



Dave Yost • Auditor of State



VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY

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# Dave Yost • Auditor of State

Village of Cridersville  
Auglaize County  
110 West Main Street  
Cridersville, Ohio 45806

To the Members of 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.

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**Dave Yost**  
Auditor of State

July 11, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Cridersville  
Auglaize County  
110 West Main Street  
Cridersville, Ohio 45806

To the Members of Council:

We have audited the accompanying financial statements of the Village of Cridersville, Auglaize County, (the Village) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 governments 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, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Cridersville, Auglaize County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The 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 July 11, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

July 11, 2011



**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$93,364	\$35,711			\$129,075
Municipal Income Tax	290,154	367			290,521
Intergovernmental	194,209	80,630		\$39,500	314,339
Charges for Services		58,488			58,488
Fines, Licenses and Permits	37,582	2,187			39,769
Earnings on Investments	599	136			735
Miscellaneous	27,569				27,569
<b>Total Cash Receipts</b>	<u>643,477</u>	<u>177,519</u>		<u>39,500</u>	<u>860,496</u>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
Security of Persons and Property	362,633	85,895			448,528
Leisure Time Activities	13,531				13,531
Community Environment	27,275	2,714			29,989
Basic Utility Service	579				579
Transportation	6,895	173,557			180,452
General Government	212,404				212,404
<b>Debt Service:</b>					
Redemption of Principal			\$14,377		14,377
Capital Outlay		749		49,389	50,138
<b>Total Cash Disbursements</b>	<u>623,317</u>	<u>262,915</u>	<u>14,377</u>	<u>49,389</u>	<u>949,998</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>20,160</u>	<u>(85,396)</u>	<u>(14,377)</u>	<u>(9,889)</u>	<u>(89,502)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In	9,152	51,500	14,377		75,029
Transfers-Out	(65,878)			(5,902)	(71,780)
Advances-In		5,799			5,799
Advances-Out	(5,799)				(5,799)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(62,525)</u>	<u>57,299</u>	<u>14,377</u>	<u>(5,902)</u>	<u>3,249</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(42,365)</u>	<u>(28,097)</u>		<u>(15,791)</u>	<u>(86,253)</u>
<b>Fund Cash Balances, January 1</b>	<u>226,718</u>	<u>129,241</u>		<u>36,412</u>	<u>392,371</u>
<b>Fund Cash Balances, December 31</b>	<u>\$184,353</u>	<u>\$101,144</u>	<u>\$0</u>	<u>\$20,621</u>	<u>\$306,118</u>

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

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>Operating Cash Receipts:</b>	
Charges for Services	\$628,081
Total Operating Cash Receipts	628,081
 <b>Operating Cash Disbursements:</b>	
Personal Services	178,043
Employee Fringe Benefits	189
Contractual Services	298,156
Supplies and Materials	89,522
Capital Outlay	38,995
Total Operating Cash Disbursements	604,905
Operating Income	23,176
 <b>Non-Operating Cash Receipts:</b>	
Property and Other Local Taxes	2,633
Other Debt Proceeds	1,727,116
Total Non-Operating Cash Receipts	1,729,749
 <b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	1,625,015
Redemption of Principal	37,437
Interest and Other Fiscal Charges	33,104
Total Non-Operating Cash Disbursements	1,695,556
Excess of Receipts Over Disbursements Before Transfers	57,369
Transfers-In	76,391
Transfers-Out	(79,640)
Net Receipts Over Disbursements	54,120
Fund Cash Balances, January 1	354,536
Fund Cash Balances, December 31	\$408,656

