



Dave Yost • Auditor of State

VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Cridersville, Auglaize County, (the Village) as of and for the years ended December 31, 2012 and 2011.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Cridersville, Auglaize County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Also, as discussed in Note 10, the Village restated its beginning fund balances for 2011. Our opinion is not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 24, 2013

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Other Local Taxes	\$83,921	\$34,883			\$118,804
Municipal Income Tax	303,340				303,340
Intergovernmental	387,217	83,450		\$105,958	576,625
Special Assessments		111			111
Charges for Services		54,242			54,242
Fines, Licenses and Permits	38,486	1,527			40,013
Earnings on Investments	372	92			464
Miscellaneous	31,926				31,926
Total Cash Receipts	<u>845,262</u>	<u>174,305</u>		<u>105,958</u>	<u>1,125,525</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	343,216	77,369			420,585
Leisure Time Activities	16,150				16,150
Community Environment	6,093				6,093
Basic Utility Services	201				201
Transportation	6,044	76,269			82,313
General Government	178,183	455			178,638
Capital Outlay	1,650	3,945		105,958	111,553
Debt Service:					
Principal Retirement			\$14,377		14,377
Total Cash Disbursements	<u>551,537</u>	<u>158,038</u>	<u>14,377</u>	<u>105,958</u>	<u>829,910</u>
Excess of Receipts Over (Under) Disbursements	<u>293,725</u>	<u>16,267</u>	<u>(14,377)</u>		<u>295,615</u>
Other Financing Receipts (Disbursements):					
Transfers In	3,000	8,704	14,377		26,081
Transfers Out	(23,081)				(23,081)
Advances In	5,658				5,658
Advances Out		(5,658)			(5,658)
Total Other Financing Receipts (Disbursements)	<u>(14,423)</u>	<u>3,046</u>	<u>14,377</u>		<u>3,000</u>
Net Change in Fund Cash Balances	279,302	19,313			298,615
Fund Cash Balances, January 1	<u>120,048</u>	<u>117,852</u>		<u>20,621</u>	<u>258,521</u>
Fund Cash Balances, December 31:					
Restricted		137,165		20,621	157,786
Unassigned (Deficit)	399,350				399,350
Fund Cash Balances, December 31	<u>\$399,350</u>	<u>\$137,165</u>	<u>\$0</u>	<u>\$20,621</u>	<u>\$557,136</u>

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

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Operating Cash Receipts:	
Charges for Services	\$620,964
Miscellaneous	850
Total Operating Cash Receipts	621,814
 Operating Cash Disbursements:	
Personal Services	177,007
Employee Fringe Benefits	72,478
Contractual Services	142,950
Supplies and Materials	69,963
Total Operating Cash Disbursements	462,398
Operating Income	159,416
 Non-Operating Receipts (Disbursements):	
Special Assessments	705
Capital Outlay	(47,629)
Principal Retirement	(76,013)
Interest and Other Fiscal Charges	(90,144)
Total Non-Operating Receipts (Disbursements)	(213,081)
Income (Loss) before Transfers	(53,665)
Transfers Out	(3,000)
<i>Net Change in Fund Cash Balances</i>	(56,665)
Fund Cash Balances, January 1	395,364
Fund Cash Balances, December 31	\$338,699

