



**VILLAGE OF CECIL
PAULDING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

VILLAGE OF CECIL
PAULDING COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Cecil
Paulding County
301 West Third Street
PO Box 164
Cecil, Ohio 45821-0164

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 17, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Cecil
Paulding County
301 West Third Street
PO Box 164
Cecil, Ohio 45821-0164

To the Village Council:

We have audited the accompanying financial statements of the Village of Cecil, Paulding County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The

Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position or cash flows where applicable 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 of the Village of Cecil, Paulding County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

April 17, 2010

**VILLAGE OF CECIL
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$3,900	\$144		\$4,044
Municipal Income Tax	10,457			10,457
Intergovernmental	13,862	8,981	\$6,000	28,843
Charges for Services	400			400
Fines, Licenses and Permits	655			655
Earnings on Investments	106	44		150
Miscellaneous	1,023			1,023
	30,403	9,169	6,000	45,572
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	1,923	149		2,072
Public Health Services	250			250
Leisure Time Activities	1,771			1,771
Community Environment	325			325
Basic Utility Service	1,069			1,069
Transportation	1,704	36,367		38,071
General Government	18,979	1,498		20,477
Debt Service:				
Redemption of Principal	11,738			11,738
Interest and Fiscal Charges	203			203
Capital Outlay	40		11,830	11,870
	38,002	38,014	11,830	87,846
Total Cash Disbursements				
Total Cash Disbursements Over Cash Receipts	(7,599)	(28,845)	(5,830)	(42,274)
Other Financing Disbursements:				
Debt Proceeds			5,830	5,830
Advances-Out	(8,500)			(8,500)
	(8,500)			(8,500)
Excess of Cash Disbursements and Other Financing Disbursements over Cash Receipts	(16,099)	(28,845)		(44,944)
Fund Cash Balances, January 1	62,430	59,236	3,292	124,958
Fund Cash Balances, December 31	\$46,331	\$30,391	\$3,292	\$80,014

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

**VILLAGE OF CECIL
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$27,812
Fines, Licenses and Permits	323
	323
Total Operating Cash Receipts	28,135
Operating Cash Disbursements:	
Personal Services	4,930
Employee Fringe Benefits	668
Contractual Services	17,038
Supplies and Materials	4,143
	4,143
Total Operating Cash Disbursements	26,779
Operating Income	1,356
Non-Operating Cash Receipts:	
Special Assessments	23,622
	23,622
Non-Operating Cash Disbursements:	
Capital Outlay	313
Redemption of Principal	25,215
Interest and Other Fiscal Charges	6,487
	6,487
Total Non-Operating Cash Disbursements	32,015
Excess of Cash Disbursements Over Cash Receipts Before Interfund Advances	(7,037)
Advances-In	8,500
Net Disbursements Over Receipts	1,463
Fund Cash Balances, January 1	12,003
Fund Cash Balances, December 31	\$13,466

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

**VILLAGE OF CECIL
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Local Taxes	\$3,623	\$156		\$3,779
Municipal Income Tax	16,925			16,925
Intergovernmental	16,100	9,535	\$10,000	35,635
Charges for Services	101			101
Fines, Licenses and Permits	640			640
Earnings on Investments	659	61		720
Miscellaneous	2,251			2,251
	40,299	9,752	10,000	60,051
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	2,383	599		2,982
Public Health Services	135			135
Leisure Time Activities	669			669
Community Environment	1,010			1,010
Basic Utility Service	264			264
Transportation	1,035	1,816		2,851
General Government	20,483	2,418		22,901
Debt Service:				
Redemption of Principal	2,002			2,002
Interest and Fiscal Charges	2,675			2,675
Capital Outlay			10,000	10,000
	30,656	4,833	10,000	45,489
Total Cash Disbursements				
Total Cash Receipts Over Cash Disbursements	9,643	4,919		14,562
Fund Cash Balances, January 1	52,787	54,317	3,292	110,396
Fund Cash Balances, December 31	\$62,430	\$59,236	\$3,292	\$124,958

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

**VILLAGE OF CECIL
PAULDING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$28,508
Fines, Licenses and Permits	174
	28,682
Operating Cash Disbursements:	
Personal Services	4,027
Employee Fringe Benefits	541
Contractual Services	26,273
Supplies and Materials	5,863
	36,704
Operating Loss	(8,022)
Non-Operating Cash Receipts:	
Special Assessments	26,326
Non-Operating Cash Disbursements:	
Capital Outlay	5,000
Redemption of Principal	30,266
Interest and Other Fiscal Charges	4,984
	40,250
Net Disbursements Over Receipts	(21,946)
Fund Cash Balances, January 1	33,949
Fund Cash Balances, December 31	\$12,003

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

**VILLAGE OF CECIL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Cecil, Paulding County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities and park operations. The Village contracts with the Crane Township to provide fire protection services.

The Village participates in the Ohio Government Risk Management Plan, a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records 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 CECIL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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.

Emergency Medical Services (EMS) Fund – This fund receives local tax revenue for the purpose of providing EMS services.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Fund:

OPWC LTIP Fund – This fund receives grant proceeds from Paulding County to study the feasibility of a water treatment facility for the Village.

4. Enterprise Funds

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

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Special Assessment Debt Fund – The sewer project was financed with a loan from the Ohio Water Development Authority. This debt is being retired from special assessments levied against the benefiting property owners.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level 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. Appropriations lapse at year end.