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

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE 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**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$94,156	\$36,059			\$130,215
Municipal Income Tax	275,503	521			276,024
Intergovernmental	217,989	79,977		\$145,475	443,441
Charges for Services		58,224			58,224
Fines, Licenses and Permits	51,640	3,483			55,123
Earnings on Investments	1,557	135			1,692
Miscellaneous	14,660	12			14,672
<b>Total Cash Receipts</b>	<u>655,505</u>	<u>178,411</u>		<u>145,475</u>	<u>979,391</u>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
Security of Persons and Property	341,857	92,634			434,491
Leisure Time Activities	13,155				13,155
Community Environment	24,655				24,655
Basic Utility Service	2,537				2,537
Transportation	13,730	118,980			132,710
General Government	180,112				180,112
<b>Debt Service:</b>					
Redemption of Principal			\$12,656		12,656
Capital Outlay	53,632			154,188	207,820
<b>Total Cash Disbursements</b>	<u>629,678</u>	<u>211,614</u>	<u>12,656</u>	<u>154,188</u>	<u>1,008,136</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>25,827</u>	<u>(33,203)</u>	<u>(12,656)</u>	<u>(8,713)</u>	<u>(28,745)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Transfers-In	2,750	80,000	12,656	45,125	140,531
Transfers-Out	(137,781)				(137,781)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(135,031)</u>	<u>80,000</u>	<u>12,656</u>	<u>45,125</u>	<u>2,750</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(109,204)	46,797		36,412	(25,995)
Fund Cash Balances, January 1	<u>335,922</u>	<u>82,444</u>			<u>418,366</u>
Fund Cash Balances, December 31	<u>\$226,718</u>	<u>\$129,241</u>	<u>\$0</u>	<u>\$36,412</u>	<u>\$392,371</u>

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

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

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

<b>Operating Cash Receipts:</b>	
Charges for Services	\$609,865
Total Operating Cash Receipts	<u>609,865</u>
 <b>Operating Cash Disbursements:</b>	
Personal Services	178,511
Travel Transportation	549
Contractual Services	202,929
Supplies and Materials	116,356
Total Operating Cash Disbursements	<u>498,345</u>
 Operating Income	 <u>111,520</u>
 <b>Non-Operating Cash Receipts:</b>	
Property and Other Local Taxes	685
Other Debt Proceeds	93,600
Total Non-Operating Cash Receipts	<u>94,285</u>
 <b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	55,332
Redemption of Principal	36,253
Interest and Other Fiscal Charges	34,332
Total Non-Operating Cash Disbursements	<u>125,917</u>
 Excess of Receipts Over Disbursements Before Transfers	 79,888
 Transfers-In	 75,535
Transfers-Out	<u>(78,285)</u>
 Net Receipts Over Disbursements	 77,138
 Fund Cash Balances, January 1	 <u>277,398</u>
 Fund Cash Balances, December 31	 <u><u>\$354,536</u></u>

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

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**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 Cridersville, Auglaize County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, street maintenance, and police services

The Village participates in the Ohio Government Risk Management Plan public entity risk pool. Note 8 to the financial statements provides additional information for this entities. This organization is:

**Ohio Government Risk Management Plan:** provides a formalized, jointly administered self-insurance risk management program and other administrative services to over 550,460 Ohio governments ("Members").

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 maintains two checking accounts and a savings account which are valued at cost.

The Village has no investments.

**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.

**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:

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Fire & Rescue Fund** – This fund receives property tax money and contract income from surrounding Townships to provide fire protection services.

**Permissive Motor Vehicle License Fund** – This fund receives the proceeds of a levied license fee for constructing, maintaining, and repairing roads.

**3. Debt Service Funds**

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following Debt Service Funds:

**Various Ohio Public Works Commission (OPWC) Loans for Street Resurfacing and Reconstruction and Sanitary Sewer Rehab** - These funds are responsible for paying the debt from a commercial loan used for a street projects and a sewer rehab project.

**4. 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 Capital Project Fund:

**Construction Capital Improvement Fund** – This fund accounts for various grants and loans to pay for needed improvements. These funds were used for street construction.

**5. 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:

**Water Fund** - This fund receives charges for services from residents to cover water service costs.

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

**Wastewater Construction Capital Improvement Fund** - This fund accounts for various grants and loans to fund wastewater facility improvements.

**E. Budgetary Process**

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

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 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.