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

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Other Local Taxes	\$87,680	\$34,563			\$122,243
Municipal Income Tax	305,348				305,348
Intergovernmental	134,398	81,675		\$20,638	236,711
Special Assessments		496			496
Charges for Services		64,508			64,508
Fines, Licenses and Permits	41,842	1,898			43,740
Earnings on Investments	528	137			665
Miscellaneous	24,329				24,329
Total Cash Receipts	<u>594,125</u>	<u>183,277</u>		<u>20,638</u>	<u>798,040</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	401,091	103,285			504,376
Public Health Services	88				88
Leisure Time Activities	9,279				9,279
Community Environment	4,527	600			5,127
Basic Utility Services	2,388				2,388
Transportation	23,797	78,252			102,049
General Government	170,069	460			170,529
Capital Outlay	1,491			20,638	22,129
Debt Service:					
Principal Retirement		17,419	\$14,377		31,796
Interest and Fiscal Charges		876			876
Total Cash Disbursements	<u>612,730</u>	<u>200,892</u>	<u>14,377</u>	<u>20,638</u>	<u>848,637</u>
Excess of Receipts Over (Under) Disbursements	<u>(18,605)</u>	<u>(17,615)</u>	<u>(14,377)</u>		<u>(50,597)</u>
Other Financing Receipts (Disbursements):					
Transfers In	3,000		14,377		17,377
Transfers Out	<u>(14,377)</u>				<u>(14,377)</u>
Total Other Financing Receipts (Disbursements)	<u>(11,377)</u>		<u>14,377</u>		<u>3,000</u>
Net Change in Fund Cash Balances	(29,982)	(17,615)			(47,597)
Fund Cash Balances, January 1 (Restated)	<u>150,030</u>	<u>135,467</u>		<u>20,621</u>	<u>306,118</u>
Fund Cash Balances, December 31:					
Restricted		117,852		20,621	138,473
Unassigned (Deficit)	120,048				120,048
Fund Cash Balances, December 31	<u>\$120,048</u>	<u>\$117,852</u>	<u>\$0</u>	<u>\$20,621</u>	<u>\$258,521</u>

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

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

Operating Cash Receipts:	
Charges for Services	\$625,976
Total Operating Cash Receipts	<u>625,976</u>
 Operating Cash Disbursements:	
Personal Services	178,134
Employee Fringe Benefits	77,793
Contractual Services	150,781
Supplies and Materials	93,536
Total Operating Cash Disbursements	<u>500,244</u>
 Operating Income (Loss)	 <u>125,732</u>
 Non-Operating Receipts (Disbursements):	
Special Assessments	262
Loan Proceeds	100,490
Capital Outlay	(66,854)
Principal Retirement	(76,580)
Interest and Other Fiscal Charges	(93,342)
Total Non-Operating Receipts (Disbursements)	<u>(136,024)</u>
 Loss before Transfers	 (10,292)
 Transfers Out	 <u>(3,000)</u>
 Net Change in Fund Cash Balances	 (13,292)
 Fund Cash Balances, January 1	 <u>408,656</u>
 Fund Cash Balances, December 31	 <u><u>\$395,364</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, 2012 AND 2011**

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, park operations, street maintenance, and police protection services. The Village contracts with the Cridersville Volunteer Fire Department for fire protection services.

The Village participates in the Ohio Plan Risk Management Inc. (OPRM) public entity risk pool. Note 9 to the financial statements provides additional information for this entity. This organization is:

Ohio Plan Risk Management Inc. (OPRM) provides a formalized, jointly administered self-insurance risk management program and other administrative services to various 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

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

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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 and Rescue Fund – This fund receives property tax money and contract income from surrounding governmental entities to provide fire protection services.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Various Ohio Public Works Commission (OPWC) Loans for Street Resurfacing and Reconstruction - These funds are responsible for paying the debt from OPWC loans use for various street projects.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Construction Capital Improvement Fund – This fund accounts for various grants and loans to pay for necessary capital improvements.

Safe Routes to School Sidewalk Fund – This fund accounts for a grant to construct sidewalks to the new elementary school in the Village.

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.

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. Appropriations lapse at year end.

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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 re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. 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. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2011, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 did not have an effect on fund balances previously reported.

3. 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 and investments at December 31 was as follows:

	2012	2011
Demand deposits	\$895,835	\$653,885

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 719,712	\$ 853,920	\$134,208
Special Revenue	220,762	183,009	(37,753)
Debt Service	14,377	14,377	
Capital Projects	105,958	105,958	
Enterprise	824,827	622,519	(202,308)
Total	\$1,885,636	\$1,779,783	(\$105,853)

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 669,252	\$ 574,618	\$ 94,634
Special Revenue	232,697	163,696	69,001
Debt Service	14,377	14,377	
Capital Projects	105,958	105,958	
Enterprise	1,042,283	679,184	363,099
Total	<u>\$2,064,567</u>	<u>\$1,537,833</u>	<u>\$526,734</u>

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 587,726	\$ 597,125	\$ 9,399
Special Revenue	236,261	183,277	(52,984)
Debt Service	14,377	14,377	
Capital Projects	41,259	20,638	(20,621)
Enterprise	827,872	726,728	(101,144)
Total	<u>\$1,707,495</u>	<u>\$1,542,145</u>	<u>(\$165,350)</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 741,536	\$ 627,107	\$114,429
Special Revenue	289,319	200,892	88,427
Debt Service	14,377	14,377	
Capital Projects	41,259	20,638	20,621
Enterprise	1,090,128	740,020	350,108
Total	<u>\$2,176,619</u>	<u>\$1,603,034</u>	<u>\$573,585</u>

5. 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.