**VILLAGE OF CECIL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

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

	2009	2008
Demand deposits	\$73,763	\$117,295
Certificates of deposit	19,717	19,666
Total deposits	\$93,480	\$136,961

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,865	\$30,403	\$1,538
Special Revenue	9,689	9,169	(520)
Capital Projects	11,830	11,830	
Enterprise	67,184	51,757	(15,427)
Total	\$117,568	\$103,159	(\$14,409)

**VILLAGE OF CECIL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$57,625	\$38,002	\$19,623
Special Revenue	50,550	38,014	12,536
Capital Projects	11,830	11,830	
Enterprise	81,445	58,794	22,651
Total	\$201,450	\$146,640	\$54,810

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,427	\$40,299	(\$128)
Special Revenue	11,218	9,752	(1,466)
Capital Projects	10,000	10,000	
Enterprise	65,400	55,008	(10,392)
Total	\$127,045	\$115,059	(\$11,986)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,250	\$30,656	\$33,594
Special Revenue	16,300	4,833	11,467
Capital Projects	10,000	10,000	
Enterprise	99,122	76,954	22,168
Total	\$189,672	\$122,443	\$67,229

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

**VILLAGE OF CECIL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. 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 as well as certain income of residents earned outside of the Village.

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

6. Debt

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$226,065	2%
The State Bank and Trust Water Casing Loan	26,431	5%
The State Bank and Trust Heater Loan	5,599	5%
Total	<u>\$258,095</u>	

The Ohio Water Development Authority (OWDA) loan relates to a wastewater plant expansion project. The loan will be repaid in semiannual installments of \$16,385, including interest, over 25 years from the Sewer Debt Service or the Sewer Operating Funds. A total amount of \$639,766 was borrowed from OWDA. The loan is collateralized by sewer assessments levied against the benefiting property owners. The Village has agreed to assess property owners' amounts sufficient to cover the debt service requirements.

The State Bank and Trust loan relates to a water casing project with the expansion of U.S. 24. The loan will be repaid in monthly installments of \$885 including interest, until September of 2012. Payments are made from the Sewer Debt Service or the Sewer Operating Funds. A total amount of \$46,800 was borrowed from The State Bank and Trust Company. The loan is unsecured.

The Second State Bank and Trust loan relates to a heater for the fire department building in the Village which will be repaid in monthly installments of \$256 including interest until November of 2011. Payments are made from the General Fund. A total amount of \$5,830 was borrowed from the State Bank and Trust Company. The loan is unsecured.

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

**VILLAGE OF CECIL
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Year ending December 31:	OWDA Loan	The State Bank Water Casing Loan	The State Bank Fire Department Heater
2010	\$32,769	\$10,618	\$3,072
2011	32,769	10,618	2,816
2012	32,769	7,078	
2013	32,769		
2014	32,769		
2015-2017	81,920		
Total	<u>\$245,765</u>	<u>\$28,314</u>	<u>\$5,888</u>

7. Retirement System

Elected officials and employees of the Village belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008 OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

8. Risk Management

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Village participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in

VILLAGE OF CECIL
PAULDING COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)

8. Risk Management (Continued)

the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Village does not participate in this coverage.

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

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2008 and 2007 (the latest information available), and include amounts for both OPRRM and OPHC:

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	\$5,184,333	\$6,862,902

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

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Mary Taylor, CPA
Auditor of State

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

Village of Cecil
Paulding County
301 West Third Street
PO Box 164
Cecil, Ohio 45821-0164

To the Village Council:

We have audited the financial statements of the Village of Cecil, Paulding County, (the Village) as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated May 17, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control 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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect and timely correct misstatements. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 17, 2010.

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



Mary Taylor, CPA
Auditor of State

May 17, 2010

**VILLAGE OF CECIL
PAULDING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Material Weakness - Financial Reporting

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustments:

1. In 2008 principal and interest charges paid from the General Fund for the Ohio Water Development Authority (OWDA) loan was posted as personal services, community environment, basic utilities, and general government expenditures for a total of \$4,677. Also an Ohio Water Development Authority (OWDA) loan paid from the Enterprise Funds was posted as interest and other fiscal charges \$6,686 instead of redemption of principal.
2. In 2009 principal and interest charges paid from the General Fund for the Ohio Water Development Authority (OWDA) loan was posted as other financing uses expenditures for a total of \$11,685. Also an Ohio Water Development Authority (OWDA) loan paid from the Enterprise Funds was posted as interest and other fiscal charges instead of redemption of principal for a total of \$4,777.
3. In 2008 a grant from Paulding County for a water study was posted as special assessments instead of intergovernmental for \$10,000. Property taxes were posted as special assessments for a total of \$18,628.
4. In 2009 a grant from Paulding County for a water study was posted as special assessments \$6,000. Property taxes were posted as special assessments for a total of \$15,343.
5. A Loan obtained for a Fire Station heater in 2009 (\$5,830) was posted to the Debt Service Fund as Other Financing Sources and disbursements were posted as Interest and Fiscal Charges, we will reclassify these to the Capital Projects Fund as a Capital Outlay expenditure and Other Debt Proceeds revenue.

Sound financial reporting is the responsibility of the financial officer and the governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Finance Officer and the audit committee, to identify and correct errors and omissions. In addition, the Finance Officer should also review the Uniform Accounting Network's chart of accounts to ensure that all accounts are being properly posted to the financial statements.

Officials Response:

We did not receive a response from Officials to this finding.

VILLAGE OF CECIL
PAULDING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Revised Code § 5705.41(B), Expenditures greater than appropriations	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF CECIL

PAULDING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 8, 2010