	6,234
2009	1,480	25,597	16,116	-	6,234
2010	1,480	25,466	16,116	-	-
2011	1,480	25,329	-	-	-
2012-2016	6,660	124,363	-	-	-
2017-2021	-	119,874	-	-	-
<b>Total</b>	<b>\$13,320</b>	<b>\$372,195</b>	<b>\$64,464</b>	<b>\$17,500</b>	<b>\$18,702</b>

VILLAGE OF CADIZ  
HARRISON COUNTY, OHIO  
Notes to the Financial Statements  
For The Years Ended December 31, 2006 & 2005

7. DEBT - (continued)

<u>Year Ending</u> <u>December 31</u>	<u>NCB</u> <u>Roller</u>	<u>NCB</u> <u>Mower</u>
2007	\$3,961	\$6,448
2008	3,961	6,448
2009	3,961	6,448
2010	3,961	6,448
2011	3,961	6,448
<b>Total</b>	<b>\$19,805</b>	<b>\$32,240</b>

8. RISK MANAGEMENT

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

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

The Plan uses conventional insurance coverage and reinsures these coverage's 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.

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 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.

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Fax - (216) 436-2411

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the financial statements of the Village of Cadiz, Harrison County, Ohio (Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 13, 2007, wherein we noted the Village followed accounting practices prescribed or permitted by the Auditor of State of Ohio. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal 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 expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting practices prescribed or permitted by the Auditor of State of Ohio such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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, grants agreements and other matters, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we have reported to management of the Village in a separate letter dated June 13, 2007.

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

*Charles E. Harris & Associates, Inc.*  
June 13, 2007

**VILLAGE OF CADIZ  
HARRISON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2006 and 2005**

<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>
<b>2004-001</b>	<b>Proper certification of funds prior to disbursement</b>	<b>Yes</b>	<b>No Longer Valid</b>





**Mary Taylor, CPA**  
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  
JULY 5, 2007