**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 DEPOSITS AND INVESTMENTS**

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

	<u>2010</u>	<u>2009</u>
Demand deposits	<u>\$714,774</u>	<u>\$746,907</u>

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

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

**2010 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 740,032	\$ 652,629	(\$87,403)
Special Revenue	258,965	229,019	(29,946)
Debt Service	14,377	14,377	
Capital Projects	18,879	39,500	20,621
Enterprise	2,292,801	2,434,221	141,420
Total	<u>\$3,325,054</u>	<u>\$3,369,746</u>	<u>\$44,692</u>

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

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 749,038	\$ 689,195	\$ 59,843
Special Revenue	303,204	262,915	40,289
Debt Service	14,377	14,377	
Capital Projects	55,291	55,291	
Enterprise	2,550,018	2,380,101	169,917
Total	<u>\$3,671,928</u>	<u>\$3,401,879</u>	<u>\$270,049</u>

**2009 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 684,598	\$ 658,255	(\$ 26,343)
Special Revenue	304,778	258,411	(46,367)
Debt Service	12,656	12,656	
Capital Projects	200,968	190,600	(10,368)
Enterprise	947,286	779,685	(167,601)
Total	<u>\$2,150,286</u>	<u>\$1,899,607</u>	<u>(\$250,679)</u>

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

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 896,118	\$ 767,459	\$128,659
Special Revenue	321,535	211,614	109,921
Debt Service	12,656	12,656	
Capital Projects	198,000	154,188	43,812
Enterprise	1,089,609	702,547	387,062
Total	<u>\$2,517,918</u>	<u>\$1,848,464</u>	<u>\$669,454</u>

**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.



**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**4. PROPERTY TAX (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. LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village 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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The Village has a contract with Central Collection Agency to collect income tax on behalf the Village.

**6. DEBT**

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission - CM18L	\$ 63,680	0.00%
Ohio Public Works Commission - CM506	4,381	0.00%
Ohio Public Works Commission - CM29A	19,336	0.00%
Ohio Public Works Commission - CM21D	43,225	0.00%
Ohio Public Works Commission - CM31E	20,579	0.00%
Ohio Public Works Commission - CM17J	96,199	0.00%
Ohio Public Works Commission - CM15H	145,211	0.00%
Ohio Water Development Authority Note -3278	499,037	2.20%
Ohio Water Development Authority Planning Loan - 4155	6,150	6.41%
Ohio Water Development Authority Loan - 5616	1,846,794	3.27%
2006 Pumper Truck Loan	18,295	5.03%
Total	<u>\$2,762,886</u>	

The Village has seven non-interest bearing loans at December 31, 2010 that were obtained through the Ohio Public Works Commission. Proceeds from these loans were used for street resurfacing, street reconstruction, and sanitary sewer improvements.

Each loan has a repayment period of 20 years with semi-annual payment due of \$1,721 on loan CM18L, \$876 on loan CM506, \$1,381 on loan CM29A , \$2,275 on loan CM21D, \$935 on loan CM31E, \$2,829 on loan CM17J, and \$5,186 on loan CM15H. The street resurfacing and street reconstruction loans are being re-paid by transfers from the General Fund. The sanitary sewer improvements loans are being re-paid by transfers from the Enterprise Funds.

The Ohio Water Development Authority note is a 25 year note requiring semi-annual payments of principal and interest in the amount of \$26,140. The proceeds of this loan were used for water tower construction. This loan is being re-paid with transfers from the Water Fund.

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. DEBT (Continued)**

The Ohio Water Development Authority Planning Loan is an interest free loan that the Village borrowed for wastewater planning. Annual payments are due over ten years. This loan is being repaid with transfers from the Water Fund.

The Ohio Water Development Authority Loan is a 30 loan for waste water treatment plant upgrades. The Village received \$93,600 during 2009, and \$1,727,116 during 2010. As of December 31, 2010 there were un-disbursed funds of \$44,672 on this loan. A final amortization schedule will be prepared when the Village has received all loan proceeds. This loan will be repaid with Enterprise Sewer Fund charges for services.

The Village purchased a Pumper Truck in 2006. They utilized a five year loan with annual principal and interest payments beginning in 2007. This loan is being re-paid with Special Revenue Fire and Rescue charges for services.