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

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. 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 taxes on behalf of the Village.

7. DEBT

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission – CM18L	\$ 56,796	0.00%
Ohio Public Works Commission – CM506	876	0.00%
Ohio Public Works Commission – CM29A	13,812	0.00%
Ohio Public Works Commission – CM21D	34,125	0.00%
Ohio Public Works Commission – CM31E	16,837	0.00%
Ohio Public Works Commission – CM17J	84,881	0.00%
Ohio Public Works Commission – CM15H	124,466	0.00%
Ohio Water Development Authority – 3278	456,462	6.41%
Ohio Water Development Authority – 4155	2,050	2.20%
Ohio Water Development Authority –5616	1,780,520	3.27%
Total	<u>\$2,570,825</u>	

The Village has seven non-interest bearing loans at December 31, 2012 that were obtained through the Ohio Publics Works Commission. Proceeds from these loans were used for street resurfacing, street reconstruction, and water treatment improvements.

Each loan has a repayment period of 20 years with semi-annual payments 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 improvement loans are being re-paid by transfers from the Enterprise Funds.

The Ohio Water Development Authority loan #3278 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 repaid by the Water Fund.

The Ohio Water Development Authority loan #4155 is a 10 year loan requiring annual payments on the principal in the amount of \$2,050 plus interest equal to 2.20%. The proceeds of this loan were used for waste water planning. This loan is being repaid by the Water Fund.

The Ohio Water Development Authority loan #5616 is a 30 year loan requiring biannual payments on the principal and interest in the amount of \$48,784. Proceeds from this loan were used for a large wastewater plant renovation. Loan #5038 was an engineering design loan for this project, which was rolled into this loan.

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. DEBT

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

<u>Year ending December 31:</u>	<u>OPWC Loans</u>	<u>OWDA Loans</u>	<u>Total</u>
2013	\$ 29,532	\$ 151,942	\$ 181,474
2014	28,657	149,847	178,504
2015	28,657	149,847	178,504
2016	28,657	149,847	178,504
2017	28,657	149,847	178,504
2018-2022	116,224	749,233	865,457
2023-2027	66,249	592,394	658,643
2028-2032	5,160	487,835	492,995
2033-2037		487,835	487,835
2038-2041		341,485	341,485
Total	<u>\$331,793</u>	<u>\$3,410,112</u>	<u>\$3,741,905</u>

8. RETIREMENT SYSTEMS

The Village’s full-time Police Officers belong to the Ohio 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 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. For 2012 and 2011, 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, 2012.

9. RISK MANAGEMENT

Risk Pool Membership

Ohio Plan Risk Management, Inc. (OPRM)

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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.

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

9. RISK MANAGEMENT (Continued)

OPRM coverage programs 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 retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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, 2012 and 2011.

	2012	2011
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$ 6,413,188	\$ 7,172,519

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Ohio Plan Healthcare Consortium, Inc. (OPHC)

The Village belongs to the Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium, (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.

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 92 and 74 members as of December 31, 2012 and 2011 respectively.

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.

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

9. RISK MANAGEMENT (Continued)

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

	2012	2011
Assets	\$1,152,610	\$1,459,791
Liabilities	(1,615,537)	(1,283,527)
Members' Equity	(\$ 462,927)	\$ 176,264

The Pool's audited financial statements conforms with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2012 and 2011.

You can read the complete audited financial statements for OPHC at the Plan's website, www.ohioplan.org.

10 FUND BALANCE

The Village restated beginning fund balances at January 1, 2011 to reflect the manner in which the Village accounted for a prior audit adjustment in its accounting system. The restated fund balances were as follows:

Fund Type	December 31, 2010 Audit Report	Adjustment Amount	Restated January 1, 2011
General Fund	\$184,353	(\$34,323)	\$150,030
Special Revenue Fund	\$101,144	\$34,323	\$135,467

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INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Cridersville, Auglaize County, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated October 24, 2013 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, the Village adopted provisions of Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and the Village restated its beginning fund balances for 2011.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-001 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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-002.