The Village purchased a Police Car in 2007. They utilized a three year lease with an annual payment beginning in 2008. This lease was paid off during 2010 with General Fund revenues.

The Village purchased a Police Car in 2010. They utilized a three year lease with an annual payment beginning in 2011. This lease is being re-paid with General Fund revenues.

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

<b>Year ending December 31:</b>	<b>OPWC Loans</b>	<b>OWDA Loans</b>	<b>2006 Pumper Truck</b>	<b>2010 Police Car</b>	<b>Total</b>
2011	\$ 30,409	\$ 153,756	\$18,295	\$ 7,795	\$ 210,255
2012	30,409	153,756		7,795	191,960
2013	29,532	153,756		7,795	191,083
2014	28,656	151,706			180,362
2015	28,656	151,706			180,362
2016-2020	132,719	758,528			891,247
2021-2025	88,864	680,109			768,973
2026-2030	23,365	497,132			520,497
2031-2035		497,132			497,132
2036-2040		497,132			497,132
Total	<u>\$392,611</u>	<u>\$3,694,713</u>	<u>\$18,295</u>	<u>\$23,385</u>	<u>\$4,129,004</u>

**7. RETIREMENT SYSTEMS**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2010 and 2009, 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, 2010.

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. RISK MANAGEMENT**

**Risk Pool Membership**

Through December 31, 2008, the Village belonged 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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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 17.5% (15% through October 31, 2009) 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 725 members as of December 31, 2009. The Village participates in this coverage.

The Plan 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 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 60 members as of December 31, 2009. The Village participates 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.

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2009 and 2008 (the latest information available), and include amounts for both OPRM and OPHC:

	<u>2009 OPRM</u>	<u>2009 OPHC</u>	<u>Total 2009</u>	<u>Total 2008</u>
Assets	\$11,176,186	\$1,358,802	\$12,534,988	\$10,471,114
Liabilities	(4,852,485)	(1,253,617)	(6,106,102)	(5,286,781)
Members' Equity	<u>\$6,323,701</u>	<u>\$105,185</u>	<u>\$6,428,886</u>	<u>\$5,184,333</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. TRANSFERS**

During 2010 and 2009, the Village made various Council approved transfers between funds to cover debt obligations and to reimburse funds for operating costs and rent.

**10. NONCOMPLIANCE**

The Village made a transfer in 2010 from the Permissive Tax Fund to the Street Maintenance and Repair Fund that was not allowable.



# Dave Yost • 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 Cridersville  
Auglaize County  
110 West Main Street  
Cridersville, Ohio 45806

To the Members of Council:

We have audited the financial statements of the Village of Cridersville, Auglaize County, (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 11, 2011 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal 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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-02 and 2010-03.

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

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

July 11, 2011

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

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

**FINDING NUMBER 2010-01**

**Material Weakness – Classification of Financial Activity**

The Village should have procedures and controls in place to help assure that all financial transactions are correctly recorded in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

Village personnel used a governmental accounting software package to record daily financial activity. At year end the governmental software package was used to manually prepare the annual financial statements. The following errors were identified in the recording of daily financial activity which subsequently resulted in errors in the annual financial statements:

<u>Fund Type</u>	<u>Year</u>	<u>Amount</u>	<u>Village Classification</u>	<u>Ohio Village Officer's Handbook</u>
Capital Projects	2010	\$1,526,783	Transfer In	Other Debt Proceeds
Capital Projects	2010	18,899	Transfer In	Intergovernmental Revenue
Special Revenue	2010	207,879	General Government Exp.	Transportation Exp.
Proprietary	2010	102,101	Sale of Notes	Other Debt Proceeds
Proprietary	2010	2,633	Sale of Bonds	Property & Other Local Taxes
Capital Projects	2009	145,475	Transfer In	Intergovernmental
Proprietary	2009	93,600	Sale of Notes	Other Debt Proceeds
Proprietary	2009	685	Sale of Bonds	Property & Other Local Taxes
Proprietary	2009	14,259	Other Financing Sources	Transfer In

The accompanying financial statements have been adjusted to correctly classify these receipts.

In addition, in 2010 the Village recorded the receipts and related disbursements from an Ohio Water Development Authority Loan for sewer system improvements in a Governmental Capital Projects Fund instead of an Enterprise Capital Projects Fund. The "Other Debt Proceeds" and "Capital Outlay" amounts recorded in a Governmental Capital Projects Fund instead of an Enterprise Capital Projects Fund totaled \$1,625,015, which included \$98,232 of OWDA monies paid directly to the contractor on behalf of the Village which were not previously recorded in accounting records and financial statements.

Also, in 2010, the Village recorded \$20,621 of permissive tax money received from Auglaize County as a reimbursement in the Special Revenue Permissive Tax Fund instead of the Capital Projects Fund which initially incurred the expenditures.

**FINDING NUMBER 2010-01  
(Continued)**

Finally, the Village classified its OPWC Sanitary Sewer Rehab Debt Service Fund as a governmental debt service fund. This debt is being repaid with transfers from the Enterprise Sewer Fund; therefore, the debt service fund should be classified as an enterprise debt service fund. The activity of this Debt Service Fund, transfers-in and debt service payments of \$5,659 in 2010 and 2009, have been reclassified to the Enterprise Fund Type.

The accounting records and accompanying financial statements have been adjusted to correctly record this financial activity.

The failure to correctly classify financial activity in the accounting records and financial statements may impact, the user's understanding of the financial operations, the Village's ability to make sound financial decisions, the Village's ability to comply with budgetary laws, and may result in the material misstatement of the financial statements. In addition, such undetected errors may result in irregularities not being detected in a timely manner by the Members of Council.

The Clerk/Treasurer should review the Ohio Village Officer's Handbook, Auditor of State Bulletins, and other resources for guidance in correctly classifying receipts and funds. Periodically the Members of Council should perform a review of the accounting records to help identify errors and/or irregularities in a timely manner and prior to completion of the annual financial statements.

**OFFICIALS' RESPONSE:**

We reviewed all of the suggested reclassifications with our auditors and understand the reasons as well as the needed changes.

**FINDING NUMBER 2010-02**

**Material Weakness / Noncompliance Citation**

**Ohio Rev. Code Section 5705.14**, states, in part, that no transfer shall be made from one fund of a subdivision to any other fund, by order of the court or otherwise, unless specific exceptions are met.

The Village transferred \$34,322 from the Special Revenue Permissive Tax Fund to the Special Revenue Street Maintenance and Repair Fund in 2010. The Special Revenue Permissive Tax Fund is used to record receipts from permissive license tax fees which did not meet one of the specific exceptions allowed by this Code Section.

The transfer of money that does not meet the requirements of this Code Section may result in the illegal expenditure of restricted receipts. The illegal expenditure would occur if the fund receiving such a transfer had allowable uses that were broader than the fund transferring the money.

The accounting records and accompanying financial statements have been adjusted to correctly present this financial activity.

The Village should review resources such as Chapter 1 of the Ohio Compliance Supplement and the Ohio Revised Code to help assure future transfers are legal.

**OFFICIALS' RESPONSE:**

We will consult the Ohio Revised Code as a guide for future transfers.



### FINDING NUMBER 2010-03

#### Noncompliance Citation

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

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

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

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Taxing authority.

- b) **Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- c) **Super Blanket certificate** – The taxing authority may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Village did not properly certify thirty-three percent of the tested expenditures.

Unless the exceptions noted above are used, prior certificate is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village funds exceeding budgetary spending limitations, the Clerk/Treasurer should certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

#### OFFICIALS' RESPONSE:

We began a more comprehensive approach to the use of purchase orders in fiscal year 2010 and plan to work on a steady course of improvement in this area in future years.

**VILLAGE OF CRIDERSVILLE  
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Ohio Rev. Code Section 5705.41 (D) – failure to certify expenditures prior to commitment	No	Repeat as 2010-03



# Dave Yost • Auditor of State

VILLAGE OF CRIDERSVILLE

AUGLAIZE COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST 16, 2011