Entity's Response to Findings

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.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

October 24, 2013

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2012-001

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 statement to assist in the effective management and reporting of financial resources,

The Village used a governmental accounting software package to record daily financial activity. At year-end, the system reports were utilized to manually prepare the annual financial statements. The below errors were identified in the recording of daily financial activity or in subsequently preparing the annual financial statements.

The accompanying financial statements have been adjusted to correctly classify these transactions listed below:

- In 2011, the Village General Fund transferred \$20,621 to the Capital Projects fund and then the Capital Projects fund transferred the \$20,621 back to the General Fund. The net result of these transfers was \$0 and should not be recorded on the financial statements.
- In 2011 and 2012 the Village reported \$175,322 and \$175,277, respectively, of transfers in and out within the Enterprise Fund opinion unit on the financial statements. These were transfers in and out within the same type of fund (for example, a water fund to another water fund) and thus should not be reflected on the financial statements.
- In 2011, the Village recorded \$2,612 of homestead and rollback revenue to the Street Maintenance and Construction Fund that should have been recorded in the Fire and Rescue Fund.
- In 2011, the Village reported the General Fund's fund balance as Restricted; however, in accordance with GASB 54, General Fund balance should be reported as Unassigned.
- In 2011, debt proceeds in the amount of \$100,490 in the Enterprise Fund were incorrectly recorded as intergovernmental revenue by the Village.
- In 2012, advances in totaling \$5,658 in the General Fund were incorrectly recorded as transfers in by the Village.
- In 2011, a lease-purchase agreement payment in the amount of \$18,295 in the Special Revenue Fund opinion unit was incorrectly recorded as security of persons and property instead of principal (\$17,419) and interest (\$876).

The accompanying financial statements have not been adjusted for the following errors listed below:

- In 2011, \$60 of homestead and rollback revenue was incorrectly recorded in the Municipal Permissive Fund, instead of the General Fund.
- In 2012, \$11,354 of franchise fees were incorrectly recorded as miscellaneous revenue in the General Fund. This revenue source should be recorded as licenses, permits and fees.
- In 2012, \$12,675 of capital asset sales were incorrectly recorded as miscellaneous revenue in the General Fund. This revenue source should be recorded as sale of capital assets.
- In 2011 and 2012, a lease-purchase agreement payment in the amount of \$7,795 in the General Fund was incorrectly recorded as security of persons and property instead of principal.

**FINDING NUMBER 2012-001
(Continued)**

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.

The Village should review the Ohio Village Officer's Handbook, Auditor of State Bulletins, and other resources available for guidance in an effort to correctly classify receipts, expenditures, and fund balances.

OFFICIALS' RESPONSE:

We will try to be more careful in the future.

FINDING NUMBER 2012-002

Noncompliance Citation

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

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.

1. **"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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.
 - o Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 Village.
2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal 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.

**FINDING NUMBER 2012-002
(Continued)**

- 3. Super Blanket Certificate** – The Village may also make expenditures and contract 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.

Unless the exceptions noted above are used, prior certification 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 that Village funds will exceed budgetary spending limitations, the Village should certify that the funds are or will be available prior to the obligation. When prior certification is not possible, “then and now” certification should be used. The Village should certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The approved purchase commitments should be posted to the proper appropriation code, to reduce the available appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for fourteen of the thirty-five (40%) expenditures tested. Failure to properly certify the availability of funds can result in overspending funds and lead to negative cash fund balances.

The Village should implement procedures to ensure that all purchases that require prior certification are properly certified or meet one of the exceptions noted above.

OFFICIALS’ RESPONSE:

We will try to be more careful in the future

**VILLAGE OF CRIDERSVILLE
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Classification of Financial Activity – There were various financial statement errors and adjustments.	No	Repeated as Finding 2012-001
2010-02	Ohio Rev. Code Section 5705.14 – The Village illegally transferred money between funds.	Yes	
2010-03	Ohio Rev. Code Section 5705.41 (D) – Failure to certify expenditures prior to commitment	No	Repeated as Finding 2012-002



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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
DECEMBER 3, 2